

STAND. COM. REP. NO.

1656

Honolulu, Hawaii

APR 03 2025

RE: H.B. No. 422  
H.D. 1  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Sir:

Your Committees on Ways and Means and Education, to which was referred H.B. No. 422, H.D. 1, S.D. 1, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to address rising housing development costs in school impact zones, which are passed through to renters and homebuyers.

Specifically, this measure:

- (1) Eliminates school impact fees; and
- (2) Abolishes certain fair share contribution accounts and lapses unencumbered balances to the school facilities special fund.

Your Committees received written comments in support of this measure from the Department of Hawaiian Home Lands, Hawaii Public Housing Authority, Complete Construction Services Corp, Grassroot Institute of Hawaii, Hawaii Appleseed Center for Law and Economic Justice, Hawaii YIMBY, The Libertarian Party of Hawaii, and three individuals.

HB422 SD2 SSCR LRB 25-1596.docx



Your Committees received written comments in opposition to this measure from the Department of Education and seven individuals.

Your Committees received written comments on this measure from the Board of Education, Hawaii School Facilities Authority, LIMBY Hawaii, and Tax Foundation of Hawaii.

Your Committees find that although school impact fees were implemented to support public education needs in areas of the State impacted by new housing developments, school impact fees can add to planning and construction costs and result in even higher housing costs for buyers and renters. Your Committees, however, are concerned that eliminating school impact fees entirely could adversely impact the construction of new schools in areas in need of additional education facilities. Your Committees, therefore, find that further examination of school impact fees is warranted.

Your Committees also find that amendments to this measure are necessary to confirm the efficacy of school impact fees, and to allow the Legislature to consider a repeal of the sunset date of the measure if the report by the School Facilities Authority supports making the contents of this measure permanent.

Accordingly, your Committees have amended this measure by:

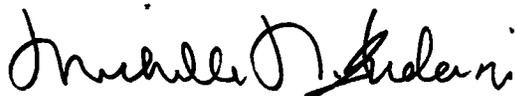
- (1) Repealing the construction cost component of the school impact fee and making conforming amendments to subpart B of part VI of Chapter 302A, Hawaii Revised Statutes;
- (2) Reinserting the provisions regarding the land component impact fee and fee in lieu requirement, and the fair share contribution accounts into which the fees are paid;
- (3) Increasing from fifty to one hundred the minimum number of units in a development that triggers land dedication provisions of the land component impact fee;
- (4) Exempting additional projects from school impact fees, including certain affordable, government, and Hawaiian home lands developments and single-room dwellings;



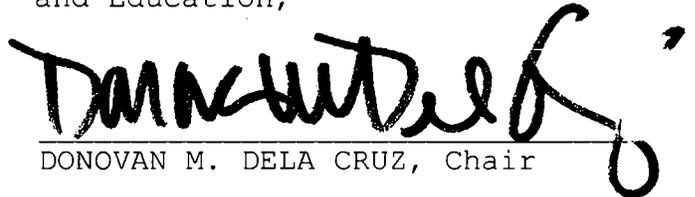
- (5) Removing the lapse of unencumbered balances in the fair share contribution accounts;
- (6) Requiring the School Facilities Authority to adopt rules governing the collection of impact fees;
- (7) Requiring the School Facilities Authority to provide a report to the Legislature by December 15, 2026, on the effect of repealing the construction cost component of the school impact fee; and
- (8) Inserting a repeal and reenactment date of June 30, 2029.

As affirmed by the records of votes of the members of your Committees on Ways and Means and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 422, H.D. 1, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 422, H.D. 1, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committees on Ways and Means  
and Education,



MICHELLE N. KIDANI, Chair



DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirty-Third Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <i>HB 422 HD1 SD1</i>	Committee Referral: <i>HOU, WAMI EDU</i>	Date: <i>3/28/25</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris				X
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	12	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:            Original                      Yellow                      Pink                      Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes

