

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the House Committee on
HAWAIIAN AFFAIRS**

**Wednesday, February 2, 2011
8:30 AM
State Capitol, Conference Room 329**

**In consideration of
HOUSE BILL 696
RELATING TO WATER**

House Bill 696 proposes to amend Section 174C-101, Hawaii Revised Statutes (HRS), to exempt a kuleana land owner from all state, county, and municipal taxation, fees, and charges for water use in connection with the kuleana landowner's appurtenant water rights.

The Department of Land and Natural Resources (Department) does not support this measure.

The Department's Commission on Water Resource Management (Commission) has no jurisdiction over state, county, and municipal taxation, fees, and charges of other government agencies.

The State Constitution, State Water Code, and Hawaii Supreme Court decisions establish fresh water resources as public trust resources. Accordingly, the waters of the State are held in trust for the benefit of people of the State. Thus, there are no charges, taxes, or fees for the use of water per se. However, in some instances, entities (like municipal boards of water supply) may charge a fee for the service of delivering water.

Section 174C-61, HRS, authorizes the Commission to adopt a schedule of application and permit fees to defray the administrative costs of permit systems. However, this fee is not for the use of water; it is a processing fee to recover administrative costs.

The State Water Code does not contain any provision for taxes, fees, or charges related to kuleana lands with appurtenant water rights.

LATE TESTIMONY

WILLIAM J. AILA, JR.
INTERIM CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
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