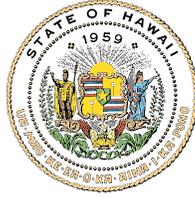


JOSH GREEN, M.D.
GOVERNOR



KEITH T. HAYASHI
SUPERINTENDENT

DEPT. COMM. NO. 272

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

OFFICE OF THE SUPERINTENDENT

December 22, 2022

The Honorable Ronald D. Kouchi, President
and Members of the Senate
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki, Speaker
and Members of the House of Representatives
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

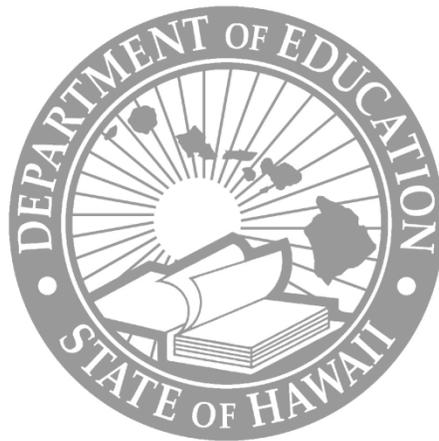
For your information and consideration, I am transmitting a copy of the annual report, School Impact Fees, pursuant to Act 245, Session Laws of Hawaii 2007. In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at: <http://www.hawaiipublicschools.org/VisionForSuccess/SchoolDataAndReports/StateReports/Pages/Legislative-reports.aspx>.

Sincerely,

Keith T. Hayashi
Superintendent

KTH:ri

c: Legislative Reference Bureau
Hawaii State Public Library System
University of Hawaii
Office of Facilities and Operations



State of Hawaii
Department of Education

Annual Report on School Impact Fees

December 2022

Act 245, Session Laws of Hawaii 2007, requires the Hawaii State Department of Education to annually report on school impact fees.

Hawaii State Department of Education School Impact Fees

In 2007, the Hawaii State Legislature enacted Act 245, which authorized the Hawaii State Board of Education (Board) to approve designated school impact fee districts and collect fees. Codified as Chapter 302A-1601, Hawaii Revised Statutes (HRS), the School Impact Fee Program replaced the need for fair-share contributions. This authority requires that builders of new residential units within a designated school impact district pay impact fees – individual home builders and large developers alike. The law sets forth formulas for calculating school impact fees, which include land for new schools (or fees in-lieu of land) and a percentage of the estimated cost to build new schools.

Act 72, Session Laws of Hawaii 2020, transferred the School Impact Fee Program from the Hawaii State Department of Education (Department) to the School Facilities Authority (SFA). Section 302A-1601 and -1612, HRS, were amended to reflect the mandated change. The Department is currently in discussions with the SFA on the eventual transfer of the school impact fees program. Until such transfer has been completed, the Department will continue to manage and maintain daily operations of the program.

As of June 30, 2022, the following are current cash balances for each of the four school impact fee districts:

<u>OAHU</u>	<u>ACCOUNT BALANCE</u>
Kalihi to Ala Moana District	\$ 633,343.27
Leeward District	\$ 7,163,912.70
<u>MAUI</u>	
Central Maui District	\$ 4,859,885.31
West Maui District	\$ 1,886,681.87
TOTAL ACCOUNT BALANCE	\$ 14,543,823.15

Developers must pay school impact fees if they build individual homes or large residential projects in designated areas of high growth with insufficient school classroom capacity to accommodate the subsequent student enrollment growth. The law prescribes specific formulas to calculate fee amounts.

Large residential projects within the Board designated 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. Projects of 50 or more housing units need an agreement with the Department on the amount of land and/or fees to be paid, prior to county approval to subdivide, rezone, or any other approval. Smaller home builders are required to pay a fee-in-lieu of land. All home builders or buyers must also pay a construction cost fee.

The Department has established two school impact districts on Oahu and two school impact districts on Maui. Fees collected are deposited into trust accounts for each of the districts. Fees must be spent for land and facilities within the district that they are collected.