
A BILL FOR AN ACT

RELATING TO GEOTHERMAL ROYALTIES.

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

1 SECTION 1. Chapter 182, Hawaii Revised Statutes, is
2 amended by adding two new sections to be appropriately
3 designated and to read as follows:

4 "§182- University innovation and commercialization
5 initiative special fund; geothermal royalties. (a) There shall
6 be deposited into the university innovation and
7 commercialization initiative special fund established by section
8 304A-1963 any geothermal royalties annually distributed pursuant
9 to section 182-7.

10 (b) The royalties in the university innovation and
11 commercialization initiative special fund shall be used by the
12 Hawaii groundwater and geothermal resources center to further
13 the discovery and development of geothermal resources and to
14 establish additional exploratory wells for geothermal energy.

15 §182- Annual report to legislature. No later than
16 twenty days prior to the convening of each regular session, the
17 board, each county in which mining operations covered under a



1 state geothermal resource mining lease are situated, and the
2 Hawaii groundwater and geothermal resources center shall submit
3 an annual report to the legislature regarding the use of the
4 distributed geothermal royalties."

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

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

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

17 (2) The rate of royalty for ore processed into aluminous
18 oxide in the State shall be set at eighty per cent of
19 the rate of royalty for ore not processed to aluminous
20 oxide in the State; and



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

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

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

18 Any other law to the contrary notwithstanding, [~~thirty per~~
19 cent of] all the royalties received by the State annually from
20 geothermal resources shall be paid as follows: ten per cent shall
21 be paid to the county in which mining operations covered under a



1 state geothermal resource mining lease are situated[+], twenty
2 per cent shall be deposited into the university innovation and
3 commercialization initiative special fund established by section
4 304A-1963, fifty per cent shall be paid to the department, and
5 twenty per cent shall be paid to the office of Hawaiian affairs;
6 provided that if the geothermal resources are located on lands
7 under the jurisdiction of the department of Hawaiian home lands,
8 one hundred per cent of royalties received by the State shall be
9 paid to the department of Hawaiian home lands."

10 SECTION 3. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 4. This Act shall take effect upon its approval.

13



Report Title:

Geothermal Resources; Royalties; University Innovation and Commercialization Initiative Special Fund; Department of Land and Natural Resources; University of Hawaii; Office of Hawaiian Affairs; Counties; Reports

Description:

Requires that, for royalties from geothermal resources, ten per cent be paid to the county where the geothermal mining operations are situated, fifty 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 University Innovation and Commercialization Initiative Special Fund to be expended by the Hawaii Groundwater and Geothermal Resources Center to further the discovery and development of geothermal resources and for exploratory geothermal wells. Requires the University of Hawaii to submit an annual report to the Legislature. (SD1)

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

