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# 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 district boundaries designated to  
16 date raise concerns as to whether constitutional  
17 "nexus" 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 also finds that as of January 1, 2025,  
4 \$21,228,831.74 remains unused in a special fund.

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

8 The purpose of this Act is to reduce the cost of housing  
9 by:

- 10 (1) Eliminating the construction cost component of the  
11 school impact fee;
- 12 (2) Exempting additional projects from school impact fees,  
13 including certain affordable, government, and Hawaiian  
14 home lands developments and single-room dwellings;
- 15 (3) Increasing the minimum number of units in a  
16 development to trigger land dedication provisions of  
17 the land component impact fee;
- 18 (4) Requiring the school facilities authority to report to  
19 the Legislature on the benefits and impacts of this  
20 Act prior to its repeal; and



1 (5) Requiring the school facilities authority to adopt  
2 rules governing the collection of impact fees.

3 SECTION 2. Section 302A-1601, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§302A-1601 Findings.** New residential developments within  
6 identified school impact districts create additional demand for  
7 public school facilities. As such, once school impact districts  
8 are identified, new residential developments shall be required  
9 to contribute toward the construction of new or expansion of  
10 existing public school facilities through[+

11 ~~(1) The] the land requirement, either through an in lieu  
12 fee or actual acreage (unless land is not required in  
13 the school impact district), based on each new  
14 residential development's proportionate share of the  
15 need to provide additional public school sites[~~+~~and~~

16 ~~(2) The construction requirement either through an in lieu  
17 fee or actual construction based on each new  
18 residential development's proportionate share of the  
19 need to construct additional school facilities].~~

20 A study commissioned by the State has identified the land  
21 dedication requirement that is consistent with proportionate



1 fair-share principles [~~and the net capital cost of school~~  
2 ~~facilities, excluding land costs, that is consistent with~~  
3 ~~proportionate fair share principles~~].

4 The State determines that new residential developments  
5 within designated school impact districts shall provide land for  
6 schools or pay a fee in lieu of land proportionate to the  
7 impacts of the new residential development on existing school  
8 facilities. [~~The State also determines that new residential~~  
9 ~~developments within designated school impact districts shall~~  
10 ~~also pay school construction cost component impact fees~~  
11 ~~proportionate to their impacts.~~]

12 In determining the amounts of land component impact fees  
13 [~~and construction cost component impact fees~~], the intent of the  
14 school impact fee calculations is that new residential  
15 developments should not be charged for a higher level of service  
16 than is being charged to existing developments.

17 This subpart establishes the methodology for developers to  
18 provide their proportionate share of the land [~~and the~~  
19 ~~construction cost of~~] needed for new or expanded school  
20 facilities [~~needed~~] to serve new residential developments, as  
21 determined in sections 302A-1606 [~~and 302A-1607, respectively~~]."



1 SECTION 3. Section 302A-1602, Hawaii Revised Statutes, is  
2 amended by deleting the definition of "construction cost  
3 component impact fee".

4 [~~"Construction cost component impact fee" means ten per  
5 cent of the share of the construction cost for the required new  
6 school, the expansion of existing school facilities that is  
7 attributable to a specific new residential development, or  
8 both."~~]

9 SECTION 4. Section 302A-1603, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 "**§302A-1603 Applicability and exemptions.** (a) Except as  
12 provided in subsection (b), any person who seeks to develop a  
13 new residential development within a designated school impact  
14 district requiring:

15 (1) A county subdivision approval;

16 (2) A county building permit; or

17 (3) A condominium property regime approval for the  
18 project,

19 shall be required to fulfill the land component impact fee or  
20 fee in lieu requirement [~~and construction cost component impact  
21 fee requirement~~] of the authority[, ~~including all government~~



1 ~~housing projects and projects processed pursuant to sections 46-~~  
2 ~~15.1 and 201H-38].~~

3 (b) The following shall be exempt from this section:

4 (1) Any form of housing permanently excluding school-aged  
5 children, with the necessary covenants or declarations  
6 of restrictions recorded on the property;

