

Honolulu, Hawaii

MAR 30 2026

RE: H.B. No. 1713
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committees on Housing and Education, to which was referred H.B. No. 1713, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SCHOOL IMPACT FEES,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Repeal school impact fees; and
- (2) Abolish and transfer unencumbered balances of the school impact fee subaccounts and certain fair share contribution accounts to School Facilities Special Fund.

Your Committees received testimony in support of this measure from the Department of Hawaiian Home Lands; Hawaii Housing Finance and Development Corporation; School Facilities Authority; Grassroot Institute of Hawaii; NAIOP Hawaii; Avalon Development Company LLC; Mark Development, Inc.; Maui Chamber of Commerce; Housing Hawai'i's Future; Land Use Research Foundation of Hawaii; Building Industry Association of Hawaii; and one individual.

Your Committees received testimony in opposition to this measure from the Department of Education.



Your Committees received comments on this measure from the Department of the Attorney General and Tax Foundation of Hawaii.

Your Committees find that the State's severe housing shortage is exacerbated by regulatory barriers and development costs, such as school impact fees. Developers often incorporate these fees into the final price of each housing unit, leading to higher costs for home buyers. In some cases, excessive fees can even prevent new housing construction entirely. Eliminating school impact fees would promote housing development in the State and help lower prices for homebuyers.

Your Committees also note that the funds collected through fair share contributions and school impact fees have not been used for the construction of new schools or any other purpose. Since they were established, the balances in fair share contribution and impact fee accounts have steadily increased. A 2019 report by the Auditor concluded that between 2007, when the impact fees were established, and 2018, the Department of Education collected over \$5 million, none of which had been spent. As of the 2024 fiscal year, the total amount held in fair share accounts stands at nearly \$9 million, while the total amount held in impact fee accounts stands at nearly \$20 million.

Your Committees have amended this measure by:

- (1) Inserting language prohibiting the Land Use Commission from imposing exactions from residential developments for educational purposes;
- (2) Repealing the requirement for the School Facilities Authority to report to the Legislature concerning impact fees;
- (3) Clarifying that funds transferred from school impact fee subaccounts in the School Facilities Special Fund shall be:
 - (A) Used to provide new or expanded school facilities serving students in the school impact district for which the funds were collected; or

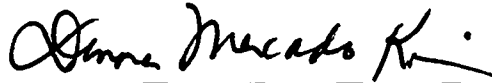


- (B) Refunded to the developer if the funds remain unexpended twenty years after the date of collection;
- (4) Clarifying that the School Facilities Authority shall administer transferred funds in accordance with applicable law and ensure that expenditures remain reasonably proportionate to the impacts generated within each district;
- (5) Abolishing impact fee accounts within in Department of Education Donations - Facilities Trust and transferring unencumbered balances to the School Facilities Special Fund;
- (6) Authorizing the expenditure of existing school impact fees and fair share contribution balances by appropriating funds out of the School Facilities Special Fund for priority education facilities projects, including the expansion of pre-kindergarten facilities;
- (7) Inserting language providing that any existing educational contribution agreements executed with the Department of Education or School Facilities Authority before the repeal of school impact fees by this measure shall remain in effect;
- (8) Inserting language transferring educational contribution agreements from the Department of Education to the School Facilities Authority;
- (9) Amending section 1 to reflect its amended purpose; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Housing and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1713, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1713, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Housing and
Education,



DONNA MERCADO KIM, Chair



STANLEY CHANG, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* HB 1713, HD1	Committee Referral: HOU/EDU, WAM	Date: 03/17/26		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	/			
HASHIMOTO, Troy N. (VC)	/			
ELEFANTE, Brandon J.C.	/			
RHOADS, Karl	✓			
FEVELLA, Kurt				✓
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes

The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
 Committee on Education
 EDU

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1713 HD1	HOU/EDU, WAM	03/17/26		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	✓			
KIDANI, Michelle N. (VC)	✓			
FUKUNAGA, Carol				✓
HASHIMOTO, Troy N.	✓			
DECORTE, Samantha	✓			
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

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