

ACT 138

S.B. NO. 153

A Bill for an Act Relating to Geothermal Energy.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 182, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§182- Geothermal royalties. (a) The board shall fix the payment of royalties to the State for the utilization of geothermal resources at a rate which will encourage the initial and continued production of such resources. With respect to all geothermal mining leases previously issued or to be issued, where the board determines that it is necessary to encourage the initial or continued production of geothermal resources, the board shall have the authority to waive royalty payments to the State for any fixed period of time up to but not exceeding eight years.

(b) The board shall adopt, amend, or repeal rules pursuant to chapter 91 to establish the basis upon which the amount and duration of royalty payments to the State will be fixed or waived. The board's assessment of each application shall include, but not be limited to, the examination of such factors as the progress of geothermal development taking place in the State at the time of the application, the technical and financial capabilities of the applicant to undertake the project, and the need for providing a financial incentive in order for the applicant to proceed. The granting of any favorable terms to an applicant for the payment of royalties under this section may be revoked by the board if the applicant fails to satisfy any of the terms and conditions established by the board, or if the applicant wholly ceases operations and for reasons other than events which are outside the control of the parties and which could not be avoided by the exercise of due care by the parties.

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(c) The board shall submit a written report of all geothermal royalty dispositions to the legislature in accordance with section 171-29.”

SECTION 2. New statutory material is underscored.¹

SECTION 3. This Act shall take effect upon its approval.

(Approved May 29, 1985.)

Note

1. Edited pursuant to HRS §23G-16.5.