7 (2) Any form of housing that is or will be paying the  
8 transient accommodations tax under chapter 237D;

9 (3) All nonresidential development;

10 (4) Any development with an executed education  
11 contribution agreement or other like document with the  
12 agency for the contribution of school sites or payment  
13 of fees for school land or school construction; ~~and~~

14 (5) Any housing project developed by the government;

15 (6) Any housing project processed pursuant to  
16 sections 46-15.1 and 201H-38;

17 (7) Any housing that meets the definition of affordable  
18 housing pursuant to sections 46-15.25 and 201H-57;

19 (8) Any housing that is a single-room dwelling;



1        (9) Any form of housing developed by the department of  
2        Hawaiian home lands for use by beneficiaries of the  
3        Hawaiian Homes Commission Act, 1920, as amended; and

4        [~~5~~] (10) Any form of development by the Hawaii community  
5        development authority pursuant to part XII of chapter  
6        206E.

7        (c) The authority shall adopt rules in accordance with  
8        chapter 91 governing the collecting of school impact fees."

9        SECTION 5. Section 302A-1606, Hawaii Revised Statutes, is  
10       amended to read as follows:

11        "**§302A-1606 Land component impact fee; determining the**  
12        **amount of land or fee in lieu.** (a) The school land area  
13        requirements for new residential developments in a school impact  
14        district shall be based on recent school site area averages,  
15        student generation rates, and the number of dwelling units in  
16        the new residential development.

17        (b) The following formula shall be used to determine the  
18        total school land area requirement for each individual new  
19        residential development in a school impact district:

20



1 Elementary school student generation rate  
2 per single-family unit (x) number of  
3 single-family units (x) recent school site  
4 area average for the land area per  
5 elementary school student;

6  
7 plus (+)

8 Elementary school student generation rate  
9 per multi-family unit (x) number of  
10 multi-family units (x) recent school site  
11 area average for the land area per  
12 elementary school student;

13  
14 plus (+)

15 Middle school student generation rate per  
16 single-family unit (x) number of  
17 single-family units (x) recent school site  
18 area average for the land area per middle  
19 school student;

20  
21 plus (+)



1 Middle school student generation rate per  
2 multi-family unit (x) number of multi-family  
3 units (x) recent school site area average  
4 for the land area per middle school student;

5  
6 plus (+)

7 High school student generation rate per  
8 single-family unit (x) number of  
9 single-family units (x) recent school site  
10 area average for the land area per high  
11 school student;

12  
13 plus (+)

14 High school student generation rate per  
15 multi-family unit (x) number of multi-family  
16 units (x) recent school site area average  
17 for the land area per high school student;

18  
19 equals (=)

20 Total school land requirement.

21



1 (c) The procedure for determining whether the dedication  
2 of land is required or a payment of a fee in lieu is required  
3 for a new school facility or to satisfy the land component  
4 impact fee shall be as follows:

5 (1) A new residential development with [~~fifty~~] one hundred  
6 or more units shall include a written agreement  
7 between the owner or developer of the property and the  
8 authority, executed prior to issuance of a building  
9 permit, under which the owner or developer has:

10 (A) Agreed to designate an area to be dedicated for  
11 one or more schools for the development, subject  
12 to approval by the authority; or

13 (B) Agreed to pay to the authority, at a time  
14 specified in the agreement, a fee in lieu of land  
15 dedication;

16 (2) A new residential development with less than [~~fifty~~]  
17 one hundred units shall include a written agreement  
18 between the owner or the developer of the property and  
19 the authority, executed prior to the issuance of the  
20 building permit, under which the owner or developer



1           has agreed to a time specified for payment for the fee  
2           in lieu;

3           (3) Prior to approval of any change of zoning,  
4           subdivision, or any other approval for a:

5           (A) Residential development with [~~fifty~~] one hundred  
6           or more units; or

7           (B) Condominium property regime development of  
8           [~~fifty~~] one hundred or more units,

