



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/12/2025

Time: 09:00 AM

Location: 430 VIA VIDEOCONFERENCE

Committee: House Housing

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Bill Title: HB 0330, HD1 RELATING TO SCHOOL IMPACT FEES.

Purpose of Bill: Places oversight of the School Impact Fee Program under the School Facilities Authority Board. Directs the School Facilities Authority Board to carry out the processes and procedures conducted by the Board of Education to dissolve a school impact district upon the transfer of oversight of the School Impact Fee Program. Effective 7/1/3000. (HD1)

Department's Position:

The Hawaii State Department of Education (Department) appreciates the opportunity to offer comments on HB 330, HD1.

This bill proposes to transfer oversight of the School Impact Fee Program from the Hawaii State Board of Education (Board of Education) to the School Facilities Authority Board (SFA Board) and would allow the SFA Board to dissolve a school impact district without a public hearing.

Hawaii's school impact fee law, Sections 302A-1601 to 302A-1612, Hawaii Revised Statutes, plays a vital role in the development of new school facilities in designated areas where the construction of new housing increases and impacts student enrollment. Under this statute, residential developers of designated high growth areas are required to dedicate lands for purposes of public schools as a requirement of their land use entitlements and/or pay school impact fees. This practice is consistent with state and county land use requirements for purposes of essential public facilities such as public parks, fire and police stations.

Consistent with existing statutes, administrative rules, existing policies and procedures, and bylaws, the Board of Education provides consistent oversight over the entire public school system, including the School Impact Fee Program to ensure that well-informed decisions and execution by the Department are consistent with and supports the state's public education program as a whole.

Directing the SFA Board to carry out the processes and procedures conducted by the Board of Education to dissolve a school impact district upon the transfer of oversight of the School Impact Fee Program would seem to significantly hamper the Board of Education's ability to effectively set policy relating to school facility planning, development, and construction.

Thank you for this opportunity to provide comments on HB 330, HD1.

JOSH GREEN, M.D.
GOVERNOR

RIKI FUJITANI
EXECUTIVE DIRECTOR



STATE OF HAWAII
SCHOOL FACILITIES AUTHORITY
2759 S. KING STREET, ROOM H201
HONOLULU, HAWAII 96826

House Committee on Housing

Wednesday, February 12, 2025
9:00 a.m.
Hawaii State Capitol, Room 430

House Bill 330, House Draft 1, Relating to School Impact Fees

Dear Chair Evslin, Vice Chair Miyake, and Members of the Committee:

The School Facilities Authority (SFA) **supports the intent** of House Bill 330, House Draft 1, which would place oversight of the school impact fee program under the SFA Board.

We support aligning the governance and administration of the school impact fee program. Currently, the SFA administers the program, including preparing the impact fee analyses and calculating, updating, and collecting the fees. However, the Board of Education (BOE) currently designates the school impact districts and reviews the analyses prepared by the SFA even though the oversight of the SFA sits with the SFA Board, not the BOE.

Act 72 of 2020 originally transferred management of school impact fees from the Department of Education (DOE) to the SFA, and Act 217 of 2021 clarified the transfer of the program. Act 217 appeared to have intended to transfer the oversight of the program from the BOE to the SFA Board as well, as implied by session law transferring materials and documents related to school impact fees from the BOE and DOE to the SFA Board and SFA but failed to make the necessary statutory changes to do so.

Thank you for this opportunity to testify.

Sincerely,

Riki Fujitani
Executive Director



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice

Comment on HB330 HD1 - Relating to School Impact Fees

House Committee on Housing

Wednesday, February 12, 2025 at 9:15AM Conf. Rm. 430 and via Videoconference

Aloha Chair Evlsin, Vice Chair Miyake, and members of the committee,

Mahalo for the opportunity to testify. **While we support the intent of HB330 HD1, we urge the committee to prioritize HB422**, which fully repeals school impact fees rather than simply shifting oversight.

HB330 proposes transferring oversight of the school impact fee program from the Board of Education to the School Facilities Authority Board and allows the board to dissolve school impact districts without a public hearing. However, this structural change does not resolve the core issue: school impact fees have failed to serve their intended purpose. Instead of funding new school construction, they have accumulated in a special fund while families continue to struggle with Hawai'i's high housing costs.

