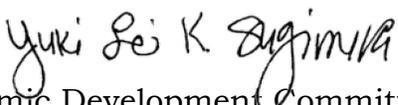


September 5, 2025

MEMO TO: BFED-43 File

F R O M: Yuki Lei K. Sugimura, Chair   
Budget, Finance, and Economic Development Committee

SUBJECT: **TRANSMITTAL OF INFORMATIONAL DOCUMENT RELATING TO  
BILL 99 (2025), AMENDING THE FISCAL YEAR 2026 BUDGET:  
APPENDIX B, DEPARTMENT OF WATER SUPPLY (WATER FUND,  
PRESERVATION/RESTORATION RATE)** (BFED-43)

The attached informational document pertains to Item 43 on the Committee's agenda.

bfed:ltr:043afile01:kes

Attachment

Received at BFED meeting on 09/05/2025

**COUNCIL OF THE COUNTY OF MAUI**  
**WATER AND INFRASTRUCTURE**  
**COMMITTEE**

July 25, 2025

**Committee**  
**Report No.** \_\_\_\_\_

Honorable Chair and Members  
of the County Council  
County of Maui  
Wailuku, Maui, Hawaii

Chair and Members:

Your Water and Infrastructure Committee, having met on June 4, 2025, and June 30, 2025, makes reference to Bill 56 (2025), entitled “A BILL FOR AN ORDINANCE AMENDING SECTION 14.10.010, MAUI COUNTY CODE, TO ESTABLISH NEW WATER RATES FOR PRESERVATION AND RESTORATION OF NATIVE SPECIES HABITATS.”

Bill 56’s stated purpose is “to authorize discounted water rates for Department of Water Supply consumers who are using water solely to conserve or restore native Hawaiian species habitats without any associated commercial activity.” The bill would amend the County Water Code by authorizing a “preservation” category of water rates.

Under Section 8-11.4(2) of the Revised Charter of the County of Maui (1983), as amended, the Board of Water Supply must “[r]ecommend the establishment and adjustment of rates and charges for furnishing water” before enactment by the Council by ordinance. Your Committee notes the Board of Water Supply reviewed the bill on May 15, 2025, and unanimously recommended approval.

By correspondence dated June 24, 2025, the Chair of your Committee transmitted a proposed CD1 version of Bill 56 (2025), entitled “A BILL FOR AN ORDINANCE AMENDING SECTION 14.10.010, MAUI COUNTY CODE, TO AUTHORIZE WATER RATES FOR PRESERVATION AND RESTORATION OF NATIVE HAWAIIAN SPECIES HABITATS.” The proposed CD1 version:

1. Amends the bill’s title to clarify that the legislation would authorize, not establish, the proposed preservation rate.

**COUNCIL OF THE COUNTY OF MAUI**  
**WATER AND INFRASTRUCTURE**  
**COMMITTEE**

Page 2

**Committee**  
**Report No. \_\_\_\_\_**

2. Amends the bill's effective date to be retroactive to July 1, 2025, rather than July 1, 2024.
3. Replaces references to water use "solely" for habitat preservation or restoration with "primarily" to account for domestic and other uses.
4. Makes references to the uses qualifying for the water rate and the term "preservation consumer" internally consistent.
5. Identifies the Director of Water Supply as being responsible for determining whether best management practices are acceptable.
6. Defines the term "native Hawaiian species habitat."
7. Incorporates nonsubstantive and technical revisions for clarity, consistency, and style.

Your Committee notes that under Charter Section 9-7(3), subject to exceptions, all rates and fees must be set in the annual budget. If authorized by the Council, the actual rate must therefore be set through a separate ordinance amending Appendix B of the Fiscal Year 2026 Budget.

The Director of Water Supply said the proposed preservation rates are intended to recognize non-commercial land stewardship by users who do not qualify for agricultural rates.

Your Committee notes that if the preservation category of water rates is authorized, the Board of Water Supply will first recommend the preservation rate to the Mayor, who will then submit it to the Council for approval. The Director noted that the proposed rate the Board would consider aligns with the Fiscal Year 2026 rate for general water consumers

**COUNCIL OF THE COUNTY OF MAUI**  
**WATER AND INFRASTRUCTURE**  
**COMMITTEE**

Page 3

**Committee**  
**Report No.** \_\_\_\_\_

in the 5,001–15,000 gallon tier. The preservation rate would apply exclusively to County customers and would not extend to private water system users.

The Director further noted that the preservation rate would be applied per meter, and a separate application must be submitted for each qualifying meter, subject to water availability and permitting.

A Department of Water Supply representative said two nonprofit organizations—Hawai‘i Land Trust and Waiohuli Mana Foundation—were previously denied agricultural rates because of their non-commercial status and would benefit from the new preservation rate.

Your Committee notes that the definition of “native Hawaiian species habitat” proposed by the Department, would include endemic and indigenous plants that have evolved in Hawai‘i for millions of years, have adapted to the local environment, and have cultural significance. The term includes canoe crops such as kalo, niu, and ‘ulu.

The Director said the Department would be open to consulting with other organizations or agencies, including the Department of ‘Oiwī Resources, in determining a native Hawaiian species habitat.

Your Committee discussed the proposed enforcement and application process, which is modeled after existing agricultural water rate procedures. The Department representative said the process would require annual applications, supporting documentation, and site inspections to verify ongoing compliance.

Your Committee voted 7-0 to recommend passage of Bill 56, CD1 (2025), on first reading. Committee Chair Cook, Vice-Chair Sugimura, and members Johnson, Paltin, Rawlins-Fernandez, Sinenci, and U‘u-Hodgins voted “aye.” Committee members Kama and Lee were excused.

