

A Bill for an Act Relating to School Impact Fees.

*Be It Enacted by the Legislature of the State of Hawaii:*

PART I

SECTION 1. Section 302A-1603, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) The following shall be exempt from this section:

- (1) Any form of housing permanently excluding school-aged children, with the necessary covenants or declarations of restrictions recorded on the property;
- (2) Any form of housing that is or will be paying the transient accommodations tax under chapter 237D;
- (3) All nonresidential development; ~~and~~
- (4) Any development with an executed education contribution agreement or other like document with the department<sup>1</sup> for the contribution of school sites or payment of fees for school land or school construction~~[-]; and~~
- (5) Any form of housing developed by the department of Hawaiian home lands for use by beneficiaries of the Hawaiian Homes Commission Act, 1920, as amended.”

PART II

SECTION 2. The legislature finds that the department of education requires statutory flexibility to effectively manage and expend school impact fees. The purpose of this part is to provide that flexibility.

SECTION 3. Section 302A-1608, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (h) to read:

“~~[(h)]~~ Construction cost component impact fees shall be used only ~~for~~;

- (1) For the costs of new school facilities that expand the student capacity of existing schools or adds student capacity in new schools~~[-]; or~~
- (2) To improve or renovate existing structures for school use.

Construction cost component impact fees ~~may~~ shall not be used to replace an existing school located within the same school impact district, either on the same site or on a different site.”

2. By amending subsection (j) to read:

“~~[(j)]~~ Construction cost component impact fees shall not be expended for[~~;~~

- (1) ~~The~~ the maintenance or operation of existing schools in the district~~[-; or~~
- (2) ~~Portable or temporary facilities].”~~

3. By amending subsection (l) to read:

“~~[(l)]~~ Fees in lieu, proceeds from the sale of all or part of an existing school site that has been dedicated by a developer pursuant to the requirements of this subpart, and construction cost component impact fees shall be expended or encumbered within twenty years of the date of collection. Fees shall be considered spent or encumbered on a first-in, first-out basis. ~~[An expenditure plan~~

~~for all collected impact fees shall be incorporated into the annual budget process of the department and subject to legislative approval of the budget.]”~~

PART III

SECTION 4. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval; provided that on July 1, 2024, section 1 of this Act shall be repealed and section 302A-1603(b), Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day prior to the effective date of this Act.

(Approved July 6, 2021.)

**Note**

1. Prior to amendment “agency” appeared here.