



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

LATE

Date: 03/17/2026

Time: 01:00 PM

Location: CR 225 & Videoconference

Committee: HOU/EDU

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB1713, HD1, RELATING TO SCHOOL IMPACT FEES.

Purpose of Bill: 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)

Department's Position:

The Hawai'i State Department of Education (Department) respectfully opposes HB 1713, HD 1, because repealing the statutory School Impact Fee Program would weaken one of the State's primary tools for ensuring that school facilities keep pace with residential growth. The bill would repeal the statutory framework governing school impact fees, repeal the associated permit requirements in section 46-142.5, Hawai'i Revised Statutes, and abolish school impact fee subaccounts and certain related contribution accounts, transferring unencumbered balances to the School Facilities Special Fund.

The School Fair Share Program is managed by the Department under a separate statutory framework and negotiated development agreements. The two programs are distinct, and repealing or weakening any component of the Fair Share Program risks undermining the commitments embedded in zoning ordinances, entitlement conditions and developer agreements. These commitments ensure that land and necessary infrastructure for new schools are secured as part of the residential development approvals.

School impact fees were established to ensure that residential development contributes proportionately to the public school infrastructure needed to serve new students generated by that development. The program links residential growth to the need for additional school facilities by requiring contributions toward school land or fees in lieu of land within designated school impact districts.

The School Impact Fee Program operates through a statutory framework that connects development approvals with school facility planning. Act 72, Session Laws of Hawai'i 2020, (Act 72) created the School Facilities Authority and transferred the day-to-day responsibility for administering the School Impact Fee Program.

Act 72 also established the School Facilities Special Fund and district-specific subaccounts for impact fee revenues.

The School Impact Fee Program is distinct from negotiated education contribution agreements that arise through discretionary development approvals. While the statutory impact fee program operates through designated school impact districts, educational contribution agreements may be negotiated through zoning approvals, Land Use Commission proceedings, and development agreements tied to particular projects. Act 268, Session Laws of HawaiꜤ 2025, (Act 268) preserved existing educational contribution agreements executed with the Department or the School Facilities Authority unless the parties mutually agree to terminate or renegotiate them.

Weakening the statutory impact fee framework will indirectly weaken the State's ability to secure education infrastructure commitments through discretionary development approvals. The statutory program provides a clear statewide framework linking residential growth with school facility needs and its repeal will create uncertainty about the State's expectations and authority when negotiating education-related commitments associated with future development approvals.

Without mechanisms linking residential growth to school facility planning, large residential communities may proceed without securing land needed for future schools. Projects under the Department's Fair Share Program, such as Koa Ridge and HoꜤ opili on OꜤ ahu and major developments in Central and West Maui, illustrate how education infrastructure planning can be integrated into development approvals when statutory tools are available. These projects already include negotiated land dedications or education infrastructure commitments through discretionary approvals and development agreements. They demonstrate the type of planning that will become more difficult if the statutory framework is removed.

Although Act 268 narrowed the School Impact Fee Program, it preserved existing agreements and maintained a statutory structure linking development and school infrastructure. Act 268 eliminated the construction cost component of the program, increased the threshold for applicability, and retained the land-dedication or fee-in-lieu structure while preserving existing agreements.

Repealing the statutory program would therefore remove the remaining statewide framework that coordinates residential development and school facility planning. Even if previously executed educational contribution agreements remain effective under Act 268, future developments could proceed without similar mechanisms ensuring that land and infrastructure for schools are considered as part of the development approval process.

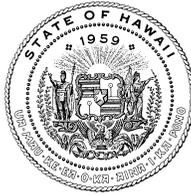
Finally, as noted in the Attorney General's February 27, 2026, testimony, repeal of the statute would not eliminate constitutional restrictions governing the use of previously collected impact fees. Fees already collected remain subject to legal requirements that they be used to support school facilities attributable to the developments that generated those fees, and the funds are currently held in district-specific subaccounts within the School Facilities Special Fund.

For these reasons, the Department respectfully opposes HB 1713, HD 1 as written.

Thank you for the opportunity to testify on this measure.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300

HONOLULU, HAWAII 96813

FAX: (808) 587-0600

Statement of

DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation

Before the

SENATE COMMITTEE ON HOUSING

AND

SENATE COMMITTEE ON EDUCATION

March 17, 2026 at 1:00 p.m.

State Capitol, Room 225

In consideration of

**HOUSE BILL 1713 HOUSE DRAFT 1
RELATING TO SCHOOL IMPACT FEES.**

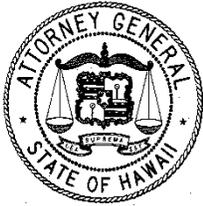
Chairs Chang and Mercado Kim, Vice Chairs Hashimoto and Kidani, and members of the Committee.

HHFDC **supports** House Bill 1713 House Draft 1, which repeals school impact fees and reconfigures associated accounts to streamline housing development and reduce costs.

