

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 Ways and Means

April 9, 2026

10:55 AM

Hawai'i State Capitol, Room 211

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

Dear Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

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

The intent of HB 1713 HD 1 SD 1, the repeal of the school impact fee program, and the prohibition on exactions for educational purposes 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.

We offer one technical amendment. Section 8 (Page 13, Line 9 to Page 14, Line 16) intends to transfer both fair share contributions and school impact fees within the Department of Education's donations and gifts facilities trust fund to the SFA's School Facilities Special Fund to use "within the same complex in which the contributions were originally collected[.]" However, school impact fees are collected within school impact districts rather than complexes, and Section 7 recognizes this distinction.

For consistency, **we recommend splitting up the fair share contributions and school impact fees transfer contemplated by Section 8** by amending Section 8 to remove "and impact fee" (Page 13, Lines 9-10) and creating a new section that states:

“The school impact fee accounts within the donations – facilities trust (EDN 400), are abolished and any unencumbered balance remaining shall lapse to the school facilities special fund under section 302A-1706, Hawaii Revised Statutes; provided that the funds shall be:

- (1) Used within the school impact district for which 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 and remain unexpended twenty years after the date of collection.”

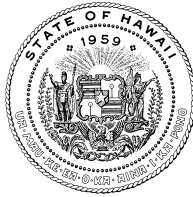
Mahalo for the opportunity to testify.

Sincerely,

Riki Fujitani
Executive Director

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 WAYS AND MEANS

April 09, 2026 at 10:55 a.m.

State Capitol, Room 211

In consideration of

HOUSE BILL 1713, HOUSE DRAFT 1, SENATE DRAFT 1 RELATING TO SCHOOL IMPACT FEES.

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

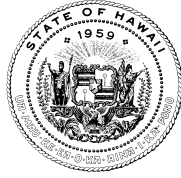
HHFDC **supports** HB1713, HD1, SD1, which repeals school impact fees, prohibits the Land Use Commission from imposing educational exactions on residential development, and modernizes the State's approach to school facility financing.

Hawaii faces a severe housing shortage, and reducing regulatory barriers and development costs is essential to increasing housing supply. This bill appropriately recognizes that school impact fees, while designed with good intentions, have added costs to housing development, and any cost that unnecessarily increases the price of construction directly worsens the housing shortage. By removing these fees, the State can reduce barriers to housing construction while maintaining responsible oversight of educational facility planning.

Thank you for the opportunity to testify.

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 COMMITTEE ON
WAYS AND MEANS
ON APRIL 9, 2026 AT 10:55AM IN CR 211

HB1713, HD1, SD1, RELATING TO SCHOOL IMPACT FEES

April 9, 2026

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee:

The Department of Hawaiian Home Lands (DHHL) submits **comments** for this bill which 1) prohibits the Land Use Commission from imposing exactions from a residential development for educational purposes, 2) repeals school impact fees, 3) abolishes school impact fee subaccounts within the School Facilities Special Fund and transfers unencumbered balances to the School Facilities Special Fund, 4) abolishes fair share contribution and impact fee accounts within the DOE Donations – Facilities Trust and transfers unencumbered balances to the School Facilities Special Fund, 5) provides that any existing educational contribution agreements executed with the Department of Education or School Facilities Authority before the repeal of school impact fees shall remain in effect, 6) transfers existing educational contribution agreements from the Department of Education to the School Facilities Authority, 7) repeals a requirement for the School Facilities Authority to report to the Legislature, and 8) appropriates funds from the School Facilities Special Fund.

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.



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

Date: 04/09/2026

Time: 10:55 AM

Location: CR 211 & Videoconference

Committee: WAM

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB1713, SD1, RELATING TO SCHOOL IMPACT FEES.

Purpose of Bill: Prohibits the Land Use Commission from imposing exactions from a residential development for educational purposes. Repeals school impact fees. Abolishes school impact fee subaccounts within the School Facilities Special Fund and transfers unencumbered balances to the School Facilities Special Fund. Abolishes fair share contribution and impact fee accounts within the DOE Donations Facilities Trust and transfers unencumbered balances to the School Facilities Special Fund. Provides that any existing educational contribution agreements executed with the Department of Education or School Facilities Authority before the repeal of school impact fees shall remain in effect. Transfers existing educational contribution agreements from the Department of Education to the School Facilities Authority. Repeals a requirement for the School Facilities Authority to report to the Legislature. Appropriates funds from the School Facilities Special Fund. Effective 7/1/3000. (SD1)

Department's Position:

The Hawai'i State Department of Education (Department) respectfully offers comments on HB 1713, HD 1, SD 1.