Rather than modifying an ineffective system, we urge the committee to repeal school impact fees entirely, as proposed in HB422, for the following reasons:

- **Structural Reform is Insufficient:** Moving oversight does not address the fundamental failure of school impact fees. These fees have not been used as intended, yet they continue to add to the cost of housing. Full repeal is the only effective solution¹.
- **Financial Burdens on Homebuyers and Renters:** With high interest rates and tightening loan conditions, every additional cost makes homeownership less attainable. School impact fees increase housing prices, making it harder for working families and first-time buyers to afford a home. Repealing these fees would ease financial barriers and improve housing accessibility.

For these reasons, we strongly prefer HB422, which fully repeals school impact fees and directly addresses the problem rather than attempting piecemeal reforms. We urge the committee to advance HB422 to ensure that housing development is not further burdened by ineffective and unnecessary fees.

Mahalo for the opportunity to testify.

¹ <https://files.hawaii.gov/auditor/Reports/2019/19-13.pdf>

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS; School Facilities Authority Board to oversee school impact fees

BILL NUMBER: HB 330 HD 1

INTRODUCED BY: House Committee on Education

EXECUTIVE SUMMARY: Places oversight of the School Impact Fee Program under the School Facilities Authority Board. Directs the School Facilities Authority Board to carry out the processes and procedures conducted by the Board of Education to dissolve a school impact district upon the transfer of oversight of the School Impact Fee Program.

SYNOPSIS: Adds a new definition to section 302A-1602, HRS, to define “board” as the school facilities authority board (as opposed to the Board of Education).

Amends section 302A-1604, HRS, by adding a new section requiring the board to carry out the processes and procedures conducted by the Board of Education to dissolve a school impact district upon the transfer of oversight of the School Impact Fee Program.

EFFECTIVE DATE: July, 1 3000.

STAFF COMMENTS: The Hawaii Revised Statutes contains twelve sections relating to “school impact fees,” starting with section 302A-1601. The law states, in part, “New residential developments within identified school impact districts create additional demand for public school facilities. As such, once school impact districts are identified, new residential developments shall be required to contribute toward the construction of new or expansion of existing public school facilities.”

Builders of large projects within school impact districts are required to provide land for school facilities depending on the numbers of students expected in their projects and the amount of available classroom space in existing area schools. Smaller developers and individual home owner-builders are required to pay a fee instead of land, when their project is too small to entertain a school site. All home builders or buyers must pay a construction cost fee.