Hawaii faces a severe housing shortage, and reducing regulatory barriers and development costs is essential to increasing housing supply. Impact fees can add substantial costs to housing development, and any cost that unnecessarily increases the price of construction directly worsens the housing shortage.

This bill will help to lower the cost of producing housing, which will translate to lower rental rates and lower sales prices.

Thank you for the opportunity to testify.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026**

ON THE FOLLOWING MEASURE:

H.B. NO. 1713, H.D. 1, RELATING TO SCHOOL IMPACT FEES.

BEFORE THE:

SENATE COMMITTEES ON HOUSING AND ON EDUCATION

DATE: Tuesday, March 17, 2026 **TIME:** 1:00 p.m.

LOCATION: State Capitol, Room 225

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Anne T. Horiuchi, Deputy Attorney General or
Randall M. Wat, Deputy Attorney General

Chairs Chang and Kim and Members of the Committees:

The Department of the Attorney General (Department) provides the following comments.

The bill: (1) repeals school impact fees and (2) abolishes and transfers unencumbered balances of the school impact fee subaccounts and certain fair share contribution accounts to the School Facilities Special Fund.

Section 3 of the bill repeals chapter 302A, part VI, subpart B, Hawaii Revised Statutes (HRS), thereby eliminating the statutory authority for school impact fees (page 3, lines 14-15). Section 5 abolishes the school impact fee subaccounts within the School Facilities Special Fund under section 302A-1706, HRS, and provides that any unencumbered balance remaining shall lapse to the School Facilities Special Fund; provided that the funds "shall be . . . [u]sed within the school impact district for which it was collected" (page 4, lines 9-11) or refunded to the developer after twenty years (page 4, lines 12-14).

School impact fees are subject to constitutional limitations under the Takings Clause of the United States Constitution. See U.S. Const. amend. V; U.S. Const. amend. XIV. Under *Nollan v. California Coastal Comm'n*, 483 U.S. 825, 837 (1987), and *Dolan v. City of Tigard*, 512 U.S. 374, 391 (1994), a land use exaction must bear an "essential nexus" and "rough proportionality" to the development's impacts. These

standards apply to monetary impact fees, as clarified in *Koontz v. St. Johns River Water Mgmt. Dist.*, 570 U.S. 595, 612 (2013), and were recently affirmed to apply to legislatively enacted exactions in *Sheetz v. County of El Dorado, California*, 601 U.S. 267, 279 (2024).

In Hawai'i, this constitutional nexus requirement is reflected in section 302A-1601, HRS, the findings section of the school impact fee statute, which acknowledges that "new residential developments within identified school impact districts create additional demand for public school facilities." Developers must contribute to the construction of new public school facilities or expansion of existing public school facilities through land dedication or in-lieu fees, based on their proportionate share of the need for additional sites. Fees must reflect the impacts of new developments and not exceed the level of service provided to existing developments. See section 302A-1601, HRS.

Repeal of the school impact fee statute in section 3 does not extinguish constitutional limitations applicable to previously collected fees. Funds collected from each school impact district remain subject to the requirement that they be used to provide new or expanded facilities attributable to students generated by the developments that gave rise to the fees. As currently drafted, the bill requires only that the funds be used within the school impact district in which they were collected. It does not expressly require that expenditures serve the student population or facility impacts attributable to the developments that generated the fees.

To address this issue, the Department recommends amending section 5 as follows:

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

- (1) Used within the school impact district for which ~~[it was]~~ **the funds were collected[;]** **to provide new or expanded school facilities serving students residing within that school impact district;** or

- (2) Refunded to the developer if collected as a fee in lieu or a construction cost component impact fee ~~[after]~~ **and remain unexpended** twenty years ~~[of]~~ **after** the date of collection.

The school facilities authority shall administer these funds in accordance with applicable law and ensure that expenditures remain reasonably proportionate to the impacts generated within the district.

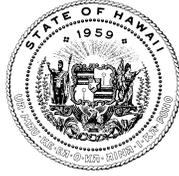
(Suggested changes Ramseyered against the existing text of the bill and in bold.)

The proposed amendments also correct the grammatical inconsistency in the phrase "funds shall be . . . used . . . for which it was collected."

Thank you for the opportunity to provide comments on this bill.

JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawaii*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawaii*



KALI WATSON
CHAIRPERSON, HHC
Ka Luna Ho'okele

KATIE L. LAMBERT
DEPUTY TO THE CHAIR
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawaii'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF KALI WATSON, CHAIR
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEES ON HOUSING AND
EDUCATION
ON MARCH 17, 2026 AT 1:00PM IN CR 225

HB1713, HD1, RELATING TO SCHOOL IMPACT FEES

March 17, 2026

Aloha Chairs Chang and Kim, Vice Chairs Hashimoto and Kidani, and members of the Committees:

The Department of Hawaiian Home Lands (DHHL) **supports with comments** this bill which 1) repeals school impact fees and 2) abolishes and transfers unencumbered balances of the school impact fee subaccounts and certain fair share contribution accounts to the School Facilities Special Fund.

