

JAN 26 2022

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

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

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

13          (2) The rate of royalty for ore processed into aluminous  
14          oxide in the State shall be set at eighty per cent of  
15          the rate of royalty for ore not processed to aluminous  
16          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~~]  
19 sixty per cent of all royalties received by the State from  
20 geothermal resources shall be paid to the county in which mining  
21 operations covered under a state geothermal resource mining



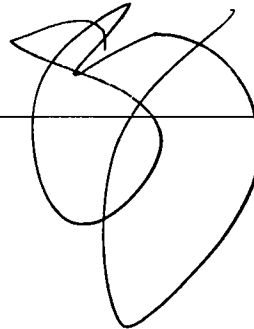
1 lease are situated[~~;~~ ~~provided that if~~] and shall be used for the  
2 purposes of further geothermal resources discovery and  
3 development; provided that an annual report on how the royalties  
4 distributed to the county were used shall be submitted by the  
5 county to the legislature no later than twenty days prior to the  
6 convening of each regular session. If the geothermal resources  
7 are located on lands under the jurisdiction of the department of  
8 Hawaiian home lands, one hundred per cent of royalties received  
9 by the State shall be paid to the department of Hawaiian home  
10 lands."

11 SECTION 2. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 3. This Act shall take effect on July 1, 2022.

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INTRODUCED BY: \_\_\_\_\_

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# S.B. NO. 3229

**Report Title:**

Geothermal Resources; Royalties; Counties; Report

**Description:**

Increases the percentage of royalties received by the State from geothermal resources that are to be paid to the county in which the geothermal resources are located. Requires the royalties paid to a county to be used for further geothermal resources discovery and development. Requires the county to submit an annual report to the legislature.

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

