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# A BILL FOR AN ACT

RELATING TO EDUCATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that to implement a  
2 program of school impact fees, established by Act 245, Session  
3 Laws of Hawaii 2007, certain amendments need to be made to the  
4 sections of law creating school impact districts and to the  
5 formulas and practices for providing land and collecting fees  
6 for new or expanded school facilities in areas expecting a large  
7 amount of residential growth.

8           The purpose of this Act is to clarify the sections of law  
9 pertaining to school impact fees to facilitate the provision of  
10 land and collection of fees for public schools.

11           SECTION 2. Chapter 302A, Hawaii Revised Statutes, is  
12 amended by adding a new section to subpart B of part VI to be  
13 appropriately designated and to read as follows:

14           "§302A-    Use of data reflecting recent conditions in  
15 impact fee calculations. (a) Every three years beginning in  
16 2010, the department shall concurrently update the following:

17           (1) School site area averages, using the total school land  
18           requirement for each individual in a school impact



1 district as calculated pursuant to section

2 302A-1606(b);

3 (2) Elementary, middle or intermediate, and high school  
4 permanent facility construction costs per student, as  
5 provided under section 302A-1607; and

6 (3) Revenue credit per unit figures provided pursuant to  
7 section 302A-1607(e).

8 (b) Every three years following the initial determinations  
9 made pursuant to section 302A-1605, the department shall update  
10 the following:

11 (1) Student generation rates for each established school  
12 impact district; and

13 (2) The statewide level of service.

14 (c) Every three years beginning in 2010, the department  
15 shall, where appropriate, update the list of cost factors for  
16 the twenty-six geographically limited cost districts, as  
17 provided in section 302A-1607(d), by incorporating any changes  
18 to the cost factors that have been made by the department of  
19 accounting and general services.

20 (d) If any data update required by this section is not  
21 completed within the specified time, the most current data shall  
22 be used until the update is completed."



1 SECTION 3. Chapter 302A, part VI, subpart B, Hawaii  
2 Revised Statutes, is amended by amending its title to read as  
3 follows:

4 " [+]B. [+] SCHOOL IMPACT FEES"

5 SECTION 4. Section 302A-1601, Hawaii Revised Statutes is  
6 amended to read as follows:

7 "[+]§302A-1601[+] Findings. New residential developments  
8 within identified school impact districts create additional  
9 demand for public school facilities. As such, once school  
10 impact districts are identified, new residential developments  
11 [~~will~~] shall be required to contribute toward the construction  
12 of new or expansion of existing public school facilities  
13 through:

14 (1) The land requirement, either through an in lieu fee or  
15 actual acreage (unless land is not required in the  
16 school impact district) [~~+~~], based on each new  
17 residential development's proportionate share of the  
18 need to provide additional public school sites; and

19 (2) The construction requirement either through an in lieu  
20 fee or actual construction based on [~~the~~] each new  
21 residential development's proportionate share of the  
22 need to construct additional school facilities.

1 A study commissioned by the State has identified the land  
2 dedication requirement that is consistent with proportionate  
3 fair-share principles and the net capital cost of school  
4 facilities, excluding land costs, that is consistent with  
5 proportionate fair-share principles.

6 The State determines that new residential developments  
7 within designated school impact districts shall provide land for  
8 schools or pay a fee in lieu of land proportionate to the  
9 impacts of the new residential development on existing school  
10 facilities. The State also determines that new residential  
11 developments within designated school impact districts shall  
12 also pay school construction cost component impact fees  
13 proportionate to their impacts.

14 In determining the amounts of land component impact fees  
15 and construction cost component impact fees, the intent of the  
16 school impact fee calculations is that new residential  
17 developments should not be charged for a higher level of service  
18 than is being charged to existing developments.

19 This [†]subpart [†] establishes the methodology for  
20 developers to provide their proportionate share of the land and  
21 the construction cost of new or expanded school facilities  
22 needed to serve new residential developments, as determined in



1 ~~[section 302A-1607.]~~ sections 302A-1606 and 302A-1607,  
2 respectively."

3 SECTION 5. Section 302A-1602, Hawaii Revised Statutes is  
4 amended to read as follows:

5 " ~~[+] §302A-1602 [.]~~ **Definitions.** As used in this  
6 ~~[.] subpart [.]~~, the following terms shall have the following  
7 meanings unless the context indicates otherwise:

8 ~~["Acres/student"]~~ "Land area per student" means the ~~[number~~  
9 ~~of]~~ area of land in acres required per student for a school site  
10 based on design standards for schools[-], which may include the  
11 actual school site size and the design enrollment of schools  
12 constructed within approximately the last ten years.

