

Honolulu, Hawaii

FEB 17 2023

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

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committees on Energy, Economic Development, and Tourism, Public Safety and Intergovernmental and Military Affairs, and Higher Education, to which was referred S.B. No. 458 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Cap 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;
- (2) Deposit royalties from geothermal resources into the University Innovation and Commercialization Initiative Special Fund, to be expended by the Hawaii Groundwater and Geothermal Resources Center, to further the discovery and development of geothermal resources; and
- (3) Require the entities that receive geothermal royalties to submit an annual report to the Legislature.

Your Committees received testimony in support of this measure from the University of Hawai'i System, Hawaii Center for Advanced Transportation Technologies, Sustainable Energy Hawai'i, Ulupono Initiative, and two individuals. Your Committees received testimony in opposition to this measure from the Department of



Land and Natural Resources. Your Committees received comments on this measure from the Hawaii State Energy Office, Office of Hawaiian Affairs, and Department of Research and Development for the County of Hawaii.

Your Committees find that firm renewable energy sources, such as geothermal, will be necessary to meet the State's one hundred percent renewable portfolio standard by 2045. Your Committees also find that the State faces many competing demands for available land, and geothermal projects use the least amount of land per megawatt of renewable power produced. Your Committees believe that the State will benefit by using royalties from geothermal resources to further explore the geothermal energy potential in the State. This measure will allow the State to reach its renewable energy goals and expand the geothermal energy industry in the State by allocating a portion of the royalties from geothermal energy resources to the University of Hawaii to further the discovery and development of geothermal resources.

Your Committees have amended this measure by:

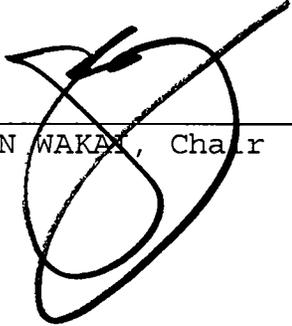
- (1) Clarifying the royalties that shall be deposited into the University Innovation and Commercialization Initiative Special Fund and requiring the funds to be used to further the discovery and development of geothermal resources and to establish additional exploratory wells for geothermal energy;
- (2) Deleting language that would have capped the amount of royalties from geothermal resources a county could receive;
- (3) Specifying that, of all royalties received by the State from geothermal resources, ten percent shall be paid to the county where the mining operations are situated, twenty percent shall be deposited into the University Innovation and Commercialization Initiative Special Fund, fifty percent shall be paid to the Department of Land and Natural Resources, and twenty percent shall be paid to the Office of Hawaiian Affairs;



- (4) Deleting language that would have annually capped the amount of royalties from geothermal resources distributed to the State; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Energy, Economic Development, and Tourism, Public Safety and Intergovernmental and Military Affairs, and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 458, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 458, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Energy, Economic Development, and Tourism, Public Safety and Intergovernmental and Military Affairs, and Higher Education,



GLENN WAKAI, Chair



LYNN DECOITE, Chair

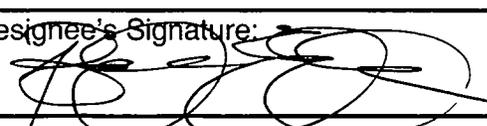


DONNA MERCADO KIM, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Public Safety and Intergovernmental and Military Affairs
PSM

Bill / Resolution No.:* SB458	Committee Referral: EET/PSM/HRE, WAM	Date: 2/15/23		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
ELEFANTE, Brandon J.C. (VC)		✓		
FUKUNAGA, Carol	✓			
MCKELVEY, Angus L.K.		✓		
AWA, Brenton			✓	
TOTAL	2	2	1	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Higher Education
HRE

Bill / Resolution No.:* SB 458	Committee Referral: EET/PSM/HRE, WAM	Date: 2/15/23		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	✓			
KIDANI, Michelle N. (VC)		✓		
FUKUNAGA, Carol	✓			
KEITH-AGARAN, Gilbert S.C.	.			✓
FEVELLA, Kurt	✓			
TOTAL	3	1		1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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