

---

---

# 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 of Hawaii geothermal exploration  
5 special fund; establishment. (a) There is established in the  
6 state treasury the University of Hawaii geothermal exploration  
7 special fund, into which shall be deposited any excess of  
8 geothermal royalties annually collected pursuant to section  
9 182-18(a).

10 (b) The royalties in the University of Hawaii geothermal  
11 exploration special fund shall be used by the Hawaii groundwater  
12 and geothermal resources center to further the discovery and  
13 development of geothermal resources.

14 §182- Annual report to legislature. No later than  
15 twenty days prior to the convening of each regular session, the  
16 board of land and natural resources, each county in which mining  
17 operations covered under a state geothermal resource mining



1 lease are situated, and the Hawaii groundwater and geothermal  
2 resources center at the University of Hawaii shall submit a  
3 report to the legislature regarding the use of the distributed  
4 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 royalties received by the State from geothermal~~  
20          ~~resources shall be paid to the county in which mining operations~~  
21          ~~covered under a state geothermal resource mining lease are~~



1 ~~situated, provided that if the geothermal resources are located~~  
2 ~~on lands under the jurisdiction of the department of Hawaiian~~  
3 ~~home lands, one hundred per cent of royalties received by the~~  
4 ~~State shall be paid to the department of Hawaiian home lands.] "~~

5 SECTION 3. Section 182-18, Hawaii Revised Statutes, is  
6 amended by amending subsection (a) to read as follows:

7 "(a) The board shall fix the payment of royalties to the  
8 State for the utilization of geothermal resources at a rate  
9 ~~[which]~~ that will encourage the initial and continued production  
10 of ~~[such]~~ geothermal resources[-]; provided that:

11 (1) Thirty per cent of all royalties received by the State  
12 annually from geothermal resources or \$600,000,  
13 whichever is less, shall be paid to the county in  
14 which mining operations covered under a state  
15 geothermal resource mining lease are situated; and

16 (2) Any excess royalties, up to a maximum of \$1,000,000  
17 annually, shall be deposited into the University of  
18 Hawaii geothermal exploration special fund;

19 provided further that if the geothermal resources are located on  
20 lands under the jurisdiction of the department of Hawaiian home  
21 lands, one hundred per cent of royalties received by the State



1 from these geothermal resources shall be paid to the department  
2 of Hawaiian home lands.

3 With respect to all geothermal mining leases previously  
4 issued or to be issued, where the board determines that it is  
5 necessary to encourage the initial or continued production of  
6 geothermal resources, the board [~~shall have the authority to~~]  
7 may waive royalty payments to the State for any fixed period of  
8 time up to but not exceeding eight years."

9 SECTION 4. There is appropriated out of the University of  
10 Hawaii geothermal exploration special fund the sum of \$  
11 or so much thereof as may be necessary for fiscal year 2022-2023  
12 to be expended to further the discovery and development of  
13 geothermal resources.

14 The sum appropriated shall be expended by the University of  
15 Hawaii for the purposes of this Act.

16 SECTION 5. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 6. This Act shall take effect on July 1, 2050.



**Report Title:**

Geothermal Resources; Royalties; University of Hawaii Geothermal Exploration Special Fund; Department of Land and Natural Resources; Counties; Hawaii Groundwater and Geothermal Resources Center; Report

**Description:**

Caps the amount of royalties from geothermal resources that are to be paid to the State and to the county in which the geothermal resources are located. Establishes the University of Hawaii Geothermal Exploration Special Fund for the Hawaii Groundwater and Geothermal Resources Center to further the discovery and development of geothermal resources. Requires the entities that received geothermal royalties to submit an annual report to the Legislature. Effective 7/1/2050. (SD2)

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