DHHL appreciates the intent of this bill. In accordance with Act 268, Session Laws of Hawaii 2025, DHHL is exempt from school impact fees until the noted sunset date of July 1, 2029. DHHL currently leases educational facilities for public schools, public charter schools, early learning facilities, and other similar facilities at minimal to no cost.

Thank you for your consideration of our testimony.

JOSH GREEN, M.D.
GOVERNOR



RIKI FUJITANI
EXECUTIVE DIRECTOR



Hawai'i School Facilities Authority

2759 S. KING STREET, ROOM H201
HONOLULU, HAWAII 96826

Senate Committee on Housing Senate Committee Education

March 17, 2026

1:00 PM

Hawai'i State Capitol, Room 225

House Bill 1713, House Draft 1, Relating to School Impact Fees

Dear Chairs Chang and Kim, Vice Chairs Hashimoto and Kidani, and Members of the Committees:

The Hawai'i School Facilities Authority (SFA) **supports the intent** of House Bill 1713, House Draft 1, which would repeal the school impact fee program.

The intent of HB 1713 HD 1 and the repeal of the school impact fee program is to reduce the regulatory barriers and development costs that get in the way of increasing housing supply and affordability. To this end, the SFA supports the measure with the assumption that the Legislature intends to fund any new school capacity through means other than exactions from housing developments.

To ensure the intent of the measure is actualized, the SFA recommends prohibiting a return to the "fair share" contribution process that preceded the school impact fee program. In the fair share process, the Department of Education (DOE) would petition the State Land Use Commission as part of the district boundary amendment process to impose conditions on new residential developments and require developers to negotiate educational contribution agreements (ECAs) for the contribution of land, cash, or both. Just as school impact fees are exactions that put up barriers and add costs to housing developments, so too are fair share contributions. **Therefore, we recommend the following proposed new subsection to HRS §205-4 to prevent these kinds of**

exactions as well: “(k) Notwithstanding any law to the contrary, no petition or condition imposed by the commission pursuant to this chapter shall require exactions from a residential development for educational purposes.”

Additionally, we recommend the following provisions:

- Ensure existing ECAs remain in effect. To ensure that the existing written agreements executed under the school impact fee law remain in effect even after the repeal of the law, we recommend a provision that states, “Notwithstanding any law the contrary, any existing educational contribution agreements or written agreements executed with the department of education or the school facilities authority pursuant to chapter 302A, part VI, subpart B, Hawaii Revised Statutes, prior to its repeal by this Act shall remain in effect unless the parties to such an agreement mutually agree to terminate the agreement.”
- Sweep funds into School Facilities Special Fund. Section 6 of HB 1713 HD 1 lapses fair share contributions from the DOE’s donations and gifts facilities trust fund to the SFA’s School Facilities Special Fund. However, school impact fees also still sit in the DOE’s trust fund. Ideally, this measure would also transfer the school impact fees into SFA’s special fund.
- Expenditure ceiling. The Department of Budget and Finance previously informed the SFA that to be able to spend funds in SFA’s special fund account, including school impact fees, SFA must receive a legislative expenditure ceiling. If SFA is to spend down both the school impact fees and the fair share contributions, SFA needs authority to do so. We request that the bill establish an expenditure ceiling to allow for the disposition of existing balances for priority education facilities projects, including the expansion of pre-kindergarten facilities. HB 2397 HD 2, another measure being heard by the committees, could also be folded into HB 1713 HD 1.
- Transfer fair share ECAs. The DOE is still collecting cash contributions through fair share ECAs. If all the fair share contributions are to be transferred to SFA’s special fund, it would make sense to also transfer the executed fair share ECAs to the SFA as well. We offer the following provision: “All deeds, leases, contracts, loans, agreements, permits, or other documents relating to educational contribution agreements executed or entered into by or on behalf of the department of education, pursuant to conditions of approval or other decisions made by the state land use commission pursuant to section 205-4, Hawaii Revised Statutes, and colloquially known as fair share contributions, shall remain in full force and effect. Effective July 1, 2026, every reference to the department

of education, board of education, chairperson of the board of education, or superintendent of education relating to the fair share contributions in those deeds, leases, contracts, loans, agreements, permits, or other documents shall be construed as a reference to the school facilities authority, executive director of the school facilities authority, school facilities board, or chairperson of the school facilities board, as appropriate; provided that any land dedication part of the fair share contributions that has not yet been conveyed to the department of education shall be conveyed to the school facilities authority; provided further that any parcels of land already conveyed to the department of education as part of the fair share contributions shall be transferred to the school facilities authority by operation of law.”

- Eliminate legislative report. Act 268, SLH 2025, requires the SFA to submit a report to the legislature that would be moot with the repeal of school impact fees. Therefore, we recommend adding a provision to the measure that repeals that requirement: “Act 268, Session Laws of Hawaii 2025, is amended by repealing section 11.”

