

STAND. COM. REP. NO.

1327

Honolulu, Hawaii

MAR 17, 2023

RE: S.B. No. 458  
S.D. 2  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committees on Energy & Environmental Protection and Water & Land, to which was referred S.B. No. 458, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO GEOTHERMAL ROYALTIES,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Renewable Energy Resources Development Special Fund; and
- (2) Require geothermal royalties to be paid as follows: ten percent to the county where the geothermal mining operations are situated, fifty percent to the Department of Land and Natural Resources, twenty percent to the Office of Hawaiian Affairs, and twenty percent to be deposited into the Renewable Energy Resources Development Special Fund.

Your Committees received testimony in support of this measure from the Department of Land and Natural Resources, Office of Hawaiian Affairs, Hawaii State Energy Office, Servco Pacific Inc., and Ulupono Initiative. Your Committees received testimony in opposition to this measure from the County of Hawai'i Planning

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Department, two members of the Hawai'i County Council, and five individuals. Your Committees received comments on this measure from the Department of Budget and Finance, Sustainable Energy Hawai'i, DaRubbahSlippahGroup, Hawaii Ground Water and Geothermal Resource Center, and two individuals.

Your Committees find that geothermal technology facilitates the generation of power from heat and energy found below the Earth's surface. Additionally, the development of geothermal resources will be important for achieving the State's goal of transitioning to one hundred percent renewable energy generation statewide. Designating the royalties to further advance geothermal energy resources development will play a significant role in achieving one hundred percent renewable energy generation statewide.

Your Committees have amended this measure by:

- (1) Changing references to the "Renewable Energy Resources Development Special Fund" to "Geothermal Energy Resources Development Special Fund";
- (2) Clarifying that the Geothermal Energy Resources Development Special Fund may be used to support projects that promote and advance geothermal energy resources development;
- (3) Increasing the allocation of geothermal royalties paid to the county where the geothermal mining operations are situated to twenty percent, or \$450,000, whichever is greater;
- (4) Requiring that the geothermal royalties paid to the county be used for relocation funding and community benefits in areas directly surrounding the geothermal project that is paying the royalties;
- (5) Requiring that the county receiving geothermal royalties submit a detailed annual report to the Legislature outlining how the funds are expended;
- (6) 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;

- (7) Decreasing the percentage of annual geothermal royalties to be deposited into the Geothermal Energy Resources Development Special Fund from twenty percent to ten percent;
- (8) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Water & Land that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 458, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 458, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committees on Energy &  
Environmental Protection and  
Water & Land,

  
LINDA ICHIYAMA, Chair

  
NICOLE E. LOWEN, Chair