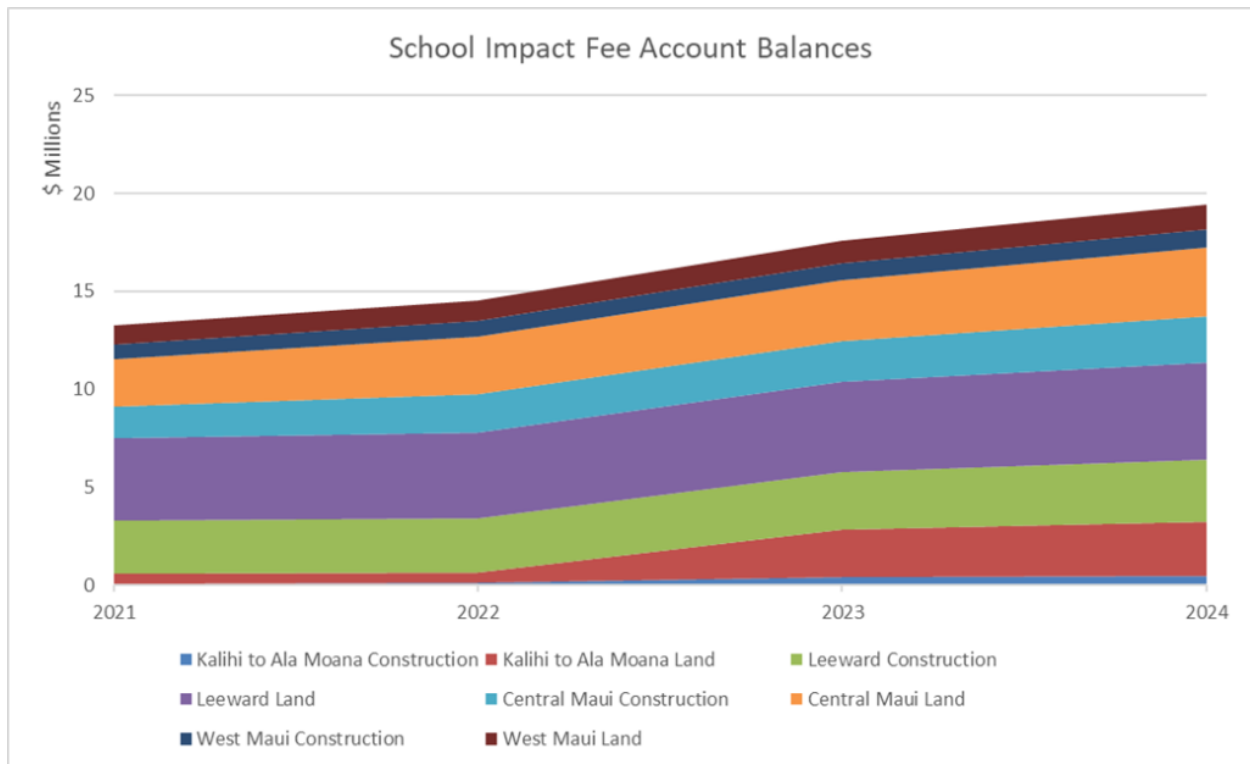
Once an impact fee district is established, the DOE is authorized to collect 10% of estimated school construction costs and 100% of estimated land acquisition costs from each residential development planned within the district.

The Board of Education (BOE) used this authority to establish impact fee districts in Central Maui and West Maui in 2010, and in Leeward Oahu in 2012. It approved another district in West Hawaii in 2009, but apparently the Big Island county government didn’t want to cooperate and that district remains an open issue.

The theory behind this law is that high growth will mean more children, and more schools are required to educate them.

Our big problem with school impact fees in general, however, is that they are not being used.

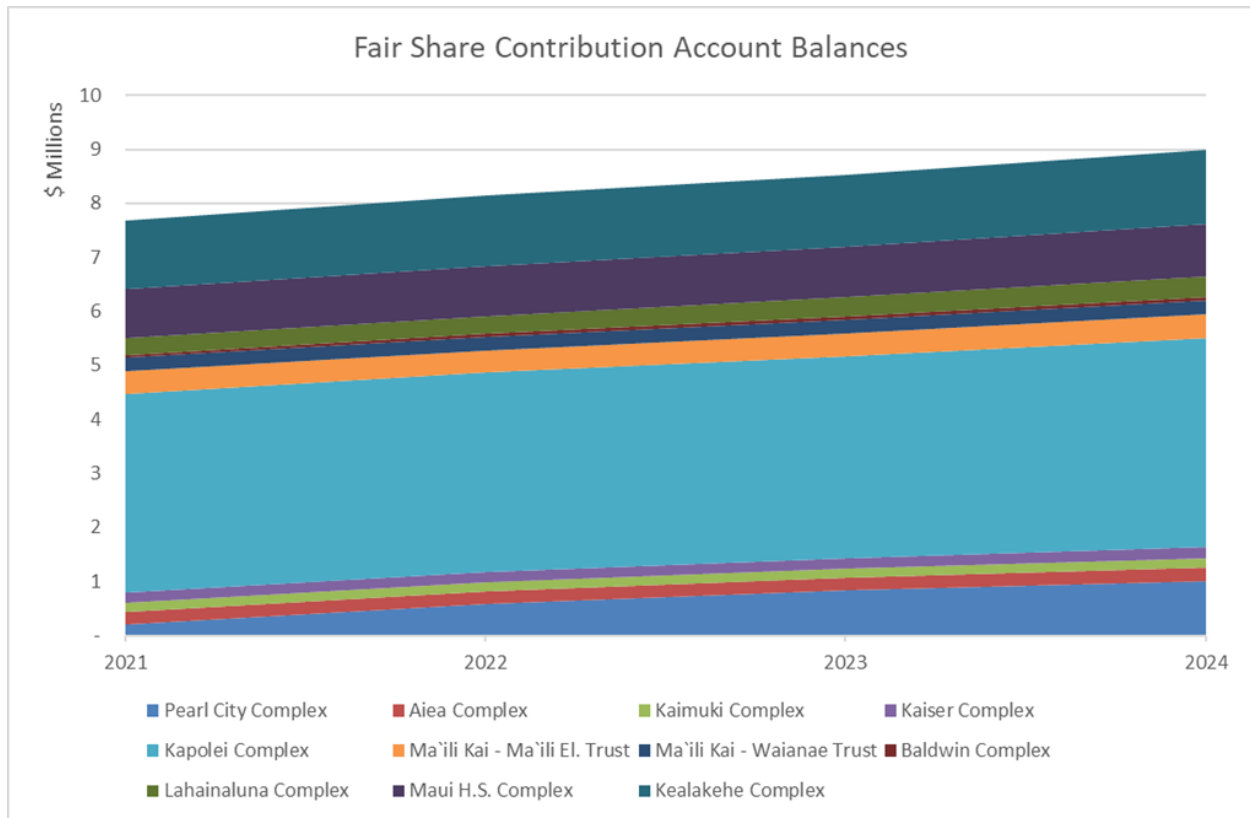
We tracked the balance of the DOE accounts holding these fees, and we complained that the fees were being taken but not used. The balances in the accounts just keep going up, as shown in this chart (updated with figures from the entire fiscal year 2024):



