
A BILL FOR AN ACT

RELATING TO GEOTHERMAL ROYALTIES.

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

1 SECTION 1. Chapter 201, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§201- Geothermal energy resources development special

5 fund. (a) There is established in the state treasury a
6 geothermal energy resources development special fund, into which
7 shall be deposited:

8 (1) Any geothermal royalties to be deposited into the
9 special fund pursuant to section 182-7;

10 (2) Moneys appropriated by the legislature;

11 (3) All interest attributable to the investment of moneys
12 deposited into the special fund; and

13 (4) Moneys allotted to the special fund from other
14 sources.

15 (b) Subject to legislative appropriation, moneys in the
16 special fund may be expended by the Hawaii state energy office
17 to support projects that promote and advance geothermal energy



1 resources development, including projects that contribute to
2 offsetting developmental risk associated with Hawaii's
3 indigenous resources.

4 (c) The department of business, economic development, and
5 tourism shall submit a report to the legislature, no later than
6 twenty days prior to the convening of each regular session, on
7 the revenue and expenditures of the special fund."

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

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

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

20 (2) The rate of royalty for ore processed into aluminous
21 oxide in the State shall be set at eighty per cent of



1 the rate of royalty for ore not processed to aluminous
2 oxide in the State; and

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

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

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

20 Any other law to the contrary notwithstanding, [~~thirty per~~
21 ~~cent of~~] all royalties received annually by the State from



1 geothermal resources shall be [~~paid~~] distributed as
2 follows: _____ per cent shall be paid to the county in which
3 mining operations covered under a state geothermal resource
4 mining lease are situated; provided that the county funds shall
5 be used for relocation funding and community benefits in the
6 areas directly surrounding the geothermal project that is paying
7 the royalties; provided further that the county receiving
8 geothermal royalties shall submit detailed annual reports to the
9 legislature outlining the expenditure of funds; _____ per cent
10 shall be deposited into the geothermal energy resources
11 development special fund established by section
12 201- _____ ; _____ per cent shall be paid to the department;
13 and _____ per cent shall be paid to the office of Hawaiian
14 affairs, subject to Act 178, Session Laws of Hawaii 2006;
15 provided further that if the geothermal resources are located on
16 lands under the jurisdiction of the department of Hawaiian home
17 lands, one hundred per cent of royalties received by the State
18 shall be paid to the department of Hawaiian home lands."

19 SECTION 3. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect on June 30, 3000.



Report Title:

Geothermal Resources; Royalties; Geothermal Energy Resources Development Special Fund; DLNR; DBEDT; Hawaii State Energy Office; OHA; Reports

Description:

Establishes the geothermal energy resources development special fund. Requires annual reports to the Legislature. Redistributes geothermal royalties to the counties for specific purposes, geothermal energy resources development special fund, department of land and natural resources, and office of Hawaiian affairs. Effective 6/30/3000. (HD3)

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