Generally, the bill does two things:

1. It makes permanent the repeal of the Impact Fee statutes that were established under Act 245, Session Laws of Hawaii 2007 (Act 245), and
2. It prohibits education-related exactions for residential development and transfers Fair Share responsibilities and existing Educational Contribution Agreements (ECA) from the Department to the School Facilities Authority (SFA).

Collectively, these actions would significantly weaken the State's ability to ensure that school facilities and school sites keep pace with residential growth.

The Department appreciates the Legislature's policy goal of reducing the cost of

housing in Hawai'i for Hawai'i residents by shifting the cost of school infrastructure from developers (who necessarily pass that cost on to homebuyers) to taxpayers generally. In support of this policy, the Department believes the following amendments will keep the purpose of Act 245 intact, while also ensuring that existing land dedications, funding, Fair Share agreements, and ECAs remain with the Department so that it can continue to provide much needed school facilities for the public (note here that the Board of Education approved the Department's supplemental budget request to use Fair Share monies for two new school projects).

Consistent with the above, the Department recommends the following amendments to HB 1713, HD 1, SD 1 (add underlined text; delete bracketed/struck text):

- **Under purpose of Act, item (1), revise as follows:** Prohibit the land use commission from imposing exactions [øñ] from a residential development for educational purposes for projects that generate one hundred or more residential units in the project that are exclusively for residents earning at or below one hundred forty per cent of the adjusted median income as set by the county wherein the residential units are located;
- **Under purpose of Act, strike item (5) in its entirety;**
- **Under purpose of Act, renumber item (6) to item (7) and revise as follows:** Transfer existing educational contribution agreements and funding related to impact fees from the department of education to the school facilities authority; provided that, any and all lands set aside, dedicated, or otherwise intended for transfer to the board of education or the department of education by any form of agreement, including but not limited to contribution agreements shall remain with the board of education or the department of education;
- **Under SECTION 2, revise subsection (k) as follows:** 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 for projects that generate one hundred or more residential units in the project that are exclusively for residents earning at or below one hundred forty per cent of the adjusted median income as set by the county wherein the residential units are located; provided that, the department of education may participate in district boundary amendment proceedings to provide information, data, and analysis related to school needs in the area of the proposed project;
- **Revise SECTION 5 as follows:** SECTION 5. Section 46-142.5, Hawaii Revised Statutes, is amended to read as follows [~~repealed~~]. §46-142.5 [~~School impact districts; n~~] New building permit requirements. No new residential development [in a designated school impact district under chapter 302A] shall be issued a residential building permit or condominium property regime building permit until the department of education provides written confirmation that the permit applicant has entered into a fair share agreement to address the number of projected students generated by the proposed project; provided that, this section shall not apply to projects that generate one hundred or more residential units in the project that are exclusively for residents earning at or below one hundred forty per cent of the adjusted median income as set by the county wherein the residential units are located [~~fulfilled its school impact fee requirements.~~] This section shall only apply to new dwelling units;
- **Strike SECTION 8 in its entirety;**
- **Renumber SECTION 10 as SECTION 11 and revise as follows:** 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 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. Any land dedicated to the board of education or the department of education by any form of agreement, including but not limited to education contribution agreements, prior to the effective date of this Act, shall be transferred to and accepted by the board of education for the benefit of the department of education; provided that, if said lands are not transferred to or accepted by the board of education for the benefit of the department of education before the fifth year after the effective date of this Act, said lands shall transfer by operation of law to the board of education for the benefit of the department of education. [~~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.~~]

Revise report title as follows:

- Report Title: DOE; LUC; School Facilities Authority; [~~School Impact Fees;~~] Repeal; Impact Fee Accounts; Educational Contribution Agreements; Transfer; School Facilities Special Fund; Appropriation

Revise description as follows:

Description: Prohibits the Land Use Commission from imposing exactions from a residential development for educational purposes. Repeals school impact fees. Abolishes school impact fee subaccounts within the School Facilities Special Fund and transfers unencumbered balances to the School Facilities Special Fund. [~~Abolishes fair share contribution and impact fee accounts within the DOE Donations – Facilities Trust and transfers unencumbered balances to the School Facilities Special Fund.~~] Provides that any existing educational contribution agreements related to impact fees executed with the Department of Education or School Facilities Authority before the repeal of school impact fees shall remain in effect. Transfers existing educational contribution agreements related to impact fees from the Department of Education to the School Facilities Authority. Repeals a requirement for the School Facilities Authority to report to the Legislature. Appropriates funds from the School Facilities Special Fund. Effective 7/1/3000. (SD1)

Thank you for the opportunity to testify on this measure.



