

Honolulu, Hawaii

May 1, 2007

RE: H.B. No. 19
H.D. 2
S.D. 2
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 19, H.D. 2, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to implement a new method of financing, in part, new or expanding existing Department of Education (DOE) educational facilities by establishing school impact fees.

Your Committee on Conference finds that Act 246, Session Laws of Hawaii 2005, established the School Impact Fee Working Group (Working Group) that was tasked with, among other things, submitting proposed legislation on its recommendations for determining school impact fees within identified school impact districts. In December 2006, the Working Group transmitted its report to the Legislature, which contained recommendations for two different approaches. The



parties that participated in the Working Group have continued to work toward further refining the policies, procedures, formulas, and calculations for requiring school impact fees as a result of new residential developments.

Your Committee on Conference further finds that refining this process includes:

- (1) Enlisting the aid of the counties to assist in the implementation of school impact fees;
- (2) Developing implementation and interim procedures to allow for a transition to impact fees;
- (3) Recognizing the need for the Legislature to revisit this issue to assess where statutory guidance maybe necessary in the future; and
- (4) Allowing the Board of Education and DOE the opportunity to explore alternative financing methods, such as increasing the conveyance tax on certain transactions and creating a dedicated source of funding in the conveyance tax for school facility needs, which would include renovation of existing school facilities.

These have been addressed through the concerted efforts of the interested parties and should be included in this measure to ensure that the most appropriate and effective methods for calculating school impact fees, as well as the manner by which these methods should be implemented, are fully realized.

Accordingly, this measure represents agreement among all of the parties on some of the fundamental elements needed to calculate school impact fees; however, your Committee on Conference, as well as the parties, also recognize that there is still much work to do to perfect the methodology.

Upon further review, your Committee on Conference has amended this measure by, among other things;

- (1) Clarifying in the purpose section that DOE is responsible for determining each school impact district's appropriate student generation rate;
- (2) Including language to clarify the purpose, including the establishment of a general methodology and approach for



- identifying need areas and calculating appropriate school impact fees for new residential developments;
- (3) Clarifying the findings regarding new residential developments, as opposed to subdivisions, being required to contribute toward the construction of new or the expansion of existing public school facilities through a land requirement or the construction requirement;
 - (4) Clarifying that a developer shall provide its proportionate share of the land or the construction cost of new or expanded school facilities;
 - (5) Including definitions for the terms "acres/student"; "construction cost"; "cost per student"; "cost/unit"; "land component"; "multi-family unit count"; "new residential development"; "proportionate share"; "recent school construction averages"; "revenue credit"; "school impact fee: land component"; "school impact fee: construction cost component"; "single-family unit count"; and "student generation rate"; and deleting definitions for the terms "greenfield school impact district" and "plat";
 - (6) Rewording the provisions relating to the applicability of and exemptions relating to school impact fees by, among other things, including transient accommodation projects in the exemption;
 - (7) Requiring DOE to include in its written analysis, prior to the designation of a school impact district, an analysis to support the need to construct new or expanded existing school facilities in the area within 25 years to accommodate projected growth, and removing certain other requirements for the written analysis, including those relating to greenfield school impact districts;
 - (8) Requiring DOE to prepare an impact fee analysis with specific requirements;
 - (9) Establishing a procedure for determining the area requirements for new school facilities, whether land dedication or a fee in lieu is required, the value per acre, and the dollar amount of the fee in lieu;



- (10) Establishing a formula for the construction cost component of school impact fees;
- (11) Specifying that the calculation of revenue credits shall be reviewed and calculated recognizing that the impact fee shall be set at 100 percent of the fair market value of the land and ten percent of the total school construction cost;
- (12) Establishing provisions regarding refunds of fees in lieu or impact fees that are not expended within 25 years from the date of collection;
- (13) Clarifying provisions relating to credits for contributions, payments, or construction;
- (14) Specifying that private construction of school facilities is considered a "public work" under Chapter 104, Hawaii Revised Statutes (HRS);
- (15) Establishing a new section in Chapter 46, HRS, relating to county powers regarding school impact fees;
- (16) Including provisions for the implementation and interim procedures relating to school impact fees;
- (17) Requiring DOE to report annually on its implementation of the provisions of this bill; and
- (18) Changing the effective date to upon approval.

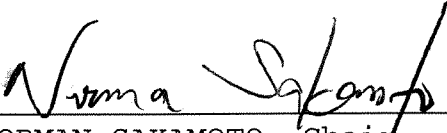
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 19, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 19, H.D. 2, S.D. 2, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

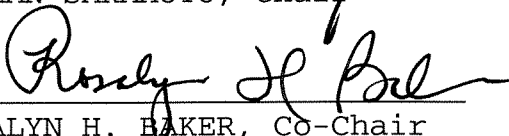
ON THE PART OF THE HOUSE



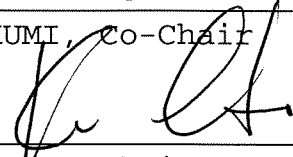
NORMAN SAKAMOTO, Chair



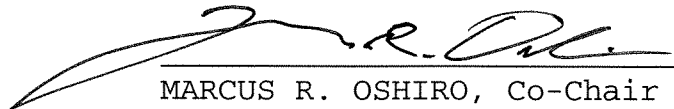
ROY TAKUMI, Co-Chair



ROSALYN H. BAKER, Co-Chair



KEN ITO, Co-Chair



MARCUS R. OSHIRO, Co-Chair



Hawaii State Legislature

CCR154

Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: HB 19, HD 2, SD 2	Date/Time: 4/27/07 9:50 pm
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The recommendation of the House and Senate managers is to pass with amendments (CD).



The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
SAKAMOTO, Norman, Chr.	✓				TAKUMI, Roy M., Co-Chr.	✓			
BAKER, Rosalyn H., Co-Chr.	✓				ITO, Ken, Co-Chr.	✓			
TOKUDA, Jill N.	✓				OSHIRO, Marcus R., Co-Chr.	✓			
GABBARD, Mike	✓				CHONG, Pono	✓			
					FINNEGAN, Lynn	✓			
TOTAL	4	-	-	-	TOTAL	5	-	-	-

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature: 
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 File with Conference Committee Report House Clerk's Office Senate Clerk's Office Drafting Agency