THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 2671 S.D. 1

A BILL FOR AN ACT

RELATING TO ESSENTIAL PERMITTING POSITIONS.

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

SECTION 1. The legislature finds that Hawaii's permitting process has long been a source of frustration for residents, developers, and government agencies. High vacancy rates, outdated systems, and fragmented workflows have led to significant delays in housing and infrastructure development. Recent legislative actions have attempted to address permitting delays, including Act 295, Session Laws of Hawaii 2025, which established requirements and procedures for permit applicants to apply for an expedited permit if sixty days have lapsed after a permit application was deemed complete by a relevant agency, and Act 133, Session Laws of Hawaii 2025, which established the simplifying permitting for enhanced economic development task force to identify legislative measures necessary to facilitate, expedite, and coordinate state and intergovernmental development permit processes. The legislature believes that additional reform is urgently needed.

The legislature further finds that one proven strategy to improve recruitment and retention for hard-to-fill government roles is offering differential pay. The department of education implemented shortage differentials of up to $10,000 for special education, Hawaiian immersion, and other hard-to-staff teaching positions. These incentives led to a thirty-five per cent reduction in unlicensed special education teachers and significantly improved staffing stability. Similar models have been used in other departments and bargaining units to address workforce shortages.

In addition, the governor's operation hire Hawaii initiative has actively tackled personnel challenges across state agencies by promoting expedited hiring and workforce equity.

This Act establishes a pilot program that will build on those successes by empowering counties to streamline permitting operations through targeted staffing, performance incentives, and interdepartmental coordination.

Accordingly, the purpose of this Act is to improve the speed, accountability, and quality of permit processing in county departments through the implementation of a pilot program

that targets staffing, performance incentives, and interdepartmental competition.

SECTION 2. (a) The mayor of a county may implement a pilot program to improve the speed, accountability, and quality of permit processing within counties that elect to participate in the pilot program through targeted staffing, performance incentives, and interdepartmental competition. The pilot program shall be implemented as an experimental modernization project pursuant to section 78-3.5, Hawaii Revised Statutes, and the purposes, methodology, duration, and criteria for evaluation developed pursuant to section 78-3.5(b)(1), Hawaii Revised Statutes, shall be consistent with subsections (b) through (h).

(b) Any pilot program implemented pursuant to subsection (a) shall operate for five fiscal years, beginning July 1, 2026, and shall include the following:

(1) The mayor of a county participating in the pilot program may designate any number of positions in departments involved in permit review, permit processing, or both, as essential permitting positions;

(2) Each position designated as an essential permitting position shall receive a minimum differential payment equal to fifteen per cent of the position's salary; provided that an agency may increase the amount of the differential payment above fifteen per cent of the position's salary if the mayor deems it necessary to recruit or retain necessary workers in essential permitting positions;

(3) Persons may be hired into essential permitting positions at salaries above the minimum salary within the approved salary range for the purpose of attracting qualified candidates; and

(4) Personnel departments shall prioritize the hiring of individuals for essential permitting positions over the hiring for other positions. A personnel department shall make a conditional offer to candidates qualified for essential permitting positions within fourteen days of the date on which the candidate was interviewed by the county.

(c) A county that participates in the pilot program shall designate and set aside moneys for:

(1) Differential payments pursuant to subsection (b)(2);

(2) The hiring of new employees for essential permitting positions; and

(3) Financial awards for meeting milestone goals, as provided in subsection (e).

Notwithstanding any provision of section 46-16.8, Hawaii Revised Statutes, or any charter provision, ordinance, or other law to the contrary, moneys collected from the county surcharge on state tax and distributed to each county pursuant to sections 46-16.8 and 237-8.6, Hawaii Revised Statutes, may be appropriated and allocated by a respective participating county to fulfill the requirements of this subsection and fund the positions subject to the pilot program.

(d) The mayor of a county participating in the pilot program shall establish a countywide goal that describes the specific metrics by which the county intends to improve permitting times by participating in the pilot program.

(e) In addition to the countywide goal in subsection (d), each county agency that participates in the pilot program shall establish four milestone goals that describe the specific metrics by which the agency aims to improve permitting

efficiency. The milestone goals may include reducing average review times by a specific amount of time or increasing throughput by a specific amount.

Upon achieving each milestone goal, designated agency personnel pursuant to subsection (c) shall receive financial awards of at least three per cent of the person's annual salary, as determined by the county; provided that the county may pay a financial award greater than three per cent. The county agency shall designate the specific employees or classes of employees who shall be eligible for the financial awards.

(f) Each county agency that participates in the pilot program shall submit quarterly reports to the county council on the agency's progress in achieving the performance metrics described in subsections (d) and (e).

(g) Each participating county shall establish or designate a single position to serve as the countywide permitting program coordinator. The duties of the permitting program coordinator shall include:

(1) Overseeing and facilitating permit workflow across departments;

(2) Troubleshooting to resolve bottlenecks and interdepartmental issues;

(3) Serving as a liaison among stakeholders, including applicants, reviewers, inspectors, and department heads;

(4) Ensuring that milestone goals are tracked and reported accurately; and

(5) Submitting annual reports to the legislature no later than twenty days prior to the convening of each regular session. The annual reports shall include:

(A) Any recommended adjustments to the pilot program;

(B) Recommendations for pilot program expansion based on pilot program outcomes; and

(C) Any other findings and recommendations, including any proposed legislation.

(h) The pilot program shall cease to exist on June 30, 2031, unless the pilot program is extended by the legislature.

(i) For the purposes of this section, "essential permitting position" means a position designated by a mayor as a position that is essential for the review of permits, processing of permits, or both, pursuant to subsection (b)(1). "Essential

permitting positions" may include both vacant positions and existing positions that are currently filled.

SECTION 3. This Act shall take effect on April 19, 2042.

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Report Title:
Counties; Permit Processing; Differential Payments; Salaries; Pilot Program; Reports

Description:
Authorizes a mayor to establish a pilot program to improve the speed, accountability, and quality of permit processing through targeted staffing, performance incentives, and interdepartmental competition within participating counties. Authorizes a mayor to designate any number of positions as essential permitting positions across departments involved in permit review, permit processing, or both. Authorizes the payment of a minimum differential payment to assist in employee recruitment and retention. Authorizes the hiring of essential permitting positions at salaries above the minimum salary within the approved salary range. Requires personnel departments to prioritize the hiring of individuals into essential permitting positions over other positions. Authorizes counties to use revenues from the county surcharge on state tax pursuant to pay for pilot program expenses. Requires annual reports to the Legislature. Sunsets 6/30/2031. Effective 4/19/2042. (SD1)

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