April 9, 2026

Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

RE: **HB 1713 HD1 SD1 – RELATING TO SCHOOL IMPACT FEES**
Hearing date – April 9, 2026 at 10:55 A.M.

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **STRONG SUPPORT** of **HB 1713 HD1 SD1 – 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 SD1 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.

Mahalo for your consideration,

Ken Hayashida, President
NAIOP Hawaii

April 9, 2026, 10:55 a.m.

Hawaii State Capitol

Conference Room 211 and Videoconference

To: Senate Committee on Ways and Means

Sen. Donovan M. Dela Cruz, Chair

Sen. Sharon Y. Moriwaki, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY IN SUPPORT OF HB1713 HD1 SD1 — RELATING TO SCHOOL IMPACT FEES

Aloha Chair, Vice Chair and other Committee Members,

The Grassroot Institute of Hawaii **supports** [HB1713 HD1 SD1](#), which would repeal school impact fees, lapse monies already collected from school impact fees into the school facilities special fund and prohibit the Land Use Commission from imposing education-related exactions on new homebuilding projects.

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 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.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
THURSDAY, APRIL 9, 2026 AT 10:55 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Sharon Y. Moriwaki, Vice Chair
Members of the Committee on Ways and Means

SUPPORT HB1713 HD1SD1 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.



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

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TESTIMONY IN STRONG SUPPORT OF HB 1713 — RELATING TO SCHOOL IMPACT FEES

Aloha Chair, Vice Chair, and Members of the Committee:

Avalon Development Company respectfully submits this testimony in **STRONG SUPPORT of HB 1713, H.D.1 S.D.1**. Our firm is engaged in residential development and property management across Hawai'i. We support this measure because it repeals a school impact fee framework that increased housing costs without delivering timely, proportional, or clearly attributable benefits for school facilities, while responsibly addressing funds already collected.

Under the prior framework, school impact fees applied to larger residential developments within designated school impact districts and were assessed early in the entitlement or permitting process. These per-unit charges had to be paid or financed upfront and were incorporated into project budgets, ultimately contributing to higher housing costs. For multifamily and higher-density residential projects, where feasibility is often sensitive to additional upfront costs, these fees may add a meaningful barrier to delivering new homes.

We recognize the importance of planning for educational infrastructure as communities grow. However, as the Legislature has found, the school impact fee program did not function as intended. Significant balances accumulated and remained unspent for extended periods, while housing production continued to face increasing regulatory and financial hurdles. Continuing this fee structure imposed additional costs on housing without producing clear or timely public benefits.

HB 1713 reflects a sound policy judgment by removing this impediment while preserving existing educational contribution agreements and directing remaining funds toward priority school facilities. By reducing development costs and improving predictability, the bill supports housing delivery at the scale and pace Hawai'i urgently needs.

For these reasons, Avalon Development Company respectfully urges the Committee to pass **HB 1713, H.D.1 S.D.1**. Mahalo for the opportunity to submit testimony.

Respectfully submitted,

Avalon Development Company

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Repeal School Impact Fees

BILL NUMBER: HB 1713 SD 1

INTRODUCED BY: HOU/EDU

EXECUTIVE SUMMARY: Prohibits the Land Use Commission from imposing exactions from a residential development for educational purposes. Repeals school impact fees. Abolishes school impact fee subaccounts within the School Facilities Special Fund and transfers unencumbered balances to the School Facilities Special Fund. Abolishes fair share contribution and impact fee accounts within the DOE Donations – Facilities Trust and transfers unencumbered balances to the School Facilities Special Fund. Provides that any existing educational contribution agreements executed with the Department of Education or School Facilities Authority before the repeal of school impact fees shall remain in effect. Transfers existing educational contribution agreements from the Department of Education to the School Facilities Authority. Repeals a requirement for the School Facilities Authority to report to the Legislature. Appropriates funds from the School Facilities Special Fund. Effective 7/1/3000. (SD1)

SYNOPSIS: Amends section 205-4, HRS, to prohibit Land Use Commission exactions from a residential development for educational purposes.

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.