13 "Construction cost" means the net cost to construct a  
14 school, including without limitation, planning, design,  
15 engineering, grading, permits, construction, and construction  
16 and project management, but not including the cost to acquire  
17 land. ~~[The intent of the school impact fee calculation is that~~  
18 ~~new developments should not be charged for a higher level of~~  
19 ~~service than is being provided to existing developments. A~~  
20 ~~reasonable measure of the level of service is the percentage of~~  
21 ~~classrooms that are in permanent structures, as opposed to~~  
22 ~~portable buildings.]~~



1        "Construction cost component impact fee" means ten per cent  
2 of the share of the construction cost for the required new  
3 school, the expansion of existing school facilities that is  
4 attributable to a specific new residential development, or both.

5        "Cost per student" means the [~~construction cost for a~~  
6 ~~school per student (actual school construction cost divided by~~  
7 ~~enrollment capacity).] average of actual school construction  
8 costs, expressed in current dollars, divided by the respective  
9 design enrollments, for schools constructed within approximately  
10 the last ten years.~~

11        [~~"Cost/unit" means the impact fee for school construction~~  
12 ~~(land and construction).]~~

13        "County" means the city and county of Honolulu, the county  
14 of Hawaii, the county of Kauai, and the county of Maui.

15        "Design enrollment" means the maximum number of students,  
16 or student capacity, a permanent school facility is designed to  
17 accommodate.

18        "Developer" means a person, corporation, organization,  
19 partnership, association, or other legal entity constructing,  
20 erecting, enlarging, altering, or engaging in any new  
21 residential development activity.



1 "Dwelling unit" or "unit" means a multi-family or single-  
2 family residential unit.

3 "Fee in lieu" means a fee determined pursuant to section  
4 302A-1606[+] that is paid in lieu of the dedication of land.

5 "Land component" means a fee simple property that is  
6 vacant, suitable for a school site, and improved [+]with  
7 infrastructure[+] that is the total school area dedication  
8 requirement for a new residential development in a school impact  
9 district.

10 "Land component impact fee" means the land component, the  
11 fair market value of the land component, or any combination  
12 thereof that is attributed to a specific new residential  
13 development.

14 "Level of service" means the percentage of classrooms that  
15 are located in permanent structures, but not including  
16 classrooms located in portable buildings.

17 [~~"Multi-family"~~] "Multi-family unit" means any dwelling  
18 unit other than a single family dwelling unit.

19 [~~"Multi-family unit count"~~] ~~means the total multi family~~  
20 ~~dwelling units planned for a proposed development.]~~

21 "New residential development" means new residential  
22 projects involving rezoned properties or parcels, current zoned



1 parcels with or without buildings, and redevelopment projects.  
2 These projects include subdivisions and other forms of "lot  
3 only" developments (when the dwelling [~~unit~~] units will not be  
4 built by the developer), and [~~include~~] developments that include  
5 single-family and multi-family units, condominiums, and  
6 additional or accessory dwelling units as defined by each  
7 county [~~, and subdivisions~~].

8 "Owner" means the owner of record of real property or the  
9 owner's authorized agent.

10 "Proportionate share" means the pro rata share of the  
11 school impact fee attributed to the specific new residential  
12 development based on the [~~student generation rate from~~] number  
13 of units in the [~~project~~] development.

14 "Recent school [~~construction~~] site area averages" means the  
15 department's historical average acres [~~required and enrollment~~  
16 ~~capacity~~] for new elementary (K-5), middle (6-8), and high (9-  
17 12) schools. Based on [~~existing school construction data,~~]  
18 historic schools constructed in the 1997 to 2007 period, the  
19 [~~historical average design standards~~] initial recent school site  
20 area averages are as follows:





	<u>[Acres/school</u>	<u>Enrollment/school</u>	<u>Acres/student]</u>
	<u>Land Area/school</u>	<u>Enrollment/school</u>	<u>Land Area/student</u>
3	[Elem.] <u>Elementary</u> 12.5 acres		800 students
4	.0156 acres		
5	Middle 16.5 acres	1,500 students	.0110 acres
6	High 49 acres	1,600 students	.0306 acres

7 "Revenue credit" means the state general excise tax  
8 revenues under chapter 237 that will be generated by [~~the~~] a new  
9 [~~residential~~] dwelling unit and used to fund school capital  
10 facilities and pay for outstanding debt on existing facilities.