Mahalo for the opportunity to testify in support of this measure.

Sincerely,

Riki Fujitani
Executive Director

March 17, 2026, 1 p.m.
Hawaii State Capitol
Conference Room 225 and Videoconference

To: Senate Committee on Housing
Sen. Stanley Chang, Chair
Sen. Troy Hashimoto, Vice Chair

Senate Committee on Education
Sen. Donna Mercado Kim, Chair
Sen. Michelle N. Kidani, Vice Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY IN SUPPORT OF HB1713 HD1 — RELATING TO SCHOOL IMPACT FEES

Aloha Chairs, Vice Chairs and other Committee Members,

The Grassroot Institute of Hawaii **supports** [HB1713 HD1](#), which would repeal school impact fees and lapse monies already collected from school impact fees into the school facilities special fund.

This bill serves as an important follow-up to Act 268 (2025), which repealed the construction cost component of school impact fees and exempted Department of Hawaiian Home Lands projects, certain affordable housing projects and single-room dwellings from school impact fees.

Grassroot's 2025 brief "[Getting schooled: The case against school impact fees in Hawaii](#)" outlined why school impact fees no longer make sense for Hawaii.

For starters, school impact fees increase housing costs because homebuilders are naturally going to incorporate the cost of various fees into their sales prices.

Therefore, it is no surprise that Gov. Josh Green suspended them via emergency order for the rebuilding of Lahaina and for certain housing projects covered under his affordable housing proclamations. It is also no

coincidence that the first action taken by the Beyond Barriers Working Group established by the governor’s housing proclamations was to waive the school impact fee for a 52-unit rental project in downtown Honolulu. The school impact fee for projects in the downtown area is \$3,864 per unit, which would have added \$200,928 to the project’s overall construction costs.¹

A couple of years before that, in 2022, Howard Hughes Holdings had to pay the DOE \$3,864 per unit in school impact fees to build its 565-unit Ward Village condo on Oahu — for a total of \$2.18 million. To recoup that expense, the company passed the fees along to its buyers in the form of closing costs.²

In addition to driving up the cost of housing, Hawaii’s school impact fee system is likely unconstitutional, the money generated by the fees has never been spent, and student enrollment in areas subject to such impact fees has been declining.

Regarding constitutional concerns, the Hawaii Office of the Auditor warned in a 2019 report that the DOE’s school impact fees might violate the constitutional requirement that there be a “nexus” between proposed new units and the need for more classroom capacity.³

Meanwhile, the negative effect of school impact fees on housing growth has not been offset by a commensurate benefit to local schools. The state auditor’s 2019 report noted that the state Department of Education collected \$5.34 million in impact fees⁴ between 2007 — when the fees were established — and 2018, yet it has not spent any of it.

Eliminating school impact fees, especially for small-scale projects, is a common-sense way to help reduce housing costs in Hawaii.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

¹ Andrew Gomes, “[Housing panel makes first development decision](#),” Honolulu Star-Advertiser, Jan. 3, 2024.

² Andrew Gomes, “[Ward Village Builder Charges Buyers Separate Fee to Cover School Impact Assessment](#),” Honolulu Star-Advertiser, Oct. 2, 2022.

³ “[Audit of the Department of Education’s Administration of School Impact Fees: A Report to the Governor and the Legislature of the State of Hawai‘i](#),” Office of the Auditor, State of Hawaii, September 2019, p. 11.

⁴ “[Audit of the Department of Education’s Administration of School Impact Fees](#),” p. 6.



March 16, 2026

Senator Stanley Chang, Chair
Senator Troy Hashimoto, Vice Chair
Committee on Housing

Senator Donna Mercardo Kim, Chair
Senator Michelle Kidani, Vice Chair
Committee on Education

RE: **HB 1713 HD1 – RELATING TO SCHOOL IMPACT FEES**
Hearing date – March 17, 2026 at 1:00 P.M.

Aloha Chair Chang, Chair Kim and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **STRONG SUPPORT** of **HB 1713 HD1 – RELATING TO SCHOOL IMPACT FEES**. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders, and other professionals.

HB 1713 HD1 repeals school impact fees and abolishes and transfers unencumbered balances of the school impact fee subaccounts and certain fair share contribution accounts to School Facilities Special Fund.

NAIOP Hawaii appreciates amendments made to HB 1713 and are supportive of the revised version which will help decrease the cost of affordable housing. While we understand the need for school impact fees, however, it is evident that Hawaii residents are in desperate need of housing, and eliminating school impact fees will play a vital role in continuing the development of much-needed housing units. Based on a report by the State auditor, the legislature has determined that the collection of school impact fees have not been utilized for the construction of new schools and there is a substantial amount of collected fees that remain unused in a special fund. By freeing housing developments from the obligation to pay the school impact fee, Hawaii can create more housing opportunities for our essential workforce.

