
A BILL FOR AN ACT

RELATING TO SCHOOL IMPACT FEES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that school impact fees
2 add to the cost of residential housing development, potentially
3 adding thousands of dollars to each new unit of housing
4 constructed in affected districts. These costs are passed on to
5 renters and buyers, leading to higher rental and for-sale
6 prices. In some cases, high impact fees can result in a project
7 becoming financially untenable and the units are never built.
8 This contributes to a scarce housing market, driving up the
9 market price of housing.

10 The legislature further finds that Auditor Report No. 19-13
11 is the most comprehensive analysis of school impact fees to
12 date. The report's summary of findings are as follows:

13 (1) The department of education's designation of school
14 impact districts lacks well-defined policies and
15 procedures and the districts designated to date raise
16 concerns as to whether constitutional "nexus"
17 requirements have been adequately addressed;



1 (2) The department of education's calculation of fees has
2 been inconsistent and at times based on questionable
3 assumptions, and updates to formula factors as well as
4 other requirements of the school impact fee law have
5 not been met;

6 (3) Gaps, that is delays, between designation of school
7 impact districts and collection of fees have resulted
8 in loss of fee revenue; and

9 (4) The department of education cannot adequately account
10 for fair share and school impact fee cash and land
11 contributions.

12 In its report, the auditor also found that in twelve years
13 following the enactment of the school impact fee law, the
14 department of education collected only \$5,342,886 in school
15 impact fees. The auditor further found that this collection
16 would not have been enough to build a single elementary school.
17 For example, the auditor found that Hookele elementary school
18 cost \$55,000,000 to build and further found that the department
19 estimated it would cost approximately \$80,000,000 to build a
20 single new elementary school. The auditor found that none of
21 the school impact fees collected had been used for the



1 construction of new schools and \$17,600,340 of collected fees
2 remain unused in a special fund.

3 The legislature further finds that school impact fees are a
4 burden on aspiring homeowners and renters and the collection of
5 these fees does not provide a clear benefit to the community.

6 The purpose of this Act is to eliminate school impact fees
7 to reduce the cost of housing.

8 SECTION 2. Section 302A-1706, Hawaii Revised Statutes, is
9 amended by amending subsections (a) and (b) to read as follows:

10 "(a) There is established within the state treasury a
11 special fund to be known as the school facilities special fund
12 into which shall be deposited:

13 (1) All moneys the authority receives, including funds
14 appropriated or transferred by the legislature for
15 deposit into the special fund;

16 ~~[(2) Funds collected pursuant to section 302A-1608(a);~~
17 ~~provided that these moneys shall be deposited into the~~
18 ~~appropriate subaccount established pursuant to~~
19 ~~subsection (b);~~

20 ~~(3)]~~ (2) Any moneys received by the department in the form
21 of a grant, gift, endowment, or donation for the



1 development, planning, or construction of new school
2 facilities or major renovations of school facilities;
3 and

4 ~~[(4)]~~ (3) All other moneys received by the authority and
5 not deposited into a trust fund or trust account,
6 including unrestricted grants, gifts, and donations;
7 proceeds from sales of property; rents and other
8 receipts from leases, rights of entry, and the like;
9 and interest, refunds, and other receipts and
10 payments.

11 (b) The authority shall establish and appropriately name
12 subaccounts within the school facilities special fund to accept
13 deposits of revenues [~~from school impact fees that are required~~
14 ~~to be expended within a specific school impact district pursuant~~
15 ~~to section 302A-1608(a) or~~] restricted for a specified purpose
16 pursuant to part V, subpart B of this chapter."

17 SECTION 3. Chapter 302A, part VI, subpart B, Hawaii
18 Revised Statutes, is repealed.

19 SECTION 4. Section 46-142.5, Hawaii Revised Statutes, is
20 repealed.



1 ~~["§46-142.5 School impact districts; new building permit~~
2 ~~requirements.]~~ No new residential development in a designated
3 school impact district under chapter 302A shall be issued a
4 residential building permit or condominium property regime
5 building permit until the department of education provides
6 written confirmation that the permit applicant has fulfilled its
7 school impact fee requirements. This section shall only apply
8 to new dwelling units."]

9 SECTION 5. The school impact fees subaccounts within the
10 school facilities special fund under section 302A-1706, Hawaii
11 Revised Statutes, are abolished and any unencumbered balance
12 remaining shall lapse to the school facilities special fund;
13 provided that the funds shall be:

- 14 (1) Used within the school impact district for which it
15 was collected; or
16 (2) Refunded to the developer if collected as a fee in
17 lieu or a construction cost component impact fee after
18 twenty years of the date of collection.

19 SECTION 6. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 7. This Act shall take effect on July 1, 2025.



H.B. NO. 422

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INTRODUCED BY: ZMC
JAN 16 2025



H.B. NO. 422

Report Title:

DOE; School Impact Fees; School Facilities Special Fund

Description:

Repeals school impact fees. Transfers unencumbered balances of the school impact fee subaccounts to School Facilities Special Fund.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

