



GOV. MSG. NO. 1127

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

May 25, 2022

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirty-First State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty-First State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on May 25, 2022, the following bill was signed into law:

HB1768 HD2 SD2 CD1

RELATING TO THE DISPOSITION OF WATER
RIGHTS.
ACT 027

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

HOUSE OF REPRESENTATIVES
THIRTY-FIRST LEGISLATURE, 2022
STATE OF HAWAII

H.B. NO. 1768
H.D. 2
S.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO THE DISPOSITION OF WATER RIGHTS.

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

1 SECTION 1. The legislature finds that native Hawaiians
2 have been farming successfully on lands throughout the State for
3 nearly two thousand years without creating adverse impacts to
4 the land in which they operated. Traditional farming practices
5 of native Hawaiians, and the native Hawaiian culture generally,
6 play a vital role in preserving and advancing the quality of
7 life and cultural vitality of Hawaii. Article XII, section 7,
8 of the Hawaii State Constitution mandates that traditional and
9 customary practices of native Hawaiians be protected.

10 The legislature additionally finds that it is the State's
11 responsibility as that of a trustee to act with the diligence
12 and care of a fiduciary in ensuring that bona fide trust
13 purposes, including the preservation and enhancement of the
14 water for various uses in the public interest, are protected
15 when deciding what constitutes maximum beneficial use. However,
16 in carrying out this responsibility, the regulatory actions of
17 the State may adversely hamper and impact the constitutionally



1 protected rights of native Hawaiians. The State has an
2 obligation to ensure that traditional and customary practices of
3 native Hawaiians continue to be protected.

4 The legislature further finds that appurtenant or kuleana
5 rights to water for traditional and customary uses and domestic
6 farming purposes must also be protected. These rights to water
7 necessarily include the right to use water and the right of
8 access to water, or the means of access and delivery of the
9 water to be used.

10 Therefore, the purpose of this Act is to exempt the
11 instream use of water for traditional and customary kalo
12 cultivation practices from the existing process for disposition
13 of water rights, and to clarify that traditional and customary
14 and kuleana rights to water include rights of use, access,
15 delivery, and quality of water, which shall be recognized and
16 protected.

17 SECTION 2. Section 171-58, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "**§171-58 Minerals and water rights.** (a) Except as
20 provided in this section, the right to any mineral or surface or
21 ground water shall not be included in any lease, agreement, or



1 sale, this right being reserved to the State; provided that the
2 board may make provisions in the lease, agreement, or sale, for
3 the payment of just compensation to the surface owner for
4 improvements taken as a condition precedent to the exercise by
5 the State of any reserved rights to enter, sever, and remove
6 minerals or to capture, divert, or impound water.

7 (b) Disposition of mineral rights shall be in accordance
8 with the laws relating to the disposition of mineral rights
9 enacted or hereafter enacted by the legislature.

10 (c) Disposition of water rights may be made by lease at
11 public auction as provided in this chapter or by permit for
12 temporary use on a month-to-month basis under those conditions
13 [~~which~~] that will best serve the interests of the State and
14 subject to a maximum term of one year and other restrictions
15 under the law; provided that any disposition by lease shall be
16 subject to disapproval by the legislature by two-thirds vote of
17 either the senate or the house of representatives or by majority
18 vote of both in any regular or special session next following
19 the date of disposition; provided further that after a certain
20 land or water use has been authorized by the board subsequent to
21 public hearings and conservation district use application and



1 environmental impact statement approvals, water used in
2 nonpolluting ways, for nonconsumptive purposes because it is
3 returned to the same stream or other body of water from which it
4 was drawn, essentially not affecting the volume and quality of
5 water or biota in the stream or other body of water, may also be
6 leased by the board with the prior approval of the governor and
7 the prior authorization of the legislature by concurrent
8 resolution.

9 (d) Any lease of water rights shall contain a covenant on
10 the part of the lessee that the lessee shall provide from waters
11 leased from the State under the lease or from any water sources
12 privately owned by the lessee to any farmer or rancher engaged
13 in irrigated pasture operations, crop farming, pen feeding
14 operations, or raising of grain and forage crops, or for those
15 public uses and purposes as may be determined by the board, at
16 the same rental price paid under the lease, plus the
17 proportionate actual costs, as determined by the board, to make
18 these waters available, so much of the waters as are determined
19 by the board to be surplus to the lessee's needs and for that
20 minimum period as the board shall accordingly determine;
21 provided that in lieu of payment for those waters as the State



1 may take for public uses and purposes the board may elect to
2 reduce the rental price under the lease of water rights in
3 proportion to the value of the waters and the proportionate
4 actual costs of making the waters available. Subject to the
5 applicable provisions of section 171-37(3), the board, at any
6 time during the term of the lease of water rights, may withdraw
7 from waters leased from the State and from sources privately
8 owned by the lessee so much water as it may deem necessary to
9 (1) preserve human life and (2) preserve animal life, in that
10 order of priority; and that from waters leased from the State
11 the board, at any time during the term of the lease of water
12 rights, may also withdraw so much water as it may deem necessary
13 to preserve crops; provided that payment for the waters shall be
14 made in the same manner as provided in this section.

15 (e) Any new lease of water rights shall contain a covenant
16 that requires the lessee and the department of land and natural
17 resources to jointly develop and implement a watershed
18 management plan. The board shall not approve any new lease of
19 water rights without the foregoing covenant or a watershed
20 management plan. The board shall prescribe the minimum content
21 of a watershed management plan; provided that the watershed



1 management plan shall require the prevention of the degradation
2 of surface water and ground water quality to the extent that
3 degradation can be avoided using reasonable management
4 practices.

5 (f) Upon renewal, any lease of water rights shall contain
6 a covenant that requires the lessee and the department of land
7 and natural resources to jointly develop and implement a
8 watershed management plan. The board shall not renew any lease
9 of water rights without the foregoing covenant or a watershed
10 management plan. The board shall prescribe the minimum content
11 of a watershed management plan; provided that the watershed
12 management plan shall require the prevention of the degradation
13 of surface water and ground water quality to the extent that
14 degradation can be avoided using reasonable management
15 practices.

16 (g) The department of land and natural resources shall
17 notify the department of Hawaiian home lands of its intent to
18 execute any new lease, or to renew any existing lease of water
19 rights. After consultation with affected beneficiaries, these
20 departments shall jointly develop a reservation of water rights
21 sufficient to support current and future homestead needs. Any



1 lease of water rights or renewal shall be subject to the rights
2 of the department of Hawaiian home lands as provided by section
3 221 of the Hawaiian Homes Commission Act.

4 (h) This section shall not apply to the disposition of
5 water rights for the instream use of water for traditional and
6 customary kalo cultivation practices."

7 SECTION 3. Section 174C-5, Hawaii Revised Statutes, is
8 amended to read as follows:

9 **"§174C-5 General powers and duties.** The general
10 administration of the state water code shall rest with the
11 commission on water resource management. In addition to its
12 other powers and duties, the commission:

13 (1) Shall carry out topographic surveys, research, and
14 investigations into all aspects of water use and water
15 quality;

16 (2) Shall designate water management areas for regulation
17 under this chapter where the commission, after the
18 research and investigations mentioned in paragraph
19 (1), shall consult with the appropriate county council
20 and county water agency, and after public hearing and
21 published notice, finds that the water resources of



1 the areas are being threatened by existing or proposed
2 withdrawals of water;

3 (3) Shall establish an instream use protection program
4 designed to protect, enhance, and reestablish, where
5 practicable, beneficial instream uses of water in the
6 State;

7 (4) May contract and cooperate with the various agencies
8 of the federal government and with state and local
9 administrative and governmental agencies or private
10 persons;

11 (5) May enter, after obtaining the consent of the property
12 owner, at all reasonable times upon any property other
13 than dwelling places for the purposes of conducting
14 investigations and studies or enforcing any of the
15 provisions of this code, being liable, however, for
16 actual damage done. If consent cannot be obtained,
17 reasonable notice shall be given prior to entry;

18 (6) Shall cooperate with federal agencies, other state
19 agencies, county or other local governmental
20 organizations, and all other public and private
21 agencies created for the purpose of utilizing and