The costs of school impacts can become costly and increase the construction of housing projects. Repealing the school impact fees for housing projects will further streamline construction of units and ensure that all funding for a project is focused towards building housing for local families. Accordingly, NAIOP Hawaii supports all tools which get homes built for our residents. Thank you for the opportunity to testify on this measure.

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Mahalo for your consideration,

Ken Hayashida, President
NAIOP Hawaii



Queen's Court
800 Bethel Street, Suite 501
Honolulu HI 96813

Phone 808.587.7770
Fax 808.587.7769
www.avalonhi.com

LATE

TESTIMONY IN STRONG SUPPORT OF HB1713– RELATING TO SCHOOL IMPACT FEES

Aloha Chair, Vice Chair, and members of the Committee,

Avalon Development respectfully submits testimony in support of HB 1713, HD1. Our firm is involved in residential development, and management across Hawai‘i, and we support this bill because it removes a school impact fee framework that has increased housing costs without producing timely or proportional benefits for school facilities. HB 1713 repeals these fees and addresses previously collected funds in a clear and responsible manner.

School impact fees have imposed per-unit charges that are assessed early in the development process and must be financed upfront. In practice, these costs are incorporated into project budgets and ultimately reflected in higher rents or purchase prices. For small-scale and infill projects, these fees can materially affect feasibility and discourage housing production in exactly the areas where additional homes are most needed.

We recognize the importance of adequately planning for educational infrastructure as communities grow. However, the existing school impact fee system has not functioned as intended. Significant balances have remained unspent for extended periods, while housing development has continued to face mounting barriers. HB 1713 reflects a policy judgment that repealing this fee structure is a more effective response to current housing conditions than continuing to rely on a mechanism that has not delivered corresponding public benefits.

By eliminating school impact fees, HB 1713 reduces development costs, improves predictability, and supports the delivery of housing at a scale and pace that Hawai‘i urgently needs. While this bill will not solve the housing shortage on its own, it removes a known impediment to housing delivery, particularly for smaller projects. For these reasons, Avalon Development respectfully urges the Committee to pass HB 1713, HD1. Mahalo for the opportunity to testify.

Respectfully submitted,

Avalon Development Company LLC

LATE

HB-1713-HD-1

Submitted on: 3/16/2026 2:23:06 PM

Testimony for HOU on 3/17/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Craig Watase	Testifying for Mark Development, Inc.	Support	Written Testimony Only

Comments:

Aloha. My name is Craig Watase, CEO of Mark Development Incorporated. We are in affordable housing developer in the state of Hawaii since 1977. I am writing in support of House Bill 1713 to remove school impact fees. There was never a nexus between the development of new homes and the student body population of schools. In fact our population has been shrinking as has been the student body population at the schools. So to tie the impact new home development has always been nonsensical. This legislation will help reduce the cost of new home construction. Mahalo for your time.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

LATE

SUBJECT: MISCELLANEOUS, Repeal School Impact Fees

BILL NUMBER: HB 1713 HD1

INTRODUCED BY: HSG

EXECUTIVE SUMMARY: 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)

SYNOPSIS: Repeals part VI-B of Chapter 302A, HRS, that provides for the imposition of school impact fees.

Makes conforming amendments to section 302A-1706, HRS, and repeals section 46-142.5, HRS.

Abolishes the subaccount into which impact fees used to be deposited. Lapses the school impact fees collected to the school facilities special fund, provided that the funds shall be:

- (1) Used within the school impact district for which it was collected; or
- (2) Refunded to the developer if collected as a fee in lieu or a construction cost component impact fee after twenty years of the date of collection.

Repeals section 46-142.5, HRS, which required counties to withhold building permits until the school impact fee requirements have been satisfied.

Makes additional conforming amendments to section 302A-1706, HRS.

Abolishes fair share (the predecessor to impact fee) contribution accounts and lapses any unencumbered balances to the school facilities special fund, provided that the lapsed contributions shall only be used within the same complex in which the contributions were originally collected.

