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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 Hawaii faces a  
2 severe housing shortage and that reducing regulatory barriers  
3 and development costs is essential to increasing the supply of  
4 homes. Impact fees can add substantial costs to housing and may  
5 discourage the development of infill units needed within  
6 existing communities.

7           The legislature further finds that the school impact fee  
8 program was designed to ensure that new developments contribute  
9 their fair share toward school facilities needed to support  
10 enrollment growth. The legislature believes that school impact  
11 fees are a burden on aspiring homeowners and renters and the  
12 collection of these fees does not provide a clear benefit to the  
13 community.

14           The purpose of this Act is to:

15           (1) Repeal school impact fees; and



1           (2) Abolish certain fair share contribution accounts and  
 2                    lapse the unencumbered balances to the school  
 3                    facilities special fund.

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

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

9           (1) All moneys the authority receives, including funds  
 10                    appropriated or transferred by the legislature for  
 11                    deposit into the special fund;

12           ~~[(2) Funds collected pursuant to section 302A-1608(a);~~  
 13                    ~~provided that these moneys shall be deposited into the~~  
 14                    ~~appropriate subaccount established pursuant to~~  
 15                    ~~subsection (b);~~

16           ~~(3)]~~ (2) Any moneys received by the department in the form  
 17                    of a grant, gift, endowment, or donation for the  
 18                    development, planning, or construction of new school  
 19                    facilities or major renovations of school facilities;  
 20                    and



1       ~~[-(4)]~~ (3) All other moneys received by the authority and  
2           not deposited into a trust fund or trust account,  
3           including unrestricted grants, gifts, and donations;  
4           proceeds from sales of property; rents and other  
5           receipts from leases, rights of entry, and the like;  
6           and interest, refunds, and other receipts and  
7           payments.

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

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

16          SECTION 4. Section 46-142.5, Hawaii Revised Statutes, is  
17          repealed.

18          ["~~§46-142.5 School impact districts; new building permit~~  
19          ~~requirements.~~"] No new residential development in a designated  
20          school impact district under chapter 302A shall be issued a  
21          residential building permit or condominium property regime



1 ~~building permit until the department of education provides~~  
2 ~~written confirmation that the permit applicant has fulfilled its~~  
3 ~~school impact fee requirements. This section shall only apply~~  
4 ~~to new dwelling units." ]~~

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

10 (1) Used within the school impact district for which it  
11 was collected; or

12 (2) Refunded to the developer if collected as a fee in  
13 lieu or a construction cost component impact fee after  
14 twenty years of the date of collection.

15 SECTION 6. The following fair share contribution accounts  
16 within the donations - facilities trust (EDN 400), are abolished  
17 and any unencumbered balance remaining shall lapse to the school  
18 facilities special fund under section 302A-1706, Hawaii Revised  
19 Statutes; provided that the lapsed contributions shall only be  
20 used within the same complex in which the contributions were  
21 originally collected:



- 1 (1) Pearl City complex (account number: 10800);
- 2 (2) Aiea complex (account number: 10801);
- 3 (3) Kaimuki complex (account number: 10802);
- 4 (4) Kaiser complex (account number: 10803);
- 5 (5) Kapolei complex (account number: 10804);
- 6 (6) Maili Kai - Maili elementary trust (account number:
- 7 10805);
- 8 (7) Maili Kai - Waianae trust (account number: 10806);
- 9 (8) Baldwin complex (account number: 10807);
- 10 (9) Lahainaluna complex (account number: 10808);
- 11 (10) Maui high school complex (account number: 10809); and
- 12 (11) Kealakehe complex (account number: 10810).

13 SECTION 7. Act 268, Session Laws of Hawaii 2025, is  
 14 amended by amending section 14 to read as follows:

15 "SECTION 14. This Act shall take effect upon its approval,  
 16 and shall apply to new residential developments permitted or  
 17 approved on or before June 30, 2029[; ~~provided that this Act~~  
 18 ~~shall be repealed on July 1, 2029, and sections 302A-1601, 302A-~~  
 19 ~~1602, 302A-1603, 302A-1606, 302A-1607, 302A-1608, 302A-1609,~~  
 20 ~~302A-1611, and 302A-1612, Hawaii Revised Statutes, shall be~~



1 ~~reenacted in the form in which they read prior to the effective~~  
2 ~~date of this Act]."~~

3 SECTION 8. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 9. This Act shall take effect on July 1, 3000.



**Report Title:**

School Impact Fees; Repeal; Fair Share Contribution Accounts;  
School Facilities Special Fund

**Description:**

Repeals school impact fees. Abolishes and transfers unencumbered balances of the school impact fee subaccounts and certain fair share contribution accounts to School Facilities Special Fund. Effective 7/1/3000. (HD1)

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

