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GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the Senate Committee on
WAYS AND MEANS**

**Wednesday, February 26, 2014
10:30 A.M.
State Capitol, Conference Room 211**

**In consideration of
SENATE BILL 2953
RELATING TO STATE RESOURCES ON HAWAIIAN HOME LANDS**

Senate Bill 2953 proposes that a percentage of geothermal royalties received by the Department of Land and Natural Resources (Department) be provided to the Department of Hawaiian Home Land (DHHL), from geothermal resource mining leases issued on lands under the jurisdiction of DHHL. **The Department supports this measure and offers the following comments:**

If this measure assists DHHL in seeking new renewable energy opportunities and an equitable share of royalties can be agreed upon by all stakeholders, the Department believes this will benefit the State of Hawaii.

Geothermal development in Hawaii has contributed to greater energy diversification of the State. Cultural, health and environmental concerns related to the development of geothermal energy must be carefully and properly addressed and managed. Accordingly, the Department is tasked with the management of the resource and its development to protect the health and safety of the public and to ensure the continued viability of this Public Trust Resource for future generations.

Thank you for the opportunity to testify on this measure.

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ESTHER KIA'AINA
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
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CONSERVATION AND COASTAL LANDS
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Unity, Equality, Aloha for all



To: WAM

For hearing Wednesday February 26, 2014

Re: SB 2953 RELATING TO STATE RESOURCES ON HAWAIIAN HOME LANDS.

Specifies that twenty per cent of royalties from geothermal resources on DHHL lands shall be paid to the DHHL and twenty per cent shall be paid to the county in which the geothermal resources are located.

Testimony in opposition

Our state Constitution specifies that all mineral and geothermal resources are reserved to the State of Hawaii regardless whether those resources are located on government or private lands.

So far as I am aware there are no laws awarding percentages of revenue to the county or agency which administers the land from which the revenues are derived.

Royalties from geothermal resources should be deemed to be part of the revenues derived from the land and not segregated according to the county or agency controlling that land.

If windmills on state land in Kahuku generate royalties from the electricity they produce, would the state then feel compelled to give a portion of those royalties to the City and County of Honolulu, and/or to the DLNR?

If royalties are earned from piping up deep sea water offshore Kona, bottling it, and exporting it to Japan, would the state then feel compelled to give a portion of the royalties to the Hawaii County Council, and/or to DLNR?

Let's not start subdividing state lands or fractionating the royalties they generate.