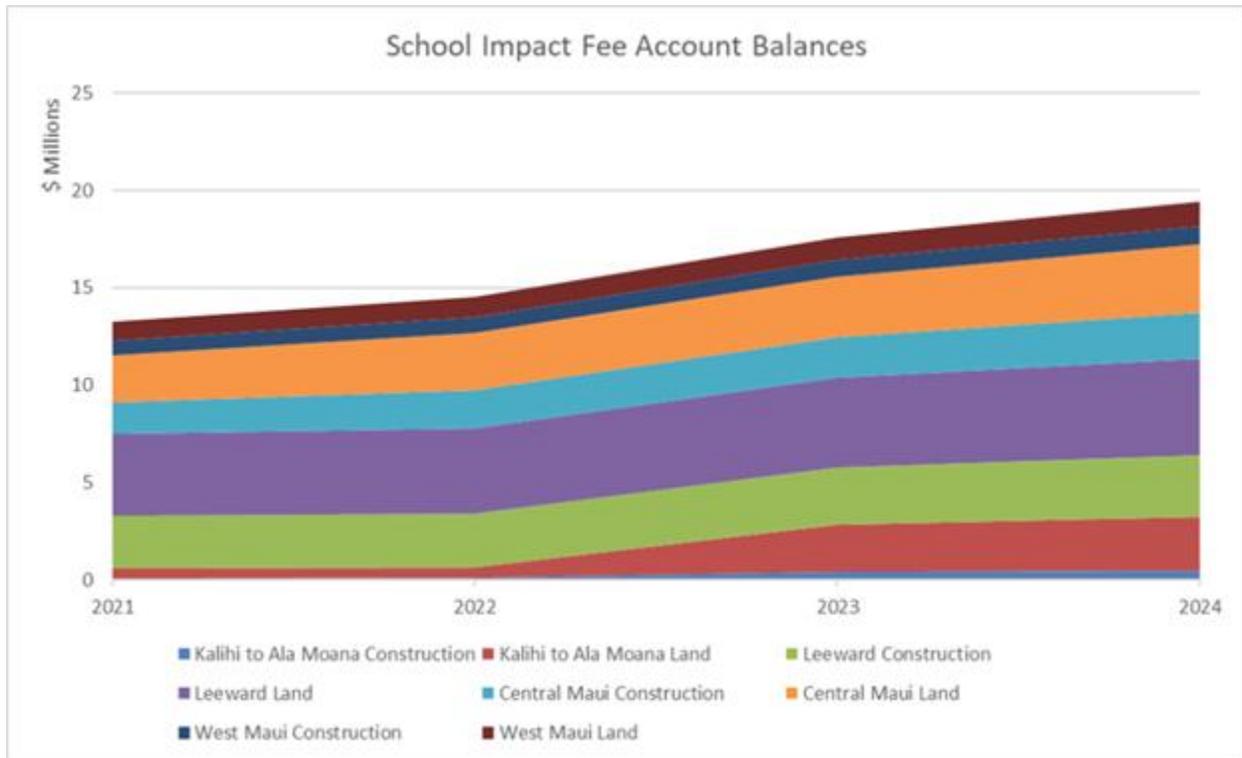
Terminates the temporary partial repeal of school impact fees by Act 268, SLH 2025, replacing it with a permanent repeal.

EFFECTIVE DATE: July 1, 3000

STAFF COMMENTS: The measure recognizes that school impact fees no longer achieve their original intent of providing benefits for school facility planning, but instead increase the development costs of new housing development.

In a recent publication, we complained that school impact fees and fair share contributions were collected but were not being used.

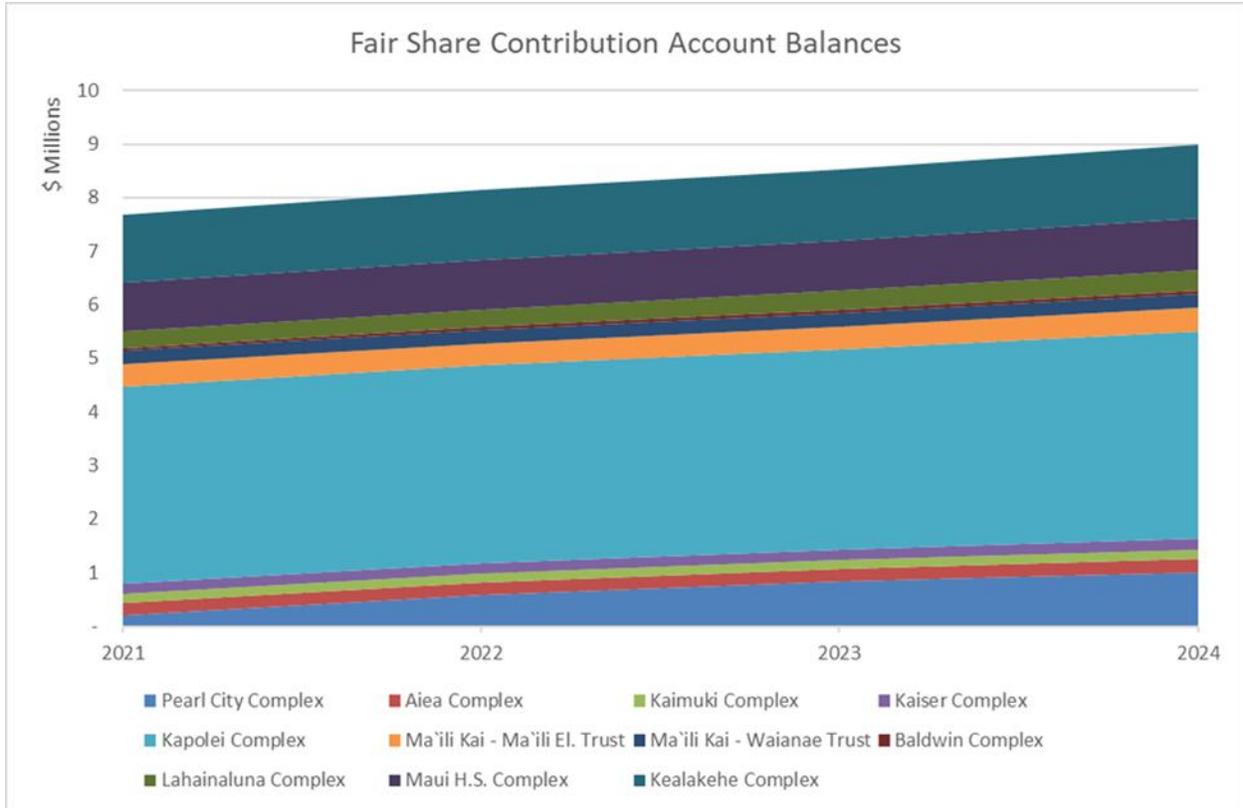
We tracked the balance of the DOE accounts holding these fees, and we complained that the fees were being taken but not used. The balances in the accounts just keep going up, as shown in this chart (updated with figures from the entire fiscal year 2024):