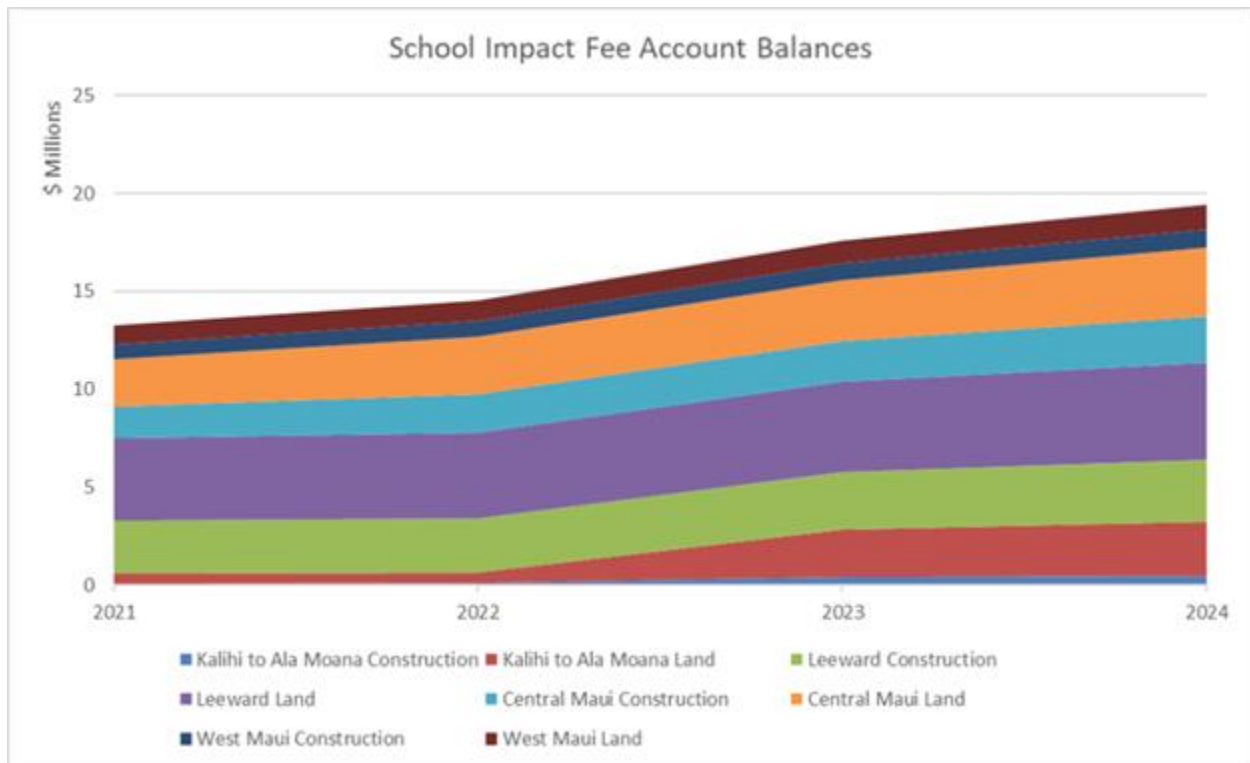
Terminates the temporary partial repeal of school impact fees by Act 268, SLH 2025, replacing it with a permanent repeal.

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.