9           the authority shall notify the approving entity of its  
10          determination on whether it will require the  
11          development to dedicate land, pay a fee in lieu  
12          thereof, or a combination of both for the provision of  
13          new school facilities;

14          (4) The authority's determination to require land  
15          dedication or the payment of a fee in lieu, or a  
16          combination of both, shall be guided by the following  
17          criteria:

18          (A) The topography, geology, access, value, and  
19          location of the land available for dedication;

20          (B) The size and shape of the land available for  
21          dedication;



- 1 (C) The location of existing or proposed schooling  
2 facilities; and
- 3 (D) The availability of infrastructure;
- 4 (5) The determination of the authority as to whether lands  
5 shall be dedicated or whether a fee in lieu shall be  
6 paid, or a combination of both, shall be final;
- 7 (6) When land dedication is required, the land shall be  
8 conveyed to the State upon completion of the  
9 subdivision improvements and any offsite  
10 infrastructure necessary to serve the land; and
- 11 (7) When the payment of a fee in lieu is required, the fee  
12 in lieu shall be paid based on the terms contained in  
13 the written agreement.
- 14 (d) In determining the value per acre for any new  
15 residential development, the fee simple value of the land  
16 identified for the new or expanded school facility shall be  
17 based on the appraised fair market value of improved, vacant  
18 land, zoned for residential use, and serviced by roads,  
19 utilities, and drainage. An appraiser, licensed pursuant to  
20 chapter 466K, who is selected and paid for by the developer,  
21 shall determine the value of the land. If the authority does



1 not agree with the developer's appraisal, the authority may  
2 engage another licensed appraiser at its own expense, and  
3 resolve, through negotiation between the two appraisers, a fair  
4 market value. If neither party agrees, the first two appraisers  
5 shall select the third appraiser, with the cost of the third  
6 appraisal being shared equally by the authority and the  
7 developer, and the third appraisal shall be binding on both  
8 parties.

9 (e) The developer or owner of new residential developments  
10 of [~~fifty~~] one hundred or more units shall either pay the fee in  
11 lieu based on the land value as determined in subsection (d) or  
12 convey appropriate acreage as determined in subsection (b).

13 ~~[When conveying the fee simple interest for the new or expanded~~  
14 ~~school facility, the developers shall be credited the difference~~  
15 ~~between the fair market fee simple value of the property and the~~  
16 ~~developers' proportionate share of the value of the land as~~  
17 ~~determined in subsection (d) against any construction cost~~  
18 ~~component impact fee. Any excess may be transferred and used as~~  
19 ~~credit against any future land or construction cost requirements~~  
20 ~~on any other development of the State.]~~



1 (f) The dollar amount of the fee in lieu shall be  
2 determined using the following formula:

3 Acres of land subject to the fee in lieu, as  
4 determined under subsection (c) multiplied by the  
5 value per acre of land determined pursuant to  
6 subsection (d)."

7 SECTION 6. Section 302A-1608, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "**§302A-1608 Accounting and expenditure requirements.** (a)

10 Each designated school impact district shall be a separate  
11 benefit district. Fees collected within each school impact  
12 district shall be spent only within the same school impact  
13 district for the purposes collected.

14 (b) Land dedicated by the developer shall be used only as  
15 a site for the construction of one or more new schools or for  
16 the expansion of existing school facilities. If the land is  
17 never used for the school facility, it shall be returned to the  
18 developer, or the developer's successor in interest. Once used,  
19 the land may be sold, with the proceeds used to acquire land for  
20 school facilities in the same school impact district.



1 (c) If the land is not used for a school facility within  
2 twenty years of its dedication, it shall be returned to the  
3 developer, or the developer's successor in interest.

4 (d) Once used for school facilities, all or part of the  
5 land may be later sold. Proceeds from the sale shall be used to  
6 acquire land for school facilities in the same school impact  
7 district.

8 (e) Fee in lieu funds may be used for school site land  
9 acquisition and related expenses, including surveying,  
10 appraisals, and legal fees. With the exception of urban  
11 Honolulu, fee in lieu funds shall not be used for the  
12 maintenance or operation of existing schools in the district;  
13 construction costs, including architectural, permitting, or  
14 financing costs; or for administrative expenses.

