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# A BILL FOR AN ACT

RELATING TO GEOTHERMAL ROYALTIES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 201, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§201-        Geothermal energy resources development special  
5 fund. (a) There is established in the state treasury a  
6 geothermal energy resources development special fund, into which  
7 shall be deposited:

- 8           (1) Any geothermal royalties to be deposited into the  
9           special fund pursuant to section 182-7;  
10          (2) Moneys appropriated by the legislature;  
11          (3) All interest attributable to the investment of moneys  
12          deposited into the special fund; and  
13          (4) Moneys allotted to the special fund from other  
14          sources.

15          (b) Subject to legislative appropriation, moneys in the  
16 special fund may be expended by the Hawaii state energy office  
17 to support projects that promote and advance geothermal energy



1 resources development, including projects that contribute to  
2 offsetting developmental risk associated with Hawaii's  
3 indigenous resources.

4 (c) The department of business, economic development, and  
5 tourism shall submit a report to the legislature, no later than  
6 twenty days prior to the convening of each regular session, on  
7 the revenue and expenditures of the special fund."

8 SECTION 2. Section 182-7, Hawaii Revised Statutes, is  
9 amended by amending subsection (c) to read as follows:

10 "(c) The payments to the State as fixed by the board shall  
11 be specified; provided that:

12 (1) In the case of bauxite, bauxitic clay, gibbsite,  
13 diaspore, boehmite, and all ores of aluminum, the  
14 amount of royalties for each long dry ton of ore as  
15 beneficiated shall not be less than twenty-five cents  
16 or the equivalent of the price of one pound of virgin  
17 pig aluminum, whichever is higher, nor shall it exceed  
18 the equivalent of the price of three pounds of virgin  
19 pig aluminum;

20 (2) The rate of royalty for ore processed into aluminous  
21 oxide in the State shall be set at eighty per cent of



1 the rate of royalty for ore not processed to aluminous  
2 oxide in the State; and

3 (3) The royalty shall be fixed at a rate that will tend to  
4 encourage the establishment and continuation of the  
5 mining industry in the State.

6 The prices of virgin pig aluminum for the purpose of  
7 determining the royalties under this section shall be the basic  
8 price on the mainland United States market for virgin pig, not  
9 refined, f.o.b. factory. The royalties shall be in lieu of any  
10 severance or other similar tax on the extracting, producing,  
11 winning, beneficiating, handling, storing, treating, or  
12 transporting of the mineral or any product into which it may be  
13 processed in the State, and shall not be subject to reopening or  
14 renegotiating for and during the first twenty years of the lease  
15 term.

16 If the lessee desires to mine other minerals, the lessee,  
17 before mining the minerals, shall notify the board in writing,  
18 and the board and the lessee shall negotiate and fix the  
19 royalties for the minerals.

20 Any other law to the contrary notwithstanding, [~~thirty per~~  
21 ~~cent of~~] all royalties received annually by the State from



1 geothermal resources shall be [~~paid~~] distributed as follows:  
2 thirty per cent shall be paid to the county in which mining  
3 operations covered under a state geothermal resource mining  
4 lease are situated; provided that the county funds shall be used  
5 for relocation funding and community benefits in the areas  
6 directly surrounding the geothermal project that is paying the  
7 royalties; provided further that the county receiving geothermal  
8 royalties shall submit detailed annual reports to the  
9 legislature outlining the expenditure of funds; twenty per cent  
10 shall be deposited into the geothermal energy resources  
11 development special fund established by section 201- ; thirty  
12 per cent shall be paid to the department; and twenty per cent  
13 shall be paid to the office of Hawaiian affairs, subject to Act  
14 178, Session Laws of Hawaii 2006; provided further that if the  
15 geothermal resources are located on lands under the jurisdiction  
16 of the department of Hawaiian home lands, one hundred per cent  
17 of royalties received by the State shall be paid to the  
18 department of Hawaiian home lands."

19 SECTION 3. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.



**1** SECTION 4. This Act shall take effect on June 30, 3000.



**Report Title:**

Geothermal Resources; Royalties; Geothermal Energy Resources Development Special Fund; DLNR; DBEDT; Hawaii State Energy Office; OHA; Reports

**Description:**

Establishes the geothermal energy resources development special fund. Requires annual reports to the Legislature. Requires that, for royalties from geothermal resources, thirty per cent be paid to the county where the geothermal mining operations are situated; thirty per cent be paid to the Department of Land and Natural Resources; twenty per cent be paid to the Office of Hawaiian Affairs; and twenty per cent be deposited into the geothermal energy resources development special fund. Effective 6/30/3000. (HD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