Source: Department of Education

As the chart shows, we now have a cumulative balance of a little less than \$20 million in the impact fee accounts. We continue to ask when this money is going to be used to do something at these schools.

But it gets better. Before the 2007 law created school impact fees, the DOE was able to shake down developers for fear share contributions, oops, I meant FAIR share contributions, which were intended to serve much the same purpose as impact fees do today. It turns out that these accounts also have positive balances that have been steadily increasing over the past few years:



Source: Department of Education

The total of all these fair share accounts is close to \$9 million. This money, also, has been sitting around doing nothing. And most of it has been sitting around for *at least 17 years* because, as we mentioned, the fair share program was replaced by the impact fee program in 2007.

So, when is somebody at the DOE going to get off their duff and spend this money? The DOE tells us every single year that the schools desperately need money. We would prefer that the school system use this money up before they ask taxpayers to dig even deeper into their wallets.

Digested: 2/7/2025



Hawai'i YIMBY

Honolulu, HI 96814

hawaiiyimby.org

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February 12, 2025

House Committee on Housing

Hawai'i State Capitol

Honolulu, HI 96813

RE: SUPPORT for HB 330 HD1 - RELATING TO SCHOOL IMPACT FEES

Aloha Chair Evslin, Vice Chair Miyake, and Members of the Committee,

On behalf of Hawai'i YIMBY, we are writing in **support of HB 330** which would make the School Facilities Authority board the governing entity for the School Impact Fee Program and allow the board to dissolve a school impact district without a public hearing.

Alignment of responsibilities for oversight and governance of the program should be with the same entity whenever possible to increase efficiency.

In addition to this alignment, we ask that the bill be amended to include a repeal of school impact fees on new residential construction. It is very important that the impacts of a growing school population on existing public school infrastructure be planned for and funded. However, the current structure of the school impact fee program both raises insufficient funds to build a new school and increases the cost of new housing construction. Placing the requirement of a school impact fee solely on new residential construction puts an unfair burden on new residents because these fees often must get passed from homebuilders to the new residents. Fees are self-imposed barriers that we have placed on ourselves and that have contributed to the housing crisis.

Funding our public school infrastructure for future growth is still very important. We ask that the legislature consider a different way to continue to fund public school infrastructure that (1) raises adequate funds to build new schools for anticipated growth and (2) is equitable in application and not solely derived from the building of new homes.



