

STAND. COM. REP. NO.

763

Honolulu, Hawaii

FEB 14 , 2025

RE: H.B. No. 422
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Housing, to which was referred H.B. No. 422
entitled:

"A BILL FOR AN ACT RELATING TO SCHOOL IMPACT FEES,"

begs leave to report as follows:

The purpose of this measure is to repeal School Impact Fees
and transfer unencumbered balances of the School Impact Fee
Subaccount to the School Facilities Special Fund.

Your Committee received testimony in support of this measure
from the Department of Hawaiian Home Lands; Hawaii Public Housing
Authority; Office of Housing of the City and County of Honolulu;
Libertarian Party of Hawaii; Hawaii Appleseed Center for Law &
Economic Justice; Grassroot Institute of Hawaii; Hawai'i YIMBY; and
numerous individuals. Your Committee received testimony in
opposition to this measure from two individuals. Your Committee
received comments on this measure from the Department of
Education; School Facilities Authority; Tax Foundation of Hawaii;
and LIMBY Hawai'i.

Your Committee finds that school impact fees were established
to address the impact of new residential developments on the
surrounding community and potential increase of students in that
community. Your Committee notes that between 2007 and 2018, the
Department of Education collected slightly more than \$5,300,000,

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far under the \$80,000,000 or more needed to build one new school. Rather than being used to help support schools, school impact fees have only added additional costs to housing developments, which in some cases resulted in a housing project becoming financially untenable. Your Committee believes that the State must reduce the cost of housing to address the housing crisis and develop more affordable housing for Hawaii's residents.

Your Committee has amended this measure by:

- (1) Abolishing certain fair share contribution accounts within the Donations - Facilities Trust under the Department of Education and lapsing any unencumbered balances to the School Facilities Special Fund;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 422, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 422, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Housing,



LUKE A. EVSLIN, Chair



