



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

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**ON THE FOLLOWING MEASURE:**

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

**BEFORE THE:**

HOUSE COMMITTEE ON HOUSING

**DATE:** Friday, February 13, 2026

**TIME:** 9:00 a.m.

**LOCATION:** State Capitol, Room 430

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

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Chair Evslin and Members of the Committee:

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

This bill clarifies the application of exemptions from school impact fee requirements for certain affordable housing projects. The bill also exempts new residential developments consisting of fewer than one hundred dwelling units and provides for a sunset date of July 1, 2029.

Section 2 of the bill amends section 302A-1603(b), Hawaii Revised Statutes (HRS). The amendments to paragraph (6) (page 3, lines 6-9) provide that dwelling units in a housing project processed pursuant to sections 46-15.1 and 201H-38, HRS, "that are reserved for low- or moderate- income households" are exempt from the requirements of section 302A-1603, HRS.

The term "low- and moderate-income household" is not defined in chapter 302A, HRS. However, section 196-111, HRS, provides a definition for the term as follows:

"Low- and moderate-income household" means a household with income equal to or less than one hundred forty per cent of the area median income as determined by the United States Department of Housing and Urban Development.

To ensure clarity and consistency in the application of the exemption in section 302A-1603, HRS, the Department recommends incorporating a definition of "low-and

moderate-income household," either expressly adopting the definition set forth in section 196-111, HRS, or by referencing that section.

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

**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

### **HOUSE COMMITTEE ON HOUSING**

February 13, 2026 at 9:00 a.m.

State Capitol, Room 430

In consideration of

### **HOUSE BILL 1713**

### **RELATING TO SCHOOL IMPACT FEES.**

Chair Evslin, Vice Chair Miyake, and members of the Committee.

HHFDC **supports** House Bill 1713, which seeks to exempt new residential developments of fewer than one hundred dwelling units from school impact fee requirements.

Hawaii is facing a severe housing shortage, and one of the most effective ways to address this crisis is by encouraging small-scale, infill housing projects within existing communities. These projects typically consist of fewer than 100 units and have minimal impact on school enrollment. Current school impact fee requirements, however, can impose substantial costs on these smaller developments. This bill:

1. Encourages Housing Production. Exempting projects under 100 units removes a cost barrier that can discourage small-scale, infill developments, which is critical for meeting housing needs in existing communities.
2. Supports Affordable Housing Goals. By reducing unnecessary costs, this bill helps keep housing prices lower for families and supports projects that serve low- and moderate-income households.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.  
GOVERNOR



RIKI FUJITANI  
EXECUTIVE DIRECTOR



**Hawai'i School  
Facilities Authority**

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

**House Committee on Housing**

February 13, 2026  
9:00AM

Hawai'i State Capitol, Room 430

**House Bill 1713, Relating to School Impact Fees**

Dear Chair Evslin, Vice Chair Miyake, and Members of the Committee,

The Hawai'i School Facilities Authority (SFA) **strongly supports House Bill 1713**, which would clarify and expand exemptions from school impact fees for certain affordable housing projects, specifically exempting new residential developments of fewer than one hundred dwelling units. This measure directly affects the SFA's approach to balancing the need for school facility funding with the goal of supporting affordable and workforce housing across the state.

The SFA's position has consistently recognized that smaller residential developments—those with fewer than 100 units—do not significantly impact school capacity and that the administrative costs of collecting impact fees from these projects often outweigh the benefits. By exempting these smaller developments, HB1713 aligns with the SFA's recommendations and supports the efficient allocation of resources and administration of the school impact fee program.

Sincerely,

Riki Fujitani  
Executive Director

# TAX FOUNDATION OF HAWAII

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735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

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SUBJECT: MISCELLANEOUS, Exempt Certain Housing Projects From School Impact Fees