COUNCIL OF THE COUNTY OF MAUI  
**WATER AND INFRASTRUCTURE  
COMMITTEE**

Page 4

**Committee  
Report No.** \_\_\_\_\_

Your Water and Infrastructure Committee RECOMMENDS that Bill 56, CD1 (2025), attached, entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 14.10.010, MAUI COUNTY CODE, TO AUTHORIZE WATER RATES FOR PRESERVATION AND RESTORATION OF NATIVE HAWAIIAN SPECIES HABITATS," be PASSED ON FIRST READING and be ORDERED TO PRINT.

This report is submitted in accordance with Rule 3 of the Rules of the Council.



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TOM COOK, Chair

wai:cr:25008aa:kjh

ORDINANCE NO. \_\_\_\_\_

BILL NO. 56, CD1 (2025)

A BILL FOR AN ORDINANCE AMENDING SECTION 14.10.010, MAUI COUNTY CODE, TO AUTHORIZE WATER RATES FOR PRESERVATION AND RESTORATION OF NATIVE HAWAIIAN SPECIES HABITATS

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. This Ordinance's purpose is to provide discounted water rates for Department of Water Supply consumers who are using water primarily for the purpose of conserving or restoring native Hawaiian species habitats without any associated commercial activity.

SECTION 2. Section 14.10.010, Maui County Code, is amended to read as follows:

**"14.10.010 Water service rates.** A. Water rates for agricultural, nonpotable agricultural, nondwelling agricultural, emergency water, temporary irrigation, preservation, and general consumers, must be set forth in the annual budget ordinance.

B. Agricultural consumers may qualify for agricultural water rates. Each consumer requesting an agricultural rate for water service must submit an annual written application to the department attaching the following documentation, if applicable, regarding their product or service:

1. A copy of the consumer's filed State of Hawai'i, department of taxation, general excise[,] use tax return, form G-45, for the period preceding the date of application.

2. A copy of the consumer's filed Internal Revenue Service[, profit or loss from farming schedule F.] tax return, and a copy of schedule F (form 1040), profit or loss from farming.

3. A description of the commercial agricultural operation that includes:

- a. The type of commercial operation.
- b. The anticipated monthly water usage.
- c. The age of the crop or stock, if applicable.

d. A five-year timeline of projected annual gross income.

e. A site plan demarcating the commercial agricultural operation, landscaping, grassy areas, dwellings and other structures, and irrigation system.

C. Emergency water consumers may qualify for emergency water rates where water that would otherwise be delivered as potable water has been determined by the director to be within a designated unsafe water advisory area as a result of a disaster or emergency as defined in section 127A-2, Hawai'i Revised Statutes, and resulting in a proclamation of a state of emergency or local state of emergency under section 127A-14, Hawai'i Revised Statutes. Emergency water rates will only be available to customers whose property has been determined by the director to be within the unsafe water advisory area.

D. Temporary irrigation consumers may qualify for temporary irrigation rates where a consumer's home was destroyed, and water service temporarily canceled, as a result of a disaster or emergency as defined in section 127A-2, Hawai'i Revised Statutes, and resulting in a proclamation of a state of emergency or local state of emergency under section 127A-14, Hawai'i Revised Statutes. To qualify for this rate, water must be nonpotable and used for maintenance of residential landscaping, including lawns, crops, and gardens, as applicable.

E. Preservation consumers may qualify for preservation rates where:

1. The property is located in the State agricultural or conservation land use district or a County open space zoning district.

2. The property is owned or under a management agreement with a nonprofit or community land trust that complies with section 501(c) of the Internal Revenue Code. Documentation of ownership or management, including bylaws referencing preservation or restoration of native Hawaiian species habitats in the mission statement, must be submitted with the application for preservation rates.

3. The water will be used primarily for native Hawaiian species habitat preservation or restoration, with no associated commercial activity.

4. The consumer has submitted a conservation plan that includes:

a. Acreage of the preservation or restoration area.

b. The anticipated monthly water usage.

c. Best management practices for water conservation, as determined by the director to be acceptable.

d. A site plan demarcating the preservation or restoration area, dwellings and other structures, and irrigation systems.

5. For purposes of this subsection, "native Hawaiian species habitat" means the habitat of endemic or indigenous species that:

a. Arrived either by natural means, including by water, wind, or bird migration; or

b. Were included in the approximately 23 species brought over by the first human migration to the Hawaiian islands and that have adapted to native ecosystems.

[E.] F. General or agricultural water service will not be allowed from a meter for which the nonpotable agricultural rate is approved.

[F.] G. The penalty for using nonpotable [agriculture] agricultural water service to supply general uses is removal of the meter.

H. The penalty for using preservation water service to supply general or agricultural uses is removal of the meter.

[G.] I. The penalty for providing water service to lots other than the lot to which the service is assigned is removal of the meter.

[H.] J. Water service requests by property lessees or licensees may be granted[:] if:

1. [If requested] Requested and guaranteed by the fee simple owner of the property; or

2. A lump sum payment equal to a two-billing period estimate [must be] is deposited with the department as collateral for future billings."

SECTION 3. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 4. This Ordinance, upon approval, takes effect retroactive to July 1, 2025.

APPROVED AS TO FORM AND LEGALITY:



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Department of the Corporation Counsel  
County of Maui

wai:misc:008abill02:kjh

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "G. H. Lee", is written above a horizontal line.

Upon the request of the Mayor.