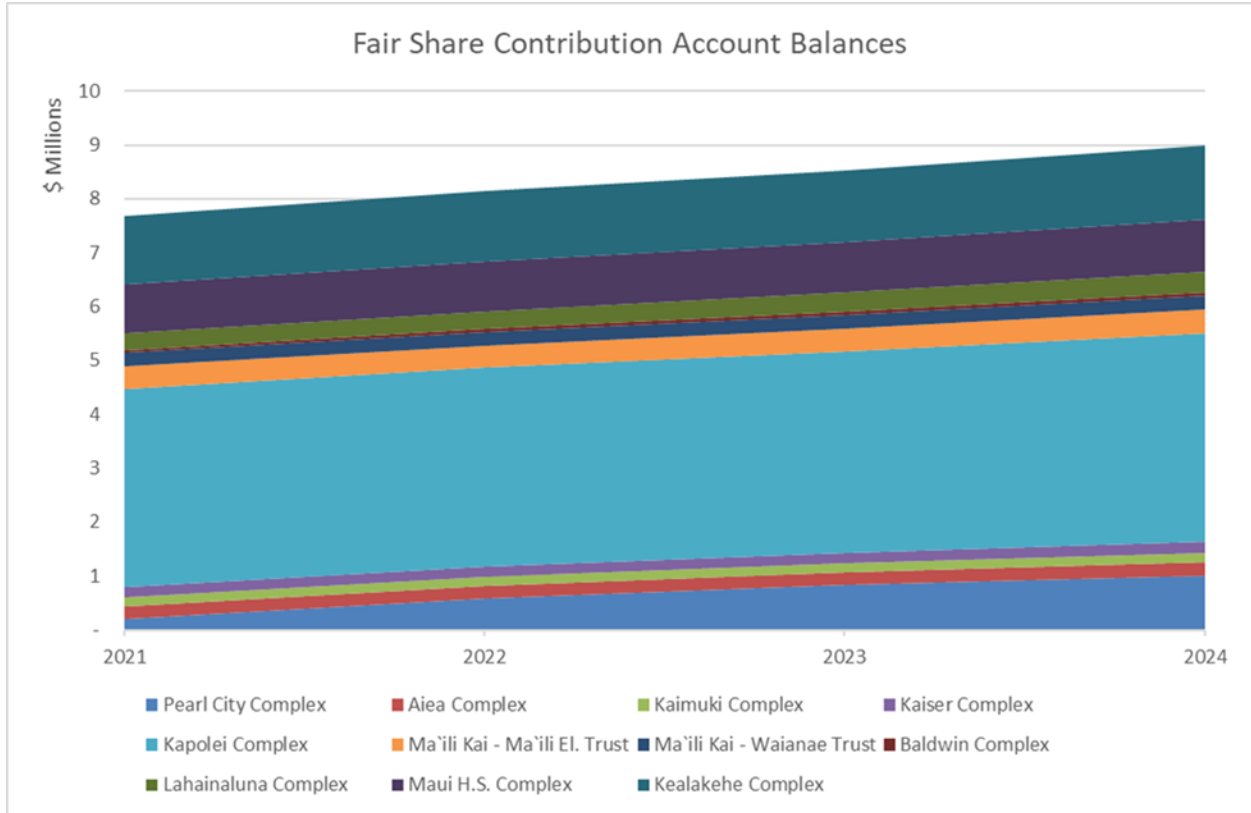
We tracked the balance of the DOE accounts holding these fees, and we complained that the fees were being taken but not used. The balances in the accounts just keep going up, as shown in this chart (updated with figures from the entire fiscal year 2024):



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: 4/8/2026



LAND USE RESEARCH
FOUNDATION OF HAWAII

1100 Alakea Street, Suite 408
Honolulu, Hawaii 96813
(808) 521-4717
www.lurf.org

LATE

April 9, 2026

Senator Donovan Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair
Senate Committee on Ways and Means

Strong Support of HB 1713, HD 1, SD1, RELATING TO SCHOOL IMPACT FEES (Prohibits the Land Use Commission from imposing exactions from a residential development for educational purposes. Repeals school impact fees. Abolishes school impact fee subaccounts within the School Facilities Special Fund and transfers unencumbered balances to the School Facilities Special Fund. Abolishes fair share contribution and impact fee accounts within the DOE Donations – Facilities Trust and transfers unencumbered balances to the School Facilities Special Fund. Provides that any existing educational contribution agreements executed with the Department of Education or School Facilities Authority before the repeal of school impact fees shall remain in effect. Transfers existing educational contribution agreements from the Department of Education to the School Facilities Authority. Repeals a requirement for the School Facilities Authority to report to the Legislature. Appropriates funds from the School Facilities Special Fund. Effective 7/1/3000 [SD1])

WAM Decision Making: Thursday, April 9, 2025, at 10:55 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 **strong support for HB 1713, HD1, SD1.**

HB 1713, HD1, SD1. The purpose of this measure is to: (1) Prohibit the land use commission from imposing exactions from a residential development for educational purposes; (2) Repeal school impact fees; (3) Repeal a requirement for the school facilities authority to report to the legislature; (4) Abolish school impact fee subaccounts within the school facilities special fund and transfer unencumbered balances to the school facilities special fund, and establish certain conditions with regard to the transferred funds; (5) Abolish the fair share contribution and impact fee accounts within the department of education donations – facilities trust and transfer unencumbered balances to the school facilities special fund; (6) Provide that any existing

educational contribution agreements executed with the department of education or school facilities authority before the repeal of school impact fees shall remain in effect unless mutually terminated; (7) Transfer existing educational contribution agreements from the department of education to the school facilities authority; and (8) Appropriate funds out of the school facilities special fund for priority education facilities projects, including the expansion of pre-kindergarten facilities.

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 intended 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 State Auditor Report No. 19-13 and the Tax Foundation of Hawaii.

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. 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.

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. LURF is willing to collaborate with DOE and the School Facilities Authority and the Legislature to explore other alternatives relating to the need for more DOE classrooms.

For the reasons stated above, LURF is in **strong support of HB 1713, HD1, SD1**, and respectfully urges your favorable consideration of this measure.

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