BILL NUMBER: HB 1713

INTRODUCED BY: MIYAKE, AMATO, EVSLIN, ILAGAN, KEOHOKAPU-LEE LOY, KILA, KUSCH, LOWEN, MARTEN, MATSUMOTO,

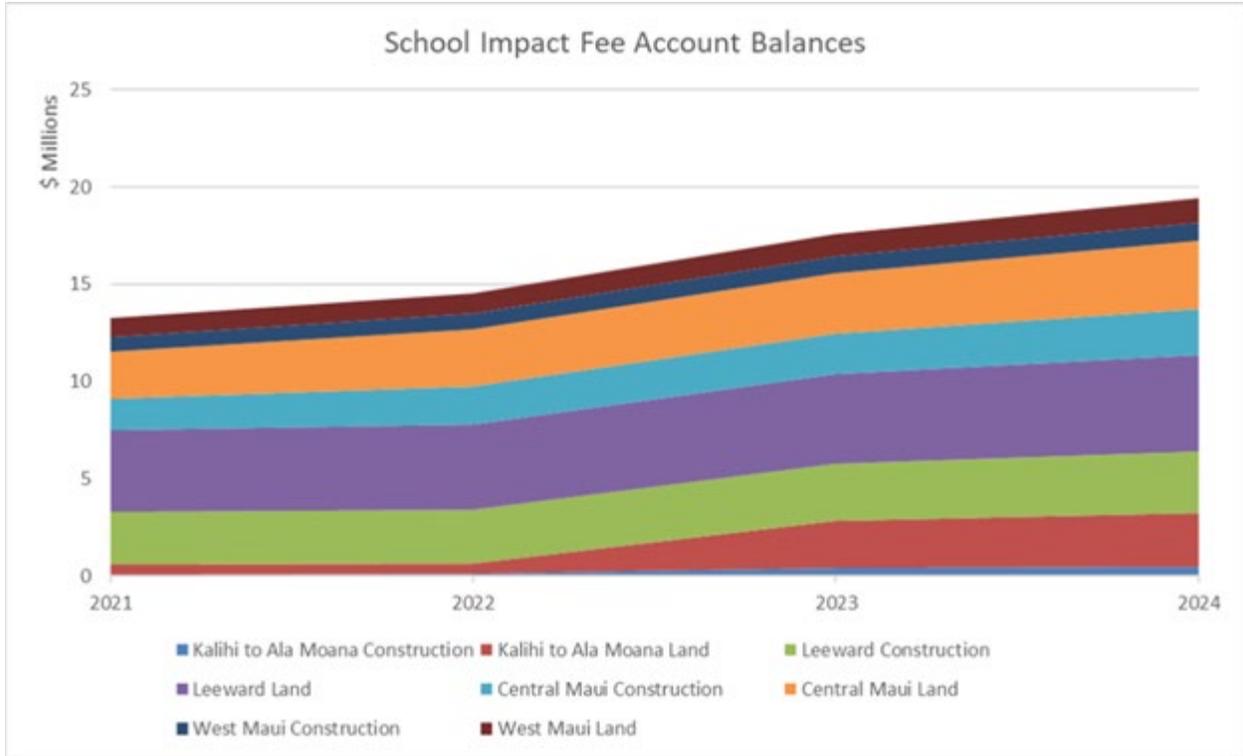
EXECUTIVE SUMMARY: Clarifies the application of exemptions for certain affordable housing projects, including exempting new residential developments of fewer than one hundred dwelling units, from school impact fee requirements. Repeals 7/1/2029.

SYNOPSIS: Amends section 302A-1603, HRS, to exempt dwelling units in a housing project that are (1) reserved for low or moderate income households under sections 46-15.1 and 201H-38, HRS; (2) reserved for low income households under sections 46-15.25 or 201H-57, HRS; or (3) are in a housing project consisting of fewer than 100 dwelling units (provided that subdivisions or phases of a development or master plan shall be considered parts of the same housing project; provided further that no developer shall artificially subdivide a project or phase the development of a project to avoid school impact fee).

EFFECTIVE DATE: Upon approval; repeals on July 1, 2029.

