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# A BILL FOR AN ACT

RELATING TO CHARTER SCHOOL FACILITIES.

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

1           SECTION 1. The legislature finds that Hawaii has some of  
2 the highest public school construction costs in the nation.  
3 These costs make it difficult to provide adequate facilities for  
4 students, particularly in areas experiencing rapid population  
5 growth.

6           The legislature further finds that the school facilities  
7 authority was established to deliver public school facilities in  
8 a more timely and cost-effective manner, including through  
9 public-private partnerships that leverage private sector  
10 expertise and financing. In times of economic uncertainty, the  
11 legislature recognizes the need to prioritize cost-efficiency  
12 and community need.

13           The legislature additionally finds that in some  
14 communities, longstanding facility needs and enrollment growth  
15 have outpaced the State's ability to deliver schools through  
16 traditional construction timelines, resulting in overcrowding  
17 and limited access to quality public education options for



1 students and families. In the current fiscal climate, the  
2 legislature believes that innovative, cost-effective delivery  
3 models are even more necessary to respond to urgent community  
4 needs while responsibly and transparently stewarding public  
5 resources.

6 The purpose of this Act is to:

- 7 (1) Authorize the school facilities authority to enter  
8 into partnerships for the design, financing,  
9 maintenance, or development of public school  
10 facilities and projects on privately-owned land;
- 11 (2) Require the school facilities authority to establish a  
12 pilot program for the development of proposals for  
13 three new public schools through public-private  
14 partnerships, including but not limited to long-term  
15 leases, leasebacks, acquisitions, or sales of land and  
16 assets, under certain conditions; and
- 17 (3) Evaluate the effectiveness of the pilot program  
18 through reports to the legislature.

19 SECTION 2. Section 302A-1703, Hawaii Revised Statutes, is  
20 amended by amending subsection (c) to read as follows:



- 1           "(c) Except as otherwise limited by this chapter, the  
2 authority may also:
- 3           (1) Have a seal and alter the same at its pleasure;
  - 4           (2) Subject to subsection (b), make and execute contracts  
5           and all other instruments necessary or convenient for  
6           the exercise of its powers and functions under this  
7           subpart;
  - 8           (3) Make and alter bylaws for its organization and  
9           internal management;
  - 10          (4) Adopt rules pursuant to chapter 91 with respect to its  
11          projects, operations, properties, and facilities,  
12          including qualifications for persons and entities  
13          wishing to enter into a public-private partnership  
14          with the authority, as permitted in paragraph (7);
  - 15          (5) Acquire or contract to acquire by grant or purchase  
16          real, personal, or mixed property or any interest  
17          therein; to clear, improve, and rehabilitate and to  
18          sell, assign, exchange, transfer, convey, lease,  
19          subdivide, or otherwise dispose of or encumber the  
20          same;



- 1           (6) Acquire property by condemnation pursuant to chapter  
2                   101;
- 3           (7) Enter into partnerships with qualified persons,  
4                   including public-private partnerships, as defined in  
5                   the authority's rules, to acquire, construct,  
6                   reconstruct, rehabilitate, improve, alter, or provide  
7                   for the design, financing, construction,  
8                   reconstruction, improvement, ~~[or]~~ alteration, or  
9                   maintenance of any project, including prekindergarten  
10                  facilities~~[+]~~, public charter school facilities, and  
11                  projects on privately-owned land; and sell, assign,  
12                  transfer, convey, exchange, lease, or otherwise  
13                  dispose of or encumber any project; and in the case of  
14                  the sale of any project, accept a purchase money  
15                  mortgage in connection therewith;
- 16           (8) Grant options to purchase any project or to renew any  
17                   lease entered into by it in connection with any of its  
18                   projects, on terms and conditions as it deems  
19                   advisable;
- 20           (9) Prepare or cause to be prepared plans, specifications,  
21                   designs, and estimates of costs for the construction,



1 reconstruction, rehabilitation, improvement, or  
2 alteration of any project, and from time to time to  
3 modify the plans, specifications, designs, or  
4 estimates;

5 (10) Procure insurance against any loss in connection with  
6 its property and other assets and operations in  
7 amounts and from insurers as it deems desirable;

8 (11) Apply for and accept gifts or grants in any form from  
9 any public agency or from any other source, including  
10 gifts or grants from private individuals and private  
11 entities;

12 (12) Borrow money or procure loan guarantees from the  
13 federal government for or in aid of any project the  
14 authority is authorized to undertake pursuant to this  
15 chapter. Additionally, in connection with borrowing  
16 or procurement of loan guarantees, the authority:

17 (A) Shall comply with conditions required by the  
18 federal government pursuant to applicable  
19 regulation or required in any contract for  
20 federal assistance;