Source: Department of Education

As the chart shows, we now have a cumulative balance of a little less than \$20 million in the impact fee accounts.

Before the 2007 law created school impact fees, the DOE was able to shake down developers for fair share contributions, which were intended to serve much the same purpose as impact fees do today. It turns out that these accounts also have positive balances that have been steadily increasing over the past few years:



Source: Department of Education

The total of all these fair share accounts is close to \$9 million. This money, also, has been sitting around doing nothing. And most of it has been sitting around for *at least 19 years* because, as we mentioned, the fair share program was replaced by the impact fee program in 2007.

Apparently, there are technical problems with using the money, which is why it never has been spent. But the DOE tells us every single year that the schools desperately need money. We would prefer that the school system use this money up before they ask taxpayers to dig even deeper into their wallets.

Last year, a bill was proposed to repeal school impact fees but, apparently due to weeping and gnashing of teeth at the Department of Education, was watered down at the last minute to a temporary repeal of one component of impact fees. This bill finishes the job that was started last year.

Digested: 3/16/2026



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON HOUSING &
THE SENATE COMMITTEE ON EDUCATION
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 225
TUESDAY, MARCH 17, 2026 AT 1:00 P.M.**

To The Honorable Senator Stanley Chang, Chair
The Honorable Senator Troy N. Hashimoto, Vice Chair
Members of the Committee on Housing

To The Honorable Senator Donna Mercado Kim, Chair
The Honorable Senator Michelle N. Kidani, Vice Chair
Members of the Committee on Education

SUPPORT HB1713 HD1 RELATING TO SCHOOL IMPACT FEES

The Maui Chamber of Commerce supports HB1713, which repeals school impact fees.

Addressing the affordable/attainable housing crisis has been a top priority for the Maui Chamber for more than a decade. As our community continues to face a severe housing shortage, it is critical that we carefully evaluate and remove policies that add unnecessary costs to housing development.

From our years of work in this arena, we know that rules and regulations that increase the cost of development ultimately make housing less attainable for local families. In most cases, the costs associated with building—including infrastructure requirements, assessments, land holding costs, and other development expenses—are passed on to homeowners through the final sale price. School impact fees contribute to this growing list of pass-through costs that raise the overall price of housing and contribute to housing insecurity.

While we recognize that the school impact fee measure adopted in 2024 was intended to help offset the State's investment in school facilities, as other testifiers have noted, these fees are creating additional barriers to the development of affordable and attainable housing at a time when our communities urgently need more supply.

For these reasons, the Maui Chamber of Commerce supports HB1713 and encourages the Legislature to continue reviewing and reducing policies that increase the cost of housing development. Repealing school impact fees is an important step toward making housing more attainable for Hawaii's residents.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

March 17, 2026

TO: Chair Chang and Members of the Senate Housing Committee
Chair Kim and Members of the Senate Education Committee
RE: HB 1713 HD1, Relating to the School Impact Fees

LATE

Dear Chairs Chang, Kim and Committee Members,

Housing Hawai'i's Future is a nonprofit dedicated to creating opportunities for Hawai'i's next generation by ending the workforce housing shortage.

We support House Bill 1713 HD1. This bill will exempt new residential developments of fewer than one hundred dwelling units from school impact fee requirements.

The current application of school impact fees can impose significant costs to the construction of housing, passed down in the form of higher rents and mortgages. In the Kalihi-Ala Moana area, for example, projects were charged nearly \$4,000 per housing unit for these fees.

We recognize that school impact fees play an important role in supporting educational infrastructure as our population grows. However, given the acuity of Hawaii's housing shortage, carefully tailored exemptions are necessary to stimulate housing production without significantly undermining long-term school funding. The temporary nature of this exemption, with a clear sunset date, provides an opportunity to evaluate its effects on both housing supply and school resources.