15 (f) Notwithstanding any other law to the contrary, fee in  
16 lieu funds from projects within a county-designated transit  
17 oriented development zone may also be used to purchase completed  
18 construction, construct new school facilities in new or existing  
19 school sites, improve or renovate existing structures for school  
20 use, or lease land or facilities for school use within a  
21 county-designated transit oriented development zone.



1           [+] (g) [+] Notwithstanding subsection (e), in urban  
2 Honolulu, fee in lieu funds may be used to purchase completed  
3 construction, construct new school facilities, improve or  
4 renovate existing structures for school use, or lease land or  
5 facilities for school use.

6           ~~[(h) Construction cost component impact fees shall be used~~  
7 ~~only:~~

8           ~~(1) For the costs of new school facilities that expand the~~  
9           ~~student capacity of existing schools or adds student~~  
10           ~~capacity in new schools; or~~

11           ~~(2) To improve or renovate existing structures for school~~  
12           ~~use.~~

13           ~~Construction cost component impact fees shall not be used to~~  
14           ~~replace an existing school located within the same school impact~~  
15           ~~district, either on the same site or on a different site.~~

16           ~~[(i)] Eligible construction costs include planning,~~  
17           ~~engineering, architectural, permitting, financing, and~~  
18           ~~administrative expenses, and any other capital equipment~~  
19           ~~expenses pertaining to educational facilities.~~



1       ~~(j)~~ Construction cost component impact fees shall not be  
2 expended for the maintenance or operation of existing schools in  
3 the district.

4       ~~[(k)]~~ If a closure, demolition, or conversion of an  
5 existing permanent department facility within a school impact  
6 district that has the effect of reducing student capacity  
7 occurs, an amount of new student capacity in permanent buildings  
8 equivalent to the lost capacity shall not be funded with school  
9 impact fees.

10       ~~(l)]~~ (h) Fees in lieu, proceeds from the sale of all or  
11 part of an existing school site that has been dedicated by a  
12 developer pursuant to the requirements of this subpart~~[, and~~  
13 ~~construction cost component impact fees]~~ shall be expended or  
14 encumbered within twenty years of the date of collection. Fees  
15 shall be considered spent or encumbered on a first-in, first-out  
16 basis.

17       ~~[(m)]~~ (i) As used in this section, "urban Honolulu" means  
18 the Kalihi to Ala Moana school impact district."

19       SECTION 7. Section 302A-1609, Hawaii Revised Statutes, is  
20 amended to read as follows:



1           "**§302A-1609 Refunds of fees.** If a fee in lieu [~~or a~~  
2 ~~construction cost component impact fee~~] is not expended within  
3 twenty years of the date of collection, the authority shall  
4 either:

5           (1) Refund to the developer, or the developer's successor  
6           in interest, the amount of the fee in lieu paid and  
7           any interest accrued thereon; or

8           (2) Recommit part or all of the fees for another  
9           twenty-year period for construction of new schools in  
10           the school impact district, as authorized by the  
11           developer or the developer's successor."

12           SECTION 8. Section 302A-1612, Hawaii Revised Statutes, is  
13 amended to read as follows:

14           "**§302A-1612 Use of data reflecting recent conditions in**  
15 **impact fee calculations.** (a) Every three years beginning in  
16 2010, the authority shall [~~concurrently~~] update the [~~following~~;

17           ~~(1) School~~] school site area averages, using the total  
18           school land requirement for each individual in a  
19           school impact district as calculated pursuant to  
20           section 302A-1606(b) [~~+~~



1       ~~(2) Elementary, middle or intermediate, and high school~~  
2           ~~permanent facility construction costs per student, as~~  
3           ~~provided under section 302A-1607; and~~

4       ~~(3) Revenue credit per unit figures provided pursuant to~~  
5           ~~section 302A-1607(e)].~~

6           (b) Every three years following the initial determinations  
7 made pursuant to section 302A-1604, the authority shall update  
8 the following:

9           (1) Student generation rates for each established school  
10            impact district; and

11           (2) The statewide level of service.

12       ~~[(c) Every three years beginning in 2010, the authority~~  
13 ~~shall, where appropriate, update the list of cost factors for~~  
14 ~~the twenty-six geographically limited cost districts, as~~  
15 ~~provided in section 302A-1607(d), by incorporating any changes~~  
16 ~~to the cost factors that have been made by the department of~~  
17 ~~accounting and general services.~~

18       ~~(d)]~~ (c) If any data update required by this section is  
19 not completed within the specified time, the most current data  
20 shall be used until the update is completed."



1 SECTION 9. Section 302A-1607, Hawaii Revised Statutes, is  
2 repealed.

3 [~~"§302A-1607 Construction cost component impact fee,  
4 determining the amount of the fee. (a) The construction cost  
5 component impact fees shall be calculated using the following  
6 factors:~~

7 (1) ~~For new school construction, the cost per student for  
8 each school type (elementary, middle or intermediate,  
9 and high school) shall be based on the ten-year  
10 average construction of a new school facility using  
11 the Honolulu assessment district in 2006 as the base.  
12 Costs for construction completed earlier than 2006  
13 shall be escalated to 2006 using the engineering news-  
14 record construction cost index;~~

15 (2) ~~For expansion of existing school facilities, the cost  
16 per student for each school type (elementary, middle  
17 or intermediate, and high school) is based on the ten-  
18 year average construction of whatever components are  
19 required to expand the school using the Honolulu  
20 assessment district in 2006 as the base;~~



1       ~~(3) The cost per student in other assessment districts~~  
2       ~~shall be the cost per student in the Honolulu~~  
3       ~~assessment district multiplied by the appropriate cost~~  
4       ~~factor in subsection (d). At least every three years,~~  
5       ~~the authority shall update the cost per student based~~  
6       ~~on the construction of a new permanent school~~  
7       ~~facility, and present the written analysis to the~~  
8       ~~board for review; and~~

9       ~~(4) Student generation rates, as defined in section 302A-~~  
10       ~~1602.~~

11       ~~(b) The student generation rate for each school type~~  
12       ~~(elementary, middle or intermediate, and high school) shall be~~  
13       ~~multiplied by the cost per student for each school type~~  
14       ~~(elementary, middle or intermediate, and high school) to~~  
15       ~~determine the cost per dwelling unit in the development.~~

16       ~~(c) The construction cost component impact fee shall be~~  
17       ~~based on recent public school construction costs. The 1997 to~~  
18       ~~2007 period school construction costs per student, adjusted for~~  
19       ~~both the year 2007 and for the Honolulu assessment district, are~~  
20       ~~as follows:~~

21       ~~(1) Elementary schools: \$35,357 per student;~~



1       ~~(2) Middle and intermediate schools: \$36,097 per student,~~  
2             ~~and~~

3       ~~(3) High schools: \$64,780 per student.~~

4       ~~The costs per student for other assessment districts shall be~~  
5       ~~determined by multiplying the Honolulu assessment district costs~~  
6       ~~per student by the applicable cost factor in subsection (d).~~

7       ~~These costs per student shall be updated at least every three~~  
8       ~~years, pursuant to the provisions in section 302A-1612.~~

9       ~~(d) The State shall be divided into the following twenty-~~  
10       ~~six geographically limited cost districts, and the cost factors~~  
11       ~~listed for each cost district shall be applied to the~~  
12       ~~calculation of school construction costs per unit pursuant to~~  
13       ~~subsection (c):~~

