

Honolulu, Hawaii

APR 18 2011

RE: S.R. No. 70
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committees on Water, Land, and Housing and Judiciary and Labor, to which was referred S.R. No. 70 entitled:

"SENATE RESOLUTION REQUESTING THE ATTORNEY GENERAL TO
INVESTIGATE GEOTHERMAL ROYALTIES,"

beg leave to report as follows:

The purpose and intent of this measure is to request the Attorney General to conduct an investigation relating to the payment of geothermal royalties by Puna Geothermal Venture, among other things, to determine whether geothermal royalties are being administered in a fair, legal, and ethical manner.

Your Committees received testimony in support of this measure from Robert K. Lindsey, Jr., member of the Board of Trustees of the Office of Hawaiian Affairs. Your Committees received testimony in opposition to this measure from the Department of the Attorney General. Your Committees received comments on this measure from the Department of Land and Natural Resources and Lee McIntosh.

Your Committees find that section 182-18, Hawaii Revised Statutes, requires the Board of Land and Natural Resources to "fix the payment of royalties to the State for the utilization of geothermal resources at a rate which will encourage the initial and continued production of such resources." In addition, section 26-18, Hawaii Revised Statutes, requires, among other things, that the Department of Business, Economic Development, and Tourism undertake energy development and management.

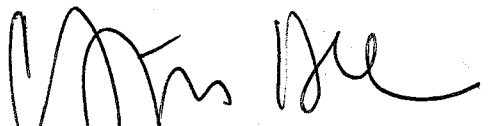


Your Committees have amended this measure by:

- (1) Requesting the Auditor to conduct an audit of the State's program of geothermal leasing and royalty payments, rather than requesting the Attorney General to conduct an investigation, and making conforming amendments, including amendments to the title;
- (2) Adding language describing the statutory responsibilities of the Board of Land and Natural Resources and the Department of Business, Economic Development, and Tourism, as they relate to mining of geothermal resources and energy development and management;
- (3) Deleting language related to "avoided cost formula", contracts between Hawaii Electric Light Company, Inc., and Puna Geothermal Venture, and possible criminal activity associated with geothermal royalties; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

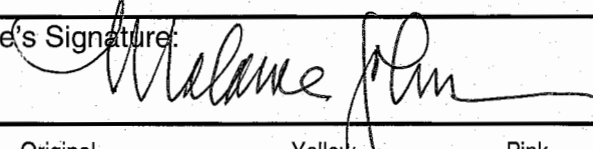
As affirmed by the records of votes of the members of your Committees on Water, Land, and Housing and Judiciary and Labor that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 70, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.R. No. 70, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committees on Water, Land, and
Housing and Judiciary and
Labor,


CLAYTON HEE, Chair
DONOVAN M. DELA CRUZ, Chair

The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Water, Land, and Housing
WLH

Bill / Resolution No.:*	Committee Referral:	Date:
SP 70	WLH/UDL, WAM	4-1-11
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310
<input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
DELA CRUZ, Donovan M. (C)	✓	
SOLOMON, Malama (VC)	✓	
FUKUNAGA, Carol		✓
RYAN, Pohai	✓	
SHIMABUKURO, Maile	✓	
TOKUDA, Jill N.		✓
SLOM, Sam		✓
TOTAL	4	3
Recommendation:		
<input checked="" type="checkbox"/> Adopted		
<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original	Yellow	Pink
File with Committee Report	Clerk's Office	Drafting Agency
Goldenrod Committee File Copy		

*Only one measure per Record of Votes

The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* SR70	Committee Referral: WLH/JDL, WAM	Date: 4/1/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile (VC)	✓			
GABBARD, Mike	✓			
IHARA, Jr., Les				✓
SLOM, Sam				✓
TOTAL	3	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes