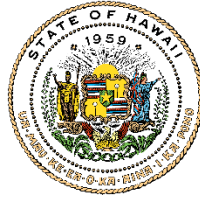


JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
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M. KALEO MANUEL
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BUREAU OF CONVEYANCES
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ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committee on
CONSUMER PROTECTION & COMMERCE

Wednesday, March 22, 2023
2:00 PM

State Capitol, Conference Room 329

In consideration of
SENATE BILL 458, SENATE DRAFT 2, HOUSE DRAFT 1
RELATING TO GEOTHERMAL ROYALTIES

Senate Bill 458, Senate Draft 2, House Draft 1 proposes to: (1) establish the geothermal energy resources development special fund; (2) require annual reports to the Legislature; and (3) require that, for royalties from geothermal resources, twenty per cent be paid to the county where the geothermal mining operations are situated under certain conditions, fifty per cent be paid to the Department of Land and Natural Resources (Department), twenty per cent be paid to the Office of Hawaiian Affairs (OHA), and ten per cent be deposited into the geothermal energy resources development special fund. **The Department opposes this measure as currently written, and respectfully requests amendments.**

The Department supports the intent of the measure and appreciates the prior Senate Committees' recommendation to maintain the Department's 50% share of the royalties received and removing the cap on the total annual royalties it would receive. However, House Draft 1 amended the measure which requires the county to be paid 20% of the total royalties received or \$450,000.00, whichever is greater. The Department opposes this language because it would obligate other agencies that receive geothermal royalties to pay out of their share for a shortage if the county's 20% share is less than \$450,000.00.¹ The Department does not believe that the county should be entitled to a fixed minimum amount of funds at the expense of the other recipients of geothermal royalties. Therefore, the Department requests amendments to delete the fixed minimum amount of \$450,000.00 and to ensure consistency with

¹ The Department notes that the total annual geothermal royalties received must amount to at least \$2,250,000.00 to avoid a shortage between the county's actual 20% share and the fixed minimum amount of \$450,000.00. Additionally, the Department is concerned that if the total annual geothermal royalties received are \$450,000.00 or less, the measure would require all of the royalties be paid to the county, leaving nothing for the Department, OHA and DBEDT.

existing law regarding payment of ceded land revenues to OHA². The Department requests that page 4, lines 1 through 15 be amended as follows **in bold**:

geothermal resources shall be [~~paid~~] distributed as follows: twenty per cent, ~~or \$450,000, whichever is greater,~~ shall be paid to the county in which mining operations covered under a state geothermal resource mining lease are situated; provided that the county funds shall be used for relocation funding and community benefits in the areas directly surrounding the geothermal project that is paying the royalties; provided further that the county receiving geothermal royalties shall submit detailed annual reports to the legislature outlining the expenditure of funds; ten per cent shall be deposited into the geothermal energy resources development special fund established by section 201- ; fifty per cent shall be paid to the department; and twenty per cent shall be paid to the office of Hawaiian affairs, subject to Act 178, Session Laws of Hawaii 2006, as amended;

The Department, pursuant to Hawai'i Revised Statutes, Chapter 182, has a statutory obligation to regulate the use of minerals, including geothermal resources, as it is held in public trust. As such, the **Department bears all costs** for processing, regulating and managing geothermal leases, including oversight and monitoring of well drilling operations for exploration and safe development of the resource. To assist and carry out these responsibilities, the Department receives 50% of the geothermal royalties with the remaining proceeds currently allocated as follows: 30% to the County of Hawai'i, and 20% to OHA, which represents OHA's pro rata share of ceded land revenues. Since Fiscal Year 2008, the Department's Geothermal Mineral Resources Program costs (not including lease and lease management costs) has roughly equaled the Department's 50% share of the royalties received during the same period.

Maintaining the current 50% allocation of royalties to the Department is essential in carrying out its public trust duties. The geothermal royalties received by the Department are deposited into its Special Land and Development Fund (SLDF)³ that funds the Geothermal Mineral Resources Program, along with the entire annual operating budget for the Department's Land Division, the Office of Conservation and Coastal Lands, the Dam Safety Program and other critical programs that play important roles in protecting Hawai'i's natural and cultural resources. Such Departmental programs address critical resource and environmental issues such as climate change, watershed protection, invasive species, water resources, coastal erosion and protection of the State's historic and cultural sites. The cumulative impact upon the Department's SLDF caused by any potential reduction in geothermal royalties will have a cascading negative impact on the Department's ability to effectively administer many of these critical programs.

² The Legislature has the authority to determine the amount paid to OHA from ceded land revenues, which was established by Act 178, Session Laws of Hawaii 2006, and amended further by Act 226, Session Laws of Hawaii 2022, and further implemented by Governor's Executive Order 06-06.

³ The primary source of revenue for the SLDF are lease rents collected by the Department's Land Division from its 1,000 or so leases and 300 or so permits, including the geothermal mining lease.

Any reduction in revenue that the Department currently receives would be counter-productive to the goal of achieving greater self-sufficiency and seeking less reliance on general funds to carry out the goals and mandates of the Department.

Mahalo for the opportunity to provide testimony in opposition to this measure as currently written.



SB458 SD2 HD1
RELATING TO GEOTHERMAL ROYALTIES
House Committee on Consumer Protection & Commerce

March 22, 2023

2:00 PM

Room 329

The Administration of the Office of Hawaiian Affairs (OHA) will recommend to the Board of Trustees the position of **OPPOSE** for SB458 SD2 HD1, which would establish the University Innovation and Commercialization Initiative Special Fund for geothermal royalties. **OHA takes this opportunity to respectfully remind the Legislature that Native Hawaiians maintain significant socio-political-economic-environmental interests related to tūtū Pele and her connection to the geothermal systems of the Hawaiian Islands; interests that have been undermined by the most recent amendment to this measure. OHA provides its opposition to the fact that additional funding for Native Hawaiians had been set-aside in contemplation of Native Hawaiian interests and then suddenly removed – OHA asks that the regressive amendment be reversed and the 20% of the royalties from geothermal revenue be dedicated, once again, to OHA.**

OHA notes that the Committee Report SB458_HD1_HSCR1327_ stated that the House Committees on Energy & Environmental Protection and Water & Land amended SB458 SD2 by “ensuring that the portion of geothermal royalties paid to the Office of Hawaiian Affairs is consistent with existing law regarding payment of ceded land revenues to the Office of Hawaiian Affairs.” **OHA wishes to emphasize that the funding sources utilized by OHA to ever-see the betterment of conditions of Native Hawaiians is NOT solely limited to its Legislatively capped pro rata portion of the ceded lands revenue.** The Hawai‘i State Constitution states that OHA shall exercise power as provided by law:

“to manage and administer the proceeds from the sale or other disposition of the lands, natural resources, minerals and income derived from whatever sources for [Native Hawaiians] including all income and proceeds from that pro rata portion of the trust[.]¹

The Legislature, in its previous draft, sought to provide additional funding to OHA in fulfillment of the State’s trust obligations to Native Hawaiians through its dedication of 20% of the geothermal royalties consistent with OHA’s constitutional mandate. **Here, this Chamber has removed that dedication of funding, essentially removing that potential for OHA to better address the needs of Native Hawaiians. OHA is deeply concerned that Native Hawaiians and OHA, as an agency mandated to serve Native Hawaiians, must fight so hard for justice – in their own homeland.**

¹ Haw. Stat. Con. Article XII, Section 6 (1978).



SB458 SD2 HD1
RELATING TO GEOTHERMAL ROYALTIES
House Committee on Consumer Protection & Commerce

As the principal public agency in the State responsible for the betterment of conditions of Native Hawaiians,² OHA wishes to emphasize that Native Hawaiian land claims, which include claims to the natural and cultural resources therein, are still outstanding and have yet to be resolved.³ The Legislature, in recognizing the historical special political relationship between the Native Hawaiian people and the United States, as well as understanding the historical injustices that have and continue to create systems of inequity and disparities faced by Native Hawaiians, enshrined, within the Constitution⁴ and statutes of the State, a series of legal frameworks and instruments to identify the State's trust obligations to the Native Hawaiian people.⁵ These trust obligations extend to compensatory mechanisms for Native Hawaiians, which include legal mandates to a share of the income and proceeds from the public land trust⁶ and proceeds from natural resources, minerals and income derived from whatever other sources for Native Hawaiians.⁷

Native Hawaiians continue to endure inequities and disparities that stem from unresolved historical injustices⁸ – injustices that established systems of oppression and institutions of racism that have yet to be dismantled and which persist in their severing of Native Hawaiians from their ancestral lands, their annihilation of Native Hawaiian presence in the Hawaiian Islands, and their attempted erasure of Native Hawaiian identity.⁹ The State of Hawai'i, on the condition of its admission to the Union,¹⁰ was obligated with an extra duty of care to the Native Hawaiian people,¹¹ as a result of these historical injustices. The State reinforced that extra duty of care for the betterment of conditions of Native Hawaiians by

² Haw. Rev. Stat. §10.

³ “Whereas, the indigenous Hawaiian people never directly relinquished their claims to their inherent sovereignty as a people or over their national lands to the United States, either through their monarchy or through a plebiscite or referendum[.]” Pub. Law 103-150 (1993).

⁴ Haw. Stat. Con. Article XII (1978).

⁵ Haw. Rev. Stat. §10H.

⁶ Pub. L. 86-3, 73 Stat. 4; Hawai'i Admissions Act of 1959; Haw. Stat. Con. Article XII, Sec. 4-6 (1978).

⁷ Haw. Stat. Con. Article XII, Sec. 6 (1978).

⁸ Pub. L. 103-150 (1993), 107 Stat. 1510 “Apology Resolution.”

⁹ “If we are ever to have peace and annexation the first thing to do is to obliterate the past,” stated by Samuel Mills Damon, Vice President of the Provisional Government and Executive Council for the Republic of Hawai'i, Council of State (Provisional Government of the Hawaiian Islands, 1895). 26 November 1895. Hawaii State Archives Series 424 Vol. 4.

¹⁰ Pub. L. 86-3, 73 Stat. 4; Hawai'i Admissions Act of 1959.

¹¹ Id. at §5(f).



SB458 SD2 HD1
RELATING TO GEOTHERMAL ROYALTIES
House Committee on Consumer Protection & Commerce

enshrining this founding principle within the Hawai‘i State Constitution.¹² The State has continuously acknowledged its extra duty of care to the Native Hawaiian people through additional statutory obligations vested in OHA¹³ and in recognition of Native Hawaiians as the only indigenous, aboriginal, and maoli people of Hawai‘i.¹⁴

Despite the intractable traverse that far-too-many Native Hawaiians must endure, which is most evident in the diasporic conditions¹⁵ that have priced out Native Hawaiians from their homelands,¹⁶ or in the myriad of onerous health disparities faced by Native Hawaiians still hanging on for survival in these islands,¹⁷ this State will occasionally invoke policies and proposals that undermine its extra duty of care to the Native Hawaiian people. **OHA asks the Legislature, as it has done many times before, to recognize and uphold its extra duty of care for the betterment of conditions of Native Hawaiians.**

The majority of Native Hawaiian families, in Hawai‘i, are unable to makes ends meet,¹⁸ with 63% of Native Hawaiians reporting that they are finding it difficult to get by.¹⁹ Native Hawaiians have the lowest household income.²⁰ Native Hawaiians have the highest

¹² Haw. Stat. Con. Art. XII, Section 4-7 (1978).

¹³ Haw. Rev. Stat. §10.

¹⁴ Haw. Rev. Stat. §10H-1.

¹⁵ “Hawai‘i has rapidly transformed economically, socially, and politically, creating a place that is unable to support a thriving Native Hawaiian community. This has resulted in a Native Hawaiian diaspora as individuals and families move away from the islands in search of economic and educational opportunities. This diaspora presents a modern challenge to Native Hawaiian identity and culture, bringing separation of people from each other, from the land, and from the ancestral home,” Ciera Pagud, Shawn Kana ‘iaupuni, Wendy Kekahio, *Eia Hawai‘i, he Moku: Exploring Native Hawaiian Migration Patterns Past to Present*, Dec. 2022, p.11.

¹⁶ “Hawai‘i’s economic conditions, specifically job availability and career advancement, play a large role in overall [Native Hawaiian out-migration] decisions; More Native Hawaiian participants seek better paying jobs outside of Hawai‘i as a result of struggling financially than non-Hawaiians,” Ciera Pagud, Shawn Kana ‘iaupuni, Wendy Kekahio, *Shifting Sands and Economic Currents Affecting the Decision to Leave Hawai i*, Dec. 2022, p.2.

¹⁷ “Native Hawaiians have a disturbingly higher rate of chronic diseases than many other ethnic groups and the general population in Hawai‘i and the larger U.S. While the leading causes of death are generally the same, the rates of Native Hawaiians afflicted with chronic diseases are greater and occur a decade earlier. These rates are disturbingly three times greater than for the general population of Hawai‘i.” Department of Native Hawaiian Health, John A. Burns School of Medicine, *Assessment and Priorities for the Health and Well-Being in Native Hawaiians and Pacific Islanders*, 2020, p.9.

¹⁸ Aloha United Way | United for ALICE, *ALICE in Hawai ‘i: 2022 Facts and Figures*, Nob. 2022, p.6.

¹⁹ *Id.* at 9.

²⁰ Dept. of Business, Economic Development and Tourism, *Demographic, Social, Economic, and Housing Characteristics for Selected Race Groups in Hawaii*, Mar. 2018, p.3.



SB458 SD2 HD1
RELATING TO GEOTHERMAL ROYALTIES
House Committee on Consumer Protection & Commerce

poverty rates for individuals and families.²¹ Native Hawaiians make less money,²² with lower average earnings for both men and women.²³ Native Hawaiians have the highest rate of using public assistance and homeless services.²⁴ Native Hawaiians are overrepresented among the homeless in Hawai‘i.²⁵ OHA is deeply concerned with Native Hawaiians being driven out of Hawai‘i by economic instability stemming from socio-political-economic upheaval, which has largely disconnected Native Hawaiians from their ‘āina for more than a century. Today, more Native Hawaiians live outside of the Hawaiian Islands, far beyond the boundaries of their own homeland.²⁶

OHA asks the Legislature to take into consideration that this measure would better serve the rights and interests of the Native Hawaiian people by dedicating a fair portion of the proceeds and income from the exploitation of geothermal resources to the Native Hawaiian people. Accordingly, the calculation of this fair portion should be representative of the comparative percentage of the Native Hawaiian population to the total resident population (approximately 38%);²⁷ the Native Hawaiian population should be calculated in its totality, as the “only indigenous, aboriginal, maoli people of Hawai‘i, who should not be counted out for being driven out of these Islands.”²⁸ **Finally, the respective percentages of the income and proceeds from geothermal resource exploitation from public lands should be managed and administered by OHA in accordance with the State Constitution.²⁹ The Legislature previously determined that OHA should receive 20% of the geothermal royalties, which OHA now asks the Legislature to restore.**

²¹ Id. at 13.

²² OHA Report, *Affordable Housing for Hawai‘i and Native Hawaiians: Exploring Ideas and Innovation*, Aug. 2020, p.10.

²³ Dept. of Native Hawaiian Health, John A. Burns School of Medicine, *Assessment and Priorities for the Health and Well-Being in Native Hawaiians and Pacific Islanders*, 2020, p.12.

²⁴ Id.

²⁵ Partners In Care, *2022 Point In Time Count*, p.7.

²⁶ “Estimates from the American Community Survey showed that in 2011, there were about 296,400 Native Hawaiians in Hawai‘i and about 221,600 on the continental U.S. Just a decade later, those numbers flipped. In 2021, there were about 309,800 Native Hawaiians in Hawai‘i and about 370,000 in other states,” Hawaii Public Radio, *More Native Hawaiians Flock to mainland cities and leave Hawai‘i*, Jan. 23, 2023, *citing high costs*, citing the US Census Bureau’s American Community Survey 2021.

²⁷ There are approximately 309,807 Native Hawaiians living in the State of Hawai‘i. The total estimated Native Hawaiian population is 680,353. The U.S. Census Bureau 2022 Population Estimates of the State of Hawai‘i is 1,440,196. Based on these numbers, the State population would be 1,810,742 if Native Hawaiians lived in their own homeland. Accordingly, the Native Hawaiian population percentage would be approximately 38%.

²⁸ Haw. Rev. Stat. §10H-1.

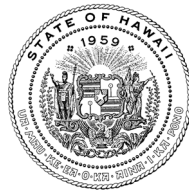
²⁹ Haw. Stat. Con. Art. Sec. 4-6 (1978).



SB458 SD2 HD1
RELATING TO GEOTHERMAL ROYALTIES
House Committee on Consumer Protection & Commerce

OHA appreciates this opportunity to testify on SB458 SD2 HD1 with the hope that the State will continue to uphold its trust obligations to the Native Hawaiian people, who, due to the ongoing impacts of historical justice, continue to face inequities and disparities at a disproportionately higher rate than all others in the State of Hawai'i. Mahalo nui loa.

JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kāla
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
ON
SENATE BILL NO. 458, S.D. 2, H.D. 1

March 22, 2023
2:00 p.m.
Room 329 and Videoconference

RELATING TO GEOTHERMAL ROYALTIES

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 458, S.D. 2, H.D. 1, adds a new section to Chapter 201, HRS, to: 1) establish the Geothermal Energy Resources Development Special Fund (GERDSF) within the Department of Business, Economic Development and Tourism (DBEDT); 2) set the allowable sources of revenues and uses of funds for the GERDSF; and 3) set reporting requirements for the GERDSF. The bill also amends Section 182-7, HRS, to amend the distribution of geothermal resources royalties received by the State to be 20%, or \$450,000, whichever is greater, to the county in which the mining operations are situated and with certain parameters, 10% to the GERDSF, 50% to the Department of Land and Natural Resources, and 20% to the Office of Hawaiian Affairs.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an

explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 458, S.D. 2, H.D. 1, it is difficult to determine whether the proposed GERDSF will be self-sustaining.

Thank you for your consideration of our comments.

SB-458-HD-1

Submitted on: 3/21/2023 2:32:26 PM

Testimony for CPC on 3/22/2023 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Douglass S. Adams	Department of Research & Development, County of Hawaii	Oppose	Written Testimony Only

Comments:

Chair Nakashima, Vice Chair Sayama, and Members of the Committee on Consumer Protection and Commerce:

Thank you for the opportunity to provide testimony in **opposition to SB 458 SD2 HD1**, which establishes the geothermal energy resources development special fund, requires annual reports to the Legislature, requires that, for royalties from geothermal resources, twenty per cent be paid to the county where the geothermal mining operations are situated, under certain conditions, 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 ten per cent be deposited into the geothermal energy resources development special fund.

Our residents in the Puna district are the ones being impacted. Reducing the allocation for the County's buyback and community benefits program is inequitable. I also note that, in previous testimony, the Department of Land and Natural Resources indicated that a reduction in its share of the royalty payments would cause a crisis for other programs it uses the royalty payments to manage. This trade-off between concern for the management of other programs and for the citizens that are specifically identified within the royalties payment program should default to the citizens.

We believe there are compelling reasons for the state to fund expansion of geothermal research on Hawai'i Island. We strongly support a bill that, while maintaining the county's current allocation of thirty per cent of royalty payments, creates sustainable funding sources for such research. As currently configured, unless amended to change the county's current allocation back to thirty per cent, the bill does not have the county's support and leads us to encourage the Committee to move SB 458 SD2 HD1 forward with a **NEGATIVE** recommendation for House passage.

very respectfully,

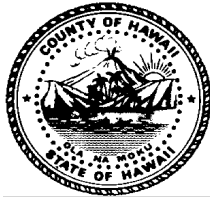
Douglass S Adams

Director, Department of Research & Development

County of Hawai'i

Ashley L. Kierkiewicz
County Council District IV

*Policy Committee on Planning,
Land Use and Development – Chair*



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ashley.kierkiewicz@hawaiiicounty.gov

*Policy Committee on Infrastructure
and Assets – Vice-Chair*

HAWAI‘I COUNTY COUNCIL

25 Aupuni Street • Hilo, Hawai‘i 96720

March 21, 2023

House Committee on Consumer Protection & Commerce

Rep. Mark Nakashima, Chair
Rep. Jackson Sayama, Vice-Chair

RE: Opposition to SB 458 SD2 HD1, Relating to Geothermal Royalties

Aloha, Chair Nakashima, Vice-Chair Sayama, and Members of House Committee on CPC:

I write in **opposition to SB458 SD2 HD1**, which would decrease royalties paid to the County of Hawai‘i for geothermal operations that occur in the district of Puna, which I represent, to fund geothermal exploration and development.

I appreciate efforts in the March 17 EEP/WAL hearing to increase the County’s share of geothermal royalties from 10% to 20% percent, but I humbly request full restoration of royalties back to 30%. The County of Hawai‘i is more than happy to submit an annual report to the State Legislature detailing how monies are spent, as recommended by EEP/WAL.

The County uses its share of royalties to support the Geothermal Relocation and Community Benefits Program, which gives residents impacted by geothermal activities a pathway to permanent relocation, and supports the Lower Puna community through investments in things like infrastructure, public safety, and recreation.

Lower Puna is one of the most socio-economically distressed communities in the State. We are still recovering from the 2018 Kīlauea eruption and coronavirus pandemic. We’ve worked hard over the last few years – County and community – to identify projects that will increase resilience, opportunities, improve quality of life, and plan to leverage our share of geothermal royalties to turn these ideas into a tangible reality.

I support all efforts to invest in exploration and development of a suite of renewable energy sources to make Hawai‘i energy secure and to combat climate change. But we’ll need a significant amount more than what’s being discussed in this bill if we are going to make real advancements, and we shouldn’t do it by taking away funding from the community directly impacted by geothermal operations.

I humbly ask your Committee to ensure Puna continues to receive its fair share of geothermal royalties, and to do what’s right – commit other sources to fund geothermal exploration, research, and development.

Cheers,

Ashley Lehaulani Kierkiewicz
COUNCIL MEMBER, DISTRICT IV - PUNA



Email: communications@ulupono.com

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Wednesday, March 22, 2023 — 2:00 p.m.

Ulupono Initiative supports the intent of SB 458 SD2 HD1, Relating to Geothermal Royalties.

Dear Chair Nakashima and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono supports the intent of SB 458 SD2 HD1, which establishes the Geothermal Energy Resources Development Special Fund; requires annual reports to the Legislature; requires that, for royalties from geothermal resources, twenty per cent be paid to the county where the geothermal mining operations are situated, under certain conditions, 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 ten per cent be deposited into the Geothermal Energy Resources Development Special Fund.

Ulupono supports this bill's intent to fund geothermal resource development research. We support the cap language in the SB 458 draft and ask this committee to consider amending the measure to revert back to the original draft's contents to fund geothermal research at the Hawai'i Groundwater and Geothermal Resource Center (HGGRC). We believe that funding HGGRC is prudent as that organization currently possess much of the physical equipment and professional/academic expertise to conduct such research and therefore would be more efficient than bringing in equipment and expertise from outside our state. Hawai'i needs all viable forms of renewable energy to meet the 100% renewable portfolio standard by 2045. Wind and solar alone are not enough. Firm sources, such as geothermal, will also be necessary. Hawai'i also faces many competing demands for available land, and geothermal projects use the least amount of land per megawatt of renewable power produced.

Most residents seem to believe the Big Island is the only place in which geothermal energy can be commercially produced, and yet that assumption has never been thoroughly researched and confirmed. With the changes requested above, this bill will dedicate resources to the staffing and field work necessary for geothermal research into its potential. It makes good sense to use a modest amount of geothermal royalties to see if there is an opportunity to expand this firm, minimal land-impact form of renewable energy.

Thank you for the opportunity to testify.

Respectfully,
Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



SERVCO PACIFIC INC.
2850 PUKOLOA ST. STE. 300
HONOLULU, HI 96819 USA

O. 808.564.1300
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SERVCO.COM

Representative Mark Nakashima, Chair
Representative Jackson Sayama, Vice Chair
Committee on Consumer Protection & Commerce

**RE: SB 458 SD2 HD1 - Relating to Geothermal Royalties – In Support
March 22, 2023; 2:00 P.M.; Conference room 329 & Videoconference**

Aloha Chair Nakashima, Vice Chair Sayama, and Members of the Committee:

Servco is in support of SB 458 SD2 HD1, which establishes the geothermal energy resources development special fund; requires annual reports to the Legislature and requires that, for royalties from geothermal resources, twenty 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 ten per cent be deposited into the geothermal energy resources development special fund.

Servco supports cost effective geothermal exploration. This measure will help the State move forward with a diversified renewable energy portfolio and help achieve its 100% renewable policy goal by 2045.

Thank you for the opportunity to offer comments in support.

Peter Dames
Executive Vice President

SB-458-HD-1

Submitted on: 3/21/2023 8:58:30 AM

Testimony for CPC on 3/22/2023 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Alice Kim	Individual	Comments	Written Testimony Only

Comments:

As the State of Hawaii should encourage further discovery and development of geothermal resources, I support the intent of SB458. However, SD2 is not aligned with the bill's original intent to fund the Hawaii Groundwater and Geothermal Resources Center (HGGRC).

As Hawaii is the only U.S. state without an official geological survey, the University of Hawaii (UH) contributed a bulk of what we know about Hawai'i's geology. Since producing Hawai'i's first geothermal well (HGP-A) in the 1970s, UH has led Hawaii's geothermal research. From the 1980s to now, UH contributed to two statewide geothermal resource assessments.

As a UH research unit, HGGRC is well equipped for geothermal exploration. Through HGGRC, the state's foremost experts in earth sciences are researching Hawaii's geothermal resources. HGGRC obtained land access for research from dozens of landowners across the state. For research equipment, HGGRC has access to \$1 million worth of geophysical equipment and a \$3 million drill rig.

Beyond expanding the knowledge of Hawaii's geothermal resources, HGGRC has also provided students and new professionals hands-on, collaborative research experiences and educational opportunities. Over the years, HGGRC sponsored employment of dozens of employees, and HGGRC scientists provided academic advising for undergraduate and graduate students.

Please invest in not only the further development of Hawaii's geothermal resources but also knowledge of Hawaii's geology and highly skilled, educated professionals for Hawaii's future economy. Please amend SB458 to specify how HGGRC will receive geothermal royalties.