11 "School facilities" means the facilities owned or operated  
12 by the department, or the facilities included in the department  
13 of education capital budget or capital facilities plan.

14 "School impact district" means a geographic area designated  
15 by the board where an anticipated [~~growth~~] new residential  
16 development will create the need for one or more new schools or  
17 the expansion of one or more existing schools that are or will  
18 be located within the area and will primarily serve new  
19 [~~housing~~] dwelling units within the area.

20 [~~"School impact fee: construction cost component"~~] means ten  
21 per cent of the construction cost associated with the



1 ~~construction of a new school or expansion of an existing school~~  
2 ~~facility.~~

3 ~~"School impact fee: land component" means the pro rata~~  
4 ~~share of the fair market value of the fee simple land or acreage~~  
5 ~~attributed to the specific development based on the student~~  
6 ~~generation rate from the project.~~

7 ~~"Single-family"]~~ "Single-family unit" means a detached  
8 dwelling unit not connected to any other dwelling unit, or a  
9 detached building containing two dwelling units.

10 "Single-family unit count" means the total single-family  
11 units planned for a proposed new residential development.

12 "Student generation rate" means the number of public school  
13 students generated by each multi-family and single-family unit  
14 when a residential development has matured and enrollment per  
15 unit no longer fluctuates [7] significantly, or [achieves] has  
16 substantially achieved a steady state. The student generation  
17 rate for a school impact district shall be based on analysis of  
18 the existing number of residential units and public school  
19 students in an area, and the student generation rates of  
20 comparable projects and areas."

21 SECTION 6. Section 302A-1603, Hawaii Revised Statutes is  
22 amended to read as follows:



1 " ~~[+]~~ §302A-1603 ~~[+]~~ Applicability and exemptions. (a)

2 Except as provided in subsection (b), any person who seeks to  
3 develop a new residential development within a designated school  
4 impact district requiring:

5 (1) A county subdivision approval;

6 (2) A county building permit; or

7 (3) A condominium property regime approval for the  
8 project,

9 shall be required to fulfill the land component impact fee or  
10 fee in lieu requirement and ~~[vertical]~~ construction cost  
11 component impact fee requirement of the department ~~[-]~~, including  
12 all government housing projects.

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

14 (1) Any form of housing permanently excluding school-aged  
15 children, with the necessary covenants or declarations  
16 of restrictions recorded on the property;

17 (2) Any form of housing ~~[which]~~ that is or will be paying  
18 the transient accommodations tax under chapter 237D;

19 (3) All nonresidential development; and

20 (4) Any development with an executed education  
21 contribution agreement or other like document with the  
22 department for the contribution of school sites or



1 payment of fees for school land or school  
2 construction."

3 SECTION 7. Section 302A-1604, Hawaii Revised Statutes is  
4 amended by amending subsection (b) to read as follows:

5 "(b) Prior to the designation of a school impact district,  
6 the department shall prepare a written analysis that contains  
7 the following:

8 (1) A map and legend describing the boundaries of the  
9 proposed school impact district area, which may range  
10 from one school to one or more high school  
11 complexes[+], as well as maps and legends describing  
12 surrounding districts and school enrollments at  
13 existing school facilities in and around the school  
14 impact district; and

15 (2) [~~Analysis to support the~~] The need to construct new or  
16 expand existing school facilities in the proposed  
17 school impact district area within the next twenty-  
18 five years to accommodate projected growth in the area  
19 based on various state and county land use,  
20 demographics, growth, density, and other applicable  
21 historical data projections and plans."