Hawai'i YIMBY

Honolulu, HI 96814

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Students of our public schools and their families do not only live in new residential construction.

Hawai'i YIMBY (*Yes In My Backyard*) is a volunteer-led grassroots advocacy organization dedicated to supporting bold and effective solutions for Hawai'i's devastating housing crisis. Our members are deeply concerned about Hawai'i's chronic and worsening housing shortage, which has caused home prices to rise much faster than incomes and pushes thousands of kama'āina out to the mainland or into homelessness every single year.

We ask your support for this bill. Thank you for the opportunity to testify.

Sincerely,

Damien Waikoloa

Chapter Lead, Hawai'i YIMBY

Edgardo Díaz Vega

Chapter Lead, Hawai'i YIMBY



Feb. 12, 2025, 9 a.m.
Hawaii State Capitol
Conference Room 309 and Videoconference

To: House Committee on Housing
Rep. Luke Evslin, Chair
Rep. Tyson Miyake, Vice Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: HB330 HD1— RELATING TO SCHOOL IMPACT FEES

Aloha Chair Evslin, Vice-Chair Miyake and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer **comments** on [HB330 HD1](#), which would reform the governance of school impact fees within the Hawaii Department of Education.

Essentially, we urge the Committee to consider amending this measure to simply repeal these fees, since we believe they increase housing costs and might be unconstitutional. In addition, the money generated by the fees has never been spent, so why have the fees at all?

Concerning housing prices, the fact is that homebuilders quite naturally are going to incorporate the cost of their various fees into their sales prices, which means higher home prices and higher rents.

It is no coincidence that school impact fee waivers were included in Gov. Josh Green's 2023 emergency order relating to housing. In fact, the first action taken, in 2024, by the Beyond Barriers Working Group established by the emergency order was to waive the school impact fee for a 52-unit rental project in downtown Honolulu.

The school impact fee for projects in the downtown area is \$3,864 per unit, which would have added \$200,928 to the project's overall construction costs.¹

¹ Andrew Gomes, "[Housing panel makes first development decision.](#)" Honolulu Star-Advertiser, Jan. 3, 2024.

A couple of years before that, in 2022, Howard Hughes Holdings had to pay the DOE \$3,864 per unit in school impact fees to build its 565-unit Ward Village condo on Oahu — for a total of \$2.18 million. To recoup its costs, the company passed the fees along to its buyers in the form of closing costs.²

Regarding constitutional concerns, the Hawaii Office of the Auditor warned in a 2019 report that the DOE’s school impact fees might violate the constitutional requirement that there be a “nexus” between proposed new units and the need for more classroom capacity.³

Meanwhile, the negative effect of school impact fees on housing growth is not offset by a commensurate benefit to local schools. The state auditor’s 2019 report noted that between 2007, when the fees were established, and 2018, the DOE had collected \$5.34 million in impact fees,⁴ yet had not spent any of that amount on anything.

In December, Tax Foundation of Hawaii President Tom Yamachika wrote that “we now have a cumulative balance of a little less than \$20 million in the [school] impact fee accounts, [and] we continue to ask when this money is going to be used to do something at these schools.”⁵

So ultimately, Hawaii’s school impact fees are contributing to Hawaii’s high housing costs, are likely unconstitutional, and are not being used in any way to benefit the schools they are intended to benefit.

Amending HB330 HD1 to repeal school impact fees would be a good move by this Committee in more ways than one.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

² Andrew Gomes, [“Ward Village Builder Charges Buyers Separate Fee to Cover School Impact Assessment,”](#) Honolulu Star-Advertiser, Oct. 2, 2022.

³ [“Audit of the Department of Education’s Administration of School Impact Fees: A Report to the Governor and the Legislature of the State of Hawai‘i,”](#) Office of the Auditor, State of Hawaii, September 2019, p. 11.

⁴ [“Audit of the Department of Education’s Administration of School Impact Fees,”](#) p. 6.

⁵ Tom Yamachika, [“Hoarding More School Impact Fees,”](#) Tax Foundation of Hawaii, Dec. 30, 2024.