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

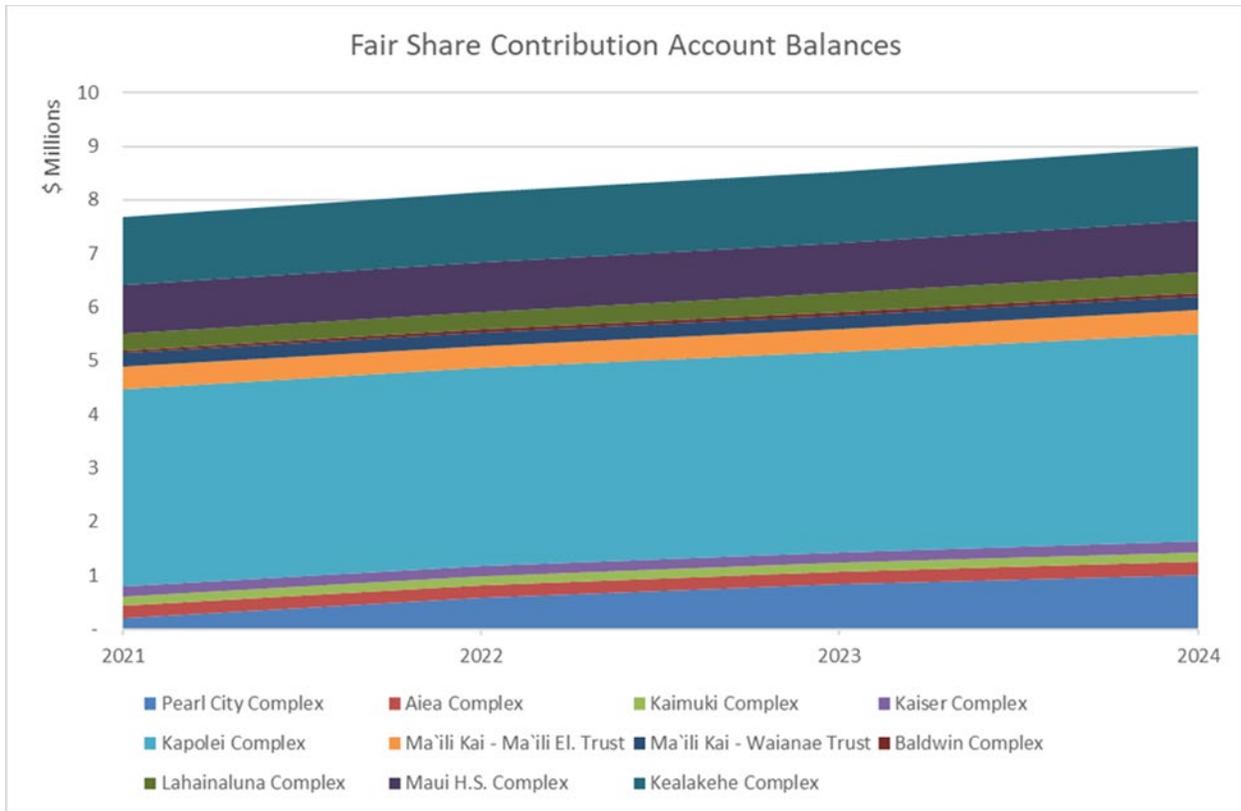
We tracked the balance of the DOE accounts holding these fees, and we complained that the fees were being taken but not used. The balances in the accounts just keep going up, as shown in this chart (updated with figures from the entire fiscal year 2024):



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 18 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.

This bill appears to be a step in the right direction.

Digested: 2/11/2026

February 13, 2026

TO: Chair Evslin and Members of the House Housing Committee  
RE: HB 1713, Relating to the School Impact Fees

Dear Chair Evslin 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.** 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, we believe carefully tailored exemptions to be necessary to stimulate housing production without significantly undermining long-term funding for schools. 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.**

Thank you,



Lee Wang  
Executive Director  
Housing Hawai'i's Future  
[lee@hawaiifuture.org](mailto:lee@hawaiifuture.org)



Perry Arrasmith  
Director of Policy  
Housing Hawai'i's Future  
[perry@hawaiifuture.org](mailto:perry@hawaiifuture.org)

Feb. 13, 2026, 9 a.m.  
Hawaii State Capitol  
Conference Room 430 and Videoconference

**To: House Committee on Housing**  
**Rep. Luke Evslin, Chair**  
**Rep. Tyson Miyake, Vice Chair**

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

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

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii **supports** [HB1713](#), which would clarify that school impact fees do not apply to projects with fewer than 100 housing units.

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.<sup>1</sup>

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 its costs, the company passed the fees along to its buyers in the form of closing costs.<sup>2</sup>

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.<sup>3</sup>

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 fees<sup>4</sup> between 2007 — when the fees were established — and 2018, yet it had 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

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

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

<sup>3</sup> “[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.

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