

Honolulu, Hawaii

FEB 17

, 2006

RE: S.B. No. 2708
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committees on Education and Military Affairs and Commerce, Consumer Protection, and Housing, to which was referred S.B. No. 2708 entitled:

"A BILL FOR AN ACT RELATING TO SCHOOL FACILITIES,"

beg leave to report as follows:

The purpose of this measure is to enact a school impact fees law to require residential developments to pay school impact fees.

Your Committees received testimony in support of this measure from the Department of Education. Testimony in opposition was received from the Department of Budget and Finance. Comments were received from the Department of Business, Economic Development, and Tourism and the Land Use Foundation of Hawaii.

Your Committees find that new residential developments should pay school impact fees proportionate to their impacts, for the following reasons:

- (1) New residential developments create additional demand for public school facilities;
- (2) New residential developments should pay a school impact fee proportionate to their impact on the need to construct additional facilities; and
- (3) A study commissioned by the Department of Education and the Department of Accounting and General Services has



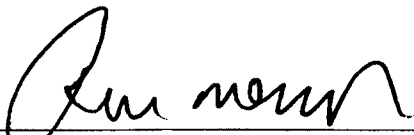
identified the net capital cost of school facilities, excluding land costs, that is consistent with proportionate fair share principles.

Your Committees are mindful of the comments received in testimony to the effect that this measure may be premature. However, your Committees intend to continue the discussions on this measure in recognition of the importance of creating a school impact fees law. New communities understandably place a burden on resources to provide amenities such as schools. Impact fees should lessen that burden on the State. Your Committees believe that a mandatory school impact fee on developers, while increasing the costs of development, would make a development more attractive to homeowners, as residential developments often attract families with school age children.

Your Committees have amended this measure by changing the effective date to July 1, 2050 to continue the discussions.

As affirmed by the records of votes of the members of your Committees on Education and Military Affairs and Commerce, Consumer Protection, and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2708, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2708, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Education and
Military Affairs and Commerce,
Consumer Protection, and
Housing,



RON MENOR, Chair



NORMAN SAKAMOTO, Chair



