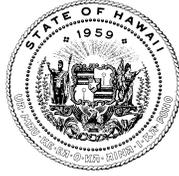


JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawaii'i*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawaii'i*



KALI WATSON
CHAIRPERSON, HHC
Ka Luna Ho'okele

KATIE L. LAMBERT
DEPUTY TO THE CHAIR
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawaii'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF KALI WATSON, CHAIR
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS
HEARING ON JANUARY 31, 2025 AT 2:00PM IN CR 325

HB 1090, RELATING TO COUNTY USER FEES

January 30, 2025

Aloha Chair Tarnas, Vice Chair Poepoe, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) **supports** this bill which exempts the Department of Hawaiian Home Lands from county user fees, in the amount of \$100,000 aggregate per year, and ensures county services to the Department of Hawaiian Home Lands for Hawaiian Home Lands.

The cost savings by DHHL via exemption from county user fees, in the amount of \$100,000 aggregate per year, could be used for infrastructure and housing needs for Hawaiian Home Lands. This legislative proposal was approved by the Hawaiian Homes Commission and included in the Governor's Administrative Package.

Thank you for your consideration of our testimony.

**BOARD OF WATER SUPPLY
KA 'OIHANA WAI
CITY AND COUNTY OF HONOLULU**

630 SOUTH BERETANIA STREET • HONOLULU, HAWAII 96843
Phone: (808) 748-5000 • www.boardofwatersupply.com

RICK BLANGIARDI
MAYOR
MEIA

ERNEST Y. W. LAU, P.E.
MANAGER AND CHIEF ENGINEER
MANAKIA A ME KAHU WILIKI

ERWIN KAWATA
DEPUTY MANAGER
HOPE MANAKIA



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KĒHAULANI PU'U
EDWIN H. SNIFFEN, Ex-Officio
GENE C. ALBANO, P.E., Ex-Officio

January 31, 2025

The Honorable David A. Tarnas, Chair
and Members
Committee on Judiciary and Hawaiian Affairs
House of Representatives
Hawai'i State Capitol, Room 325
Honolulu, Hawai'i 96813

Dear Chair Tarnas and Members:

Subject: House Bill 1090: Relating to County User Fees

The Honolulu Board of Water Supply (BWS) strongly opposes to House Bill (HB) 1090. This bill proposes to exempt the Department of Hawaiian Home Lands (DHHL) from county user fees in excess of \$100,000 in the aggregate per year; provided that no services shall be denied to the DHHL.

Under HRS § 46-1.5(23), the State conferred upon the counties the general powers to: (i) establish and maintain waterworks; (ii) collect rates for water supplied to consumers; (iii) install water meters whenever deemed expedient; and (iv) take over from the State existing waterworks systems, including water rights, pipelines, and other appurtenances belonging thereto, and to enlarge, develop and improve the same.

As such, BWS has operated successfully as a semi-autonomous City agency responsible for O'ahu's critically important municipal (i.e. City-owned) drinking water supply systems island-wide. The BWS is self-sufficient and does not receive any funds from the City's primary revenue source – real property taxes. Infrastructure improvements and operations are funded mostly by rate revenues; other funding mechanisms include low-interest bonds, and State Revolving Funds loans.

The BWS does not believe it is appropriate for DHHL to expect an exemption from county user fees and shift the burden of costs to other water rate payers. This bill would place a heavy financial burden on the public we serve, including non-residential customers - existing businesses. It is unfair for other water rate payers to

The Honorable David A. Tarnas, Chair
and Members
January 31, 2025
Page 2

subsidize the water cost of the DHHL. This would make it difficult for the BWS to forecast the cost of these exemptions against the water charges that are the main source of revenue.

Thank you for your consideration of our testimony in opposition to HB 1090.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Ernest Y. W. Lau". The signature is fluid and cursive, with a large initial "E" and "L".

ERNEST Y. W. LAU, P.E.
Manager and Chief Engineer

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS; DHHL; Counties; User Fees; County Powers

BILL NUMBER: HB 1090, SB 1409

INTRODUCED BY: HB by NAKAMURA by request, SB by KOUCHI by request (Governor's Package)

EXECUTIVE SUMMARY: Exempts the Department of Hawaiian Home Lands from county user fees, in the amount of \$100,000 aggregate per year, and ensures county services to the Department of Hawaiian Home Lands for Hawaiian Home Lands.

SYNOPSIS: Amends section 46-1.5(5)(E), HRS, county user fees charged or collected from the Department of Hawaiian Home Lands to create or maintain any stormwater management system or infrastructure shall not exceed \$100,000 in the aggregate per year. No services shall be denied to the Department of Hawaiian Home Lands under this subparagraph, from this amendment.

Amends section 46-15.5(23)(D), HRS, rates collected from the Department of Home Lands for water supplied to consumers and for the use of sewers shall not exceed \$100,000 in the aggregate per year. No services shall be denied to the Department of Hawaiian Home Lands under this subparagraph, from this amendment.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: This is an Administration bill sponsored by the Department of Hawaiian Home Lands and designated HHL-10 (25).

This bill is, essentially, an unfunded mandate from a higher level of government to a lower one. Sometimes it sucks to be a county.

Digested: 1/29/2025