- 1 (B) Shall repay indebtedness incurred pursuant to
- 2 this section, including any interest thereon;
- 3 (C) May execute loan and security agreements and
- 4 related contracts with the federal government;
- 5 (D) May issue bonds pledging revenues, assessments,
- 6 or other taxes as security for indebtedness
- 7 incurred pursuant to this section; and
- 8 (E) May enter into financing agreements as that term
- 9 is defined in section 37D-1;
- 10 (13) Appoint or retain by contract one or more attorneys
- 11 who are independent of the attorney general to provide
- 12 legal services solely in cases of negotiations in
- 13 which the attorney general lacks the sufficient
- 14 expertise; provided that the independent attorney
- 15 shall consult and work in conjunction with the
- 16 designated deputy attorney general;
- 17 (14) Use the department of human resources development or
- 18 the department of education to recruit, hire, and
- 19 retain exempt employees, architects, engineers,
- 20 existing civil service positions, and other technical



- 1 positions for the development, planning, and
- 2 construction related to capital improvement projects;
- 3 (15) Partner with public and private development agencies
- 4 to develop:
- 5 (A) Housing on or off campus;
- 6 (B) Classrooms[+] and other public school facilities,
- 7 including those at public charter schools; and
- 8 (C) Prekindergarten, preschool, child care, and early
- 9 learning program facilities;
- 10 (16) Request any state or county agency to render services
- 11 to the authority;
- 12 (17) Transfer the property to another public agency or
- 13 contract to manage the leasing and property management
- 14 of housing projects; and
- 15 (18) Do any and all things necessary to carry out its
- 16 purposes and exercise the powers given and granted in
- 17 this subpart."

18 SECTION 3. (a) The school facilities authority shall

19 establish a pilot program to develop three new public schools

20 located in different geographic areas based on demonstrated need

21 through public-private partnerships, which may include but are



1 not limited to long-term leases, leasebacks, acquisitions, or  
2 sales of land and assets.

3 (b) The school facilities authority shall issue requests  
4 for proposals, which shall be evaluated based on:

5 (1) Cost savings to the State through a public-private  
6 partnership, including any proposed resource  
7 contributions by the State;

8 (2) How well the proposal mitigates unmet community needs  
9 for public school capacity in an area, including  
10 consideration of:

11 (A) Projected enrollment growth in the proposed area;  
12 and

13 (B) Existing public school capacity in the proposed  
14 area;

15 (3) The quality and durability of the design of the  
16 proposed new school;

17 (4) The speed of delivery of the proposed new school;

18 (5) The availability of suitable public or private land  
19 for the project site; and

20 (6) Compliance with applicable state laws.



1 (c) The school facilities authority may conduct a request  
2 for information process before issuing any request for proposal  
3 to solicit market feedback and identify potential delivery  
4 methods.

5 (d) The school facilities authority shall submit an  
6 interim report on the progress of the pilot program to the  
7 legislature no later than twenty days prior to the convening of  
8 the regular session of 2027. The report shall include, for each  
9 request for proposals solicitation, the geographic area selected  
10 and:

- 11 (1) The number of applicants;
- 12 (2) A summary of the project proposed by the awarded  
13 proposal; and
- 14 (3) The state contributions proposed by the awarded  
15 proposal, including any state funding the proposal  
16 requests for fiscal year 2027-2028 and fiscal year  
17 2028-2029.

18 (e) The school facilities authority shall submit a final  
19 report of its findings and recommendations, including any  
20 proposed legislation, to the legislature no later than twenty  
21 days prior to the convening of the regular session of 2028. The



1 report shall include an analysis of the costs, efficiencies, and  
2 challenges of the pilot program and a recommendation on whether  
3 the program should be continued, expanded, terminated, or  
4 otherwise adapted.

5 (f) The pilot program shall cease to exist on June 30,  
6 2028.

7 SECTION 4. The development of any public school for the  
8 pilot program established pursuant to section 3 of this Act  
9 shall be prohibited on land owned or controlled by the  
10 department of education, whether currently held, actively used,  
11 or reserved for future facilities needs by the department;  
12 provided that the department may permit the development of the  
13 public school.

14 SECTION 5. There is appropriated out of the general  
15 revenues of the State of Hawaii the sum of \$ or so  
16 much thereof as may be necessary for fiscal year 2026-2027 to  
17 develop and administer the requests for proposals for the pilot  
18 program as provided in section 3 of this Act.

19 The sum appropriated shall be expended by the school  
20 facilities authority for the purposes of this Act.



1 SECTION 6. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act shall take effect on July 1, 3000.



**Report Title:**

School Facilities Authority; Pilot Program; Public-private Partnership; Request for Proposals; Reports; Appropriation

**Description:**

Authorizes the School Facilities Authority to use public-private partnerships for the development of public school facilities, including facilities at public charter schools. Requires the School Facilities Authority to establish a pilot program to develop three new public schools in areas based on demonstrated need through public-private partnerships. Requires the approval of the Department of Education prior to the development of a public school for the pilot program on Department lands. Requires reports to the Legislature. Appropriates funds. 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.*