<del>15</del>	<del>Cost District</del>	<del>School District</del>	<del>Cost Factor</del>
<del>16</del>	<del>Honolulu</del>	<del>Honolulu</del>	<del>1.00</del>
<del>17</del>	<del>Ewa</del>	<del>Leeward/Central</del>	<del>1.00</del>
<del>18</del>	<del>Wahiawa</del>	<del>Central</del>	<del>1.05</del>
<del>19</del>	<del>Waialua</del>	<del>Central</del>	<del>1.10</del>
<del>20</del>	<del>Keolaupoke</del>	<del>Windward</del>	<del>1.00</del>
<del>21</del>	<del>Koolauloa</del>	<del>Windward</del>	<del>1.00</del>
<del>22</del>	<del>Waianae</del>	<del>Leeward</del>	<del>1.10</del>
<del>23</del>	<del>Hilo</del>	<del>Hawaii</del>	<del>1.15</del>
<del>24</del>	<del>Puna</del>	<del>Hawaii</del>	<del>1.20</del>
<del>25</del>	<del>Kona</del>	<del>Hawaii</del>	<del>1.20</del>
<del>26</del>	<del>Hamakua</del>	<del>Hawaii</del>	<del>1.20</del>
<del>27</del>	<del>South Kohala</del>	<del>Hawaii</del>	<del>1.20</del>



1	North Kohala	Hawaii	1.25
2	Pohakuloa	Hawaii	1.25
3	Kau	Hawaii	1.30
4	Wailuku	Maui	1.15
5	Makawao	Maui	1.25
6	Lahaina	Maui	1.30
7	Hana	Maui	1.35
8	Molokai	Molokai	1.30
9	Lanai	Lanai	1.35
10	Lihue	Kauai	1.15
11	Koloa	Kauai	1.20
12	Kawaihau	Kauai	1.20
13	Waimea	Kauai	1.25
14	Hanalei	Kauai	1.25

15  
16 ~~(e) At least every three years, and concurrent with any~~  
17 ~~update of the costs per student, the authority shall update the~~  
18 ~~revenue credits and present the written analysis to the board~~  
19 ~~for review. The calculation of revenue credits shall be~~  
20 ~~reviewed and calculated recognizing that the impact fee shall be~~  
21 ~~set at one hundred per cent of the fair market value of the land~~  
22 ~~and ten per cent of the total school construction cost.~~

23 ~~(f) The construction cost component of the impact fees per~~  
24 ~~dwelling unit shall be ten per cent of the amounts calculated~~  
25 ~~according to the following formula:~~

26 ~~Cost per dwelling unit from subsection (b) minus any amount~~  
27 ~~by which the revenue credit per dwelling unit from~~



1        ~~subsection (e) exceeds ninety per cent of the per unit~~  
2        ~~construction cost.~~

3        ~~(g) The amount of the fee shall be adjusted from the date~~  
4        ~~it was determined to the date it is paid using the engineering~~  
5        ~~news-record construction cost index, or an equivalent index if~~  
6        ~~that index is discontinued.~~

7        ~~(h) Any new residential development shall be required to~~  
8        ~~obtain a written agreement executed between the owner or~~  
9        ~~developer of the property and the authority, prior to the~~  
10       ~~issuance of a building permit, under which the owner or~~  
11       ~~developer has agreed to a time specified for payment of its~~  
12       ~~construction cost component impact fee." ]~~

13       SECTION 10. Section 302A-1611, Hawaii Revised Statutes, is  
14       repealed.

15       ~~[ "§302A-1611 Credits for excess contributions or advance~~  
16       ~~payment of required construction cost component impact fees.~~

17       ~~(a) Any owner of a development subject to the construction cost~~  
18       ~~component impact fee requirements pursuant to this subpart shall~~  
19       ~~receive credit for any similar contribution, payment, or~~  
20       ~~construction of public school facilities accepted and received~~  
21       ~~by the authority for the portion of the development that is in~~



1 ~~excess of the impact fee required under this subpart for that~~  
2 ~~development. No credit shall be authorized against the impact~~  
3 ~~fees in lieu.~~

4 ~~(b) A credit may be applied only against school impact~~  
5 ~~fees that would otherwise be due for new residential~~  
6 ~~developments for which the payment or contribution was agreed to~~  
7 ~~in a written educational contribution agreement.~~