1 conserving the waters of the State, and assist these
2 organizations and agencies in coordinating the use of
3 their facilities and participate in the exchange of
4 ideas, knowledge, and data with these organizations
5 and agencies. For this purpose the commission shall
6 maintain an advisory staff of experts;

7 (7) Shall prepare, publish, and issue printed pamphlets
8 and bulletins as the commission deems necessary for
9 the dissemination of information to the public
10 concerning its activities;

11 (8) May appoint and remove agents, including hearings
12 officers and consultants, necessary to carry out the
13 purposes of this chapter, who may be engaged by the
14 commission without regard to the requirements of
15 chapter 76 and section 78-1;

16 (9) May hire employees in accordance with chapter 76;

17 (10) May acquire, lease, and dispose of ~~such~~ real and
18 personal property as may be necessary in the
19 performance of its functions, including the
20 acquisition of real property for the purpose of



1 conserving and protecting water and water related
2 resources as provided in section 174C-14;

3 (11) Shall identify, by continuing study, those areas of
4 the State where salt water intrusion is a threat to
5 fresh water resources and report its findings to the
6 appropriate county mayor and council and the public;

7 (12) Shall provide coordination, cooperation, or approval
8 necessary to the effectuation of any plan or project
9 of the federal government in connection with or
10 concerning the waters of the State. The commission
11 shall approve or disapprove any federal plans or
12 projects on behalf of the State. No other agency or
13 department of the State shall assume the duties
14 delegated to the commission under this paragraph;
15 except that the department of health shall continue to
16 exercise the powers vested in it with respect to water
17 quality, and except that the department of business,
18 economic development, and tourism shall continue to
19 carry out its duties and responsibilities under
20 chapter 205A;



1 (13) Shall plan and coordinate programs for the
2 development, conservation, protection, control, and
3 regulation of water resources, based upon the best
4 available information, and in cooperation with federal
5 agencies, other state agencies, county or other local
6 governmental organizations, and other public and
7 private agencies created for the utilization and
8 conservation of water;

9 (14) Shall catalog and maintain an inventory of all water
10 uses and water resources; and

11 (15) Shall determine appurtenant water rights, including
12 but not limited to the quantification of the amount of
13 water and the specification of the water course or the
14 means of access and delivery entitled to by that
15 right, which determination shall be valid for purposes
16 of this chapter."

17 SECTION 4. Section 174C-63, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "[~~§~~§174C-63~~§~~] **Appurtenant rights.** Appurtenant rights
20 are preserved. Nothing in this part shall be construed to deny
21 the exercise of an appurtenant right [~~by the holder thereof at~~



1 ~~any time-]~~, including access by the holder thereof to conduct
2 activities necessary to assure the use, delivery, and quality of
3 water including temperature and turbidity, that shall not be
4 unreasonably withheld. A permit for water use based on an
5 existing appurtenant right shall be issued upon application.
6 [~~Such~~] The permit shall be subject to sections 174C-26 and 174C-
7 27 and 174C-58 to 174C-62."

8 SECTION 5. Section 174C-101, Hawaii Revised Statutes, is
9 amended by amending subsection (d) to read as follows:

10 "(d) The appurtenant water rights of kuleana and taro
11 lands, along with those traditional and customary rights assured
12 in this section, including access by the holder thereof to
13 conduct activities necessary to assure the use, delivery, and
14 quality of water including temperature and turbidity, that shall
15 not be unreasonably withheld, shall not be diminished or
16 extinguished by a failure to apply for or to receive a permit
17 under this chapter."

18 SECTION 6. If any provision of this Act, or the
19 application thereof to any person or circumstance, is held
20 invalid, the invalidity does not affect other provisions or
21 applications of the Act that can be given effect without the



1 invalid provision or application, and to this end the provisions
2 of this Act are severable.

3 SECTION 7. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 8. This Act shall take effect upon its approval.

APPROVED this 25 day of MAY, 2022



GOVERNOR OF THE STATE OF HAWAII



HB No. 1768, HD 2, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 3, 2022
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2022.



Scott K. Saiki
Speaker
House of Representatives




Brian L. Takeshita
Chief Clerk
House of Representatives


THE SENATE OF THE STATE OF HAWAI'I

Date: May 3, 2022
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai'i, Regular Session of 2022.



President of the Senate



Clerk of the Senate