By exempting projects under 100 dwelling units, HB1713 drives down costs and encourages the construction of housing while balancing funding for schools.

Please advance HB1713 HD1.

Thank you,



Lee Wang
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Perry Arrasmith
Director of Policy
Housing Hawai'i's Future
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LATE

March 17, 2026

Senator Stanely Chang, Chair
Senator Troy N. Hashimoto, Vice Chair
Senate Committee on Housing

Senator Donna Mercado Kim, Chair
Senator Michelle N. Kidani, Vice Chair
Senate Committee on Education

Support of HB 1713, HD 1, RELATING TO SCHOOL IMPACT FEES (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])

Tuesday, March 17, 2025, at 10:00 a.m.
Conference Room 211 & Videoconference

The Land Use Research Foundation of Hawai'i (LURF) is a private research and trade association founded in 1979, whose members include major Hawai'i landowners, developers, utility companies, and land use professionals. LURF's mission is to research, educate, and advocate for reasonable, rational, and equitable land use planning, laws, and regulations that encourage well-planned and sustainable economic growth in agriculture, housing, renewable energy, commercial and industrial uses, and tourism, while safeguarding Hawai'i's significant natural, environmental, historic, and cultural resources, public health, and safety.

LURF appreciates the opportunity to express its **support for HB 1713, HD1.**

HB 1713, HD1. The purpose of this measure is to:

- (1) Repeal school impact fees; and
- (2) Abolish certain fair share contribution accounts and lapse the unencumbered balances to the school facilities special fund.

LURF's Position. LURF is very familiar with the School Impact Fee law (Sections 302A-1601 – 1611, Hawaii Revised Statutes), because we worked closely with the State Department of Education (DOE) and former legislators to draft and pass the school impact fee laws.

In the early 2000's, the DOE would negotiate on an ad-hoc basis "fair share contributions," which were exactions on proposed new master-planned residential developments – sometimes requiring the donation of land for a school sites, sometimes requiring a payment, and sometimes requiring both. At the time, DOE did not have any written criteria or formula to calculate the exactions and that led to inconsistent and sometimes arbitrary requirements requested by the DOE, which then became conditions for entitlements imposed by the state and county in return for approvals to build master-planned residential communities. This made the costs of homebuilding very unpredictable.

Originally, when LURF collaborated with DOE and the Legislature to create the Impact Fee Law, we all believed that codifying criteria and a financial formula for school impact fees would be a fair and transparent way to address the need for new school facilities based on the potential increase of students in that community due to new residential development.

However, over the years, the school impact fee law has not served its purpose, because no new schools or expansions have been built using the collected fair share contributions (before 2007) and no new schools or expansions have been built using the school impact fees (from 2007 to 2026). The DOE is believed to be holding approximately \$28 million in unused fees paid by housing developers and homeowners, according to information and data from the Tax Foundation of Hawaii and the State Auditor Report No. 19-13.

Instead of being used to build more public-school capacity, the imposition of DOE fair share contributions and school impact fees have only added additional costs to housing developments, which has increased the costs of a home by thousands of dollars.

Under the circumstances, LURF believes that the State should eliminate school impact fees and find another way to address the need for additional school facilities that are necessitated by the building of more homes.

Eliminating school impact fees will reduce the cost of housing and will have a positive impact on the development of more housing, making homes more affordable, and addressing Hawaii's housing crisis.

LURF is willing to collaborate with DOE and the School Facilities Authority to explore other alternatives relating to the need for more classrooms based on new residential homebuilding.

For the reasons stated above, LURF is in **support of HB 1713, HD1** and respectfully urges your favorable consideration of this measure.

Thank you for the opportunity to present testimony regarding this matter.



LATE

**HAWAII STATE SENATE
COMMITTEES ON HOUSING AND EDUCATION
Conference Room 225
State Capitol
1:00 PM**

March 17, 2026

Subject: HB 1713 HD1 - RELATING TO SCHOOL IMPACT FEES

Chairs Chang & Kim, Vice Chair Hashimoto & Kidani, and members of the Committees:

My name is Roseann Freitas, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

School impact fees add a significant upfront cost to new housing construction, which is ultimately passed on to homebuyers and renters. At a time when Hawaii is facing a severe housing affordability crisis, eliminating these fees is a meaningful step toward reducing the overall cost of housing production. Every additional fee imposed on development compounds the financial burden on projects, making it more difficult to deliver homes at price points that local families can afford.

We appreciate the opportunity to provide our comments on this matter.

HB-1713-HD-1

Submitted on: 3/13/2026 9:34:17 AM

Testimony for HOU on 3/17/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Strongly Support w/comment to INCLUDE THE WAI'ANAE-NANAKULI COMPLEX for current and upcoming repairs and upgrades and loss CIP funds. Example Nanakuli ES CIP funding to upgrade their water sprinkler system WAS DIVERTED to another district for roof repairs.

1713 HB RELATING TO SCHOOL IMPACT FEES.