8 ~~(c) Excess contribution credit may be applied to the~~  
9 ~~construction cost component impact fee requirement for any~~  
10 ~~future development by the same owner in the same school impact~~  
11 ~~district, or with the written approval of the owner of the~~  
12 ~~credit, to any future development by a different owner in the~~  
13 ~~same school impact district.~~

14 ~~(d) In addition to or instead of applying the credits to~~  
15 ~~future developments, the authority may execute with an owner of~~  
16 ~~the credits an agreement to provide for partial or full~~  
17 ~~reimbursement from the impact fee payments collected from other~~  
18 ~~developers within the same school impact district. The~~  
19 ~~reimbursements shall not exceed the amount of the impact fee~~  
20 ~~revenues available in the account for that school impact~~  
21 ~~district.~~



1       ~~(e) Any owner of a development shall receive credit for~~  
2 ~~any part of its required construction cost component impact fee~~  
3 ~~that, with the approval of the authority, is paid in advance of~~  
4 ~~the time specified in the written agreement executed in~~  
5 ~~accordance with section 302A-1607(h). The authority shall~~  
6 ~~maintain an accounting of the amount of the credit applicable to~~  
7 ~~the new residential development and shall reduce the amount of~~  
8 ~~the credit by the amount of the impact fees that would otherwise~~  
9 ~~be due for each building permit issued for the new residential~~  
10 ~~development. After the credit balance is exhausted, no~~  
11 ~~additional credits shall be applied to subsequent building~~  
12 ~~permits issued within the new residential development.~~

13       ~~(f) If private construction of school facilities is~~  
14 ~~proposed by a developer after July 1, 2010, if the proposed~~  
15 ~~construction is acceptable to the authority, and if the value of~~  
16 ~~the proposed construction exceeds the total impact fees that~~  
17 ~~would be due from the development, the authority shall execute~~  
18 ~~with the developer an agreement to provide reimbursement for the~~  
19 ~~excess credit from the impact fees collected from other~~  
20 ~~developers within the same benefit district. For the purposes~~



1 ~~of this section, the private construction of school facilities~~  
2 ~~is a "public work" pursuant to chapter 104." ]~~

3 SECTION 11. No later than December 15, 2026, the school  
4 facilities authority shall submit a report to the legislature on  
5 its findings, recommendations, and evaluation of the benefits  
6 and impacts of subpart B of part VI of chapter 302A, Hawaii  
7 Revised Statutes, pursuant to this Act. The report shall  
8 include the authority's efforts and progress in addressing the  
9 recommendations set forth in auditor's report 19-13. The report  
10 shall also include:

- 11 (1) A thorough review of the currently established impact  
12 fee districts; and
- 13 (2) An assessment of the need for new school construction  
14 based on demographic projections over the next  
15 twenty-five years, as provided by the state land use  
16 commission.

17 SECTION 12. Notwithstanding any provision of this Act to  
18 the contrary, any existing educational contribution agreement or  
19 agreement executed with the department of education or the  
20 school facilities authority pursuant to subpart B of part VI of  
21 chapter 302A, Hawaii Revised Statutes, prior to the effective



1 date of this Act shall remain effective unless the parties to  
2 the agreement mutually agree to terminate the agreement.

3 SECTION 13. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 14. This Act shall take effect on July 1, 3000,  
6 and shall be repealed on June 30, 2029, provided that on July 1,  
7 2029, sections 302A-1601, 302A-1602, 302A-1603, 302A-1606,  
8 302A-1607, 302A-1608, 302A-1609, 302-1611, and 302A-1612, Hawaii  
9 Revised Statutes, shall be reenacted in the form in which they  
10 read prior to the effective date of this Act.



**Report Title:**

DOE; School Facilities Authority; School Impact Fees;  
Construction Cost Component; Rules; Report

**Description:**

Repeals the construction cost component of school impact fees. Exempts government housing developments, affordable housing units and projects, and Hawaiian home lands housing from school impact fees. School Facilities Authority to adopt rules governing fee collection. Requires a report to the Legislature on program efficacy. Effective 7/1/3000. Repeal on 6/30/2029. (SD2)

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