1 SECTION 8. Section 302A-1605, Hawaii Revised Statutes is  
2 amended to read as follows:

3 "~~[+] §302A-1605 [†]~~ Impact fee analysis. (a) Upon  
4 designation of a school impact district, the department shall  
5 prepare an impact fee analysis that shall include, at a minimum,  
6 the following:

- 7 (1) An analysis to determine appropriate student  
8 generation rates by ~~[housing]~~ dwelling unit type  
9 ~~[(multi-family unit count and single-family unit~~  
10 ~~count) for new developments in the area.]~~ for all new  
11 residential developments in the school impact district  
12 area to provide the basis for determining the steady  
13 state enrollment generated by new residential  
14 developments that will need to be accommodated. The  
15 analysis shall also consider enrollment at existing  
16 school facilities, in and around the school impact  
17 district;
- 18 (2) Student generation rates, based on full build-out of  
19 the ~~[development]~~ developments when student generation  
20 rates are anticipated to be in a steady state mode  
21 ~~[(permanent facility)]~~;



- 1       ~~[(3) Analysis of the initial development period, when~~  
2           ~~student enrollments are anticipated to peak (to~~  
3           ~~determine capacity of facilities);~~
- 4       ~~(4) An analysis to identify the percentages of existing~~  
5           ~~statewide student enrollment at the elementary school,~~  
6           ~~middle or intermediate school, and high school levels~~  
7           ~~that are located in permanent structures, as opposed~~  
8           ~~to portable buildings, in surrounding high school~~  
9           ~~complexes;]~~
- 10       (3) An analysis to estimate the number of students  
11           generated by all new residential developments in the  
12           school impact district at the point in time when the  
13           total enrollment from these developments is  
14           anticipated to peak. This information is required for  
15           or related to the determination of the impact fee, and  
16           will provide the basis for determining the maximum  
17           enrollment generated by new residential developments  
18           that will need to be accommodated in both permanent  
19           facilities and portable buildings;
- 20       ~~[(5)]~~ (4) Calculation of the current statewide level of  
21           ~~service[, which shall be the ratio of current student~~



- 1           ~~capacity at all school levels to the current~~  
2           ~~enrollment at all school levels];~~
- 3       ~~[(6) An analysis of proposed redistricting, listing the~~  
4           ~~advantages and disadvantages by making more efficient~~  
5           ~~use of existing underutilized assets,~~
- 6       ~~(7)]~~ (5) An analysis of appropriate school land area, or  
7           other appropriate state lands, and enrollment  
8           capacity, which may include nontraditional (i.e., mid-  
9           rise or high-rise structures) facilities to  
10          accommodate the need for public school facilities in  
11          ~~[high growth]~~ high-growth areas within existing urban  
12          developments; [and
- 13       ~~(8) An analysis to identify the percentages of existing~~  
14           ~~student enrollment at the elementary school, middle or~~  
15           ~~intermediate school, and high school levels that are~~  
16           ~~located in permanent structures, and the percentages~~  
17           ~~that are located in portable buildings in surrounding~~  
18           ~~high school complexes.]~~
- 19       (6) A statewide classroom use report, which shall include  
20           the following:



- 1           (A) Current design enrollment per school (i.e.,  
2           maximum number of students per classroom per  
3           school);
- 4           (B) Current total student enrollment per school; and  
5           (C) Current number of classrooms not being used for  
6           active teaching;
- 7           (7) An analysis including the advantages and disadvantages  
8           of making more efficient use of existing or underused  
9           assets in the school impact district through school  
10           redistricting; and
- 11           (8) An analysis including the advantages and disadvantages  
12           of potential changes to statewide school site areas  
13           and design enrollment standards that may be  
14           appropriate for application in the particular school  
15           impact district. This analysis may include, for  
16           example, non-traditional facilities such as mid-rise  
17           or high-rise structures in existing urban areas where  
18           new residential developments are expected to generate  
19           the need for new school construction.
- 20           (b) The analyses specified in subsections (a)(1) and  
21           (a)(4) shall be periodically updated pursuant to section  
22           302A- (b)."





1 SECTION 9. Section 302A-1606, Hawaii Revised Statutes is  
2 amended to read as follows:

3 " ~~[+] §302A-1606 [.]~~ ~~[Impact fee: land]~~ Land component ~~[-]~~  
4 impact fee; determining the amount of land or fee in lieu. (a)  
5 The school land area requirements for new ~~[school facilities~~  
6 ~~shall be determined based on the recent school construction~~  
7 ~~averages.]~~ residential developments in a school impact district  
8 shall be based on recent school site area averages, student  
9 generation rates, and the number of dwelling units in the new  
10 residential development.

11 (b) The following formula shall be used to determine the  
12 total school land area requirement for each individual new  
13 residential development in a school impact district:

14 Elementary school student generation rate  
15 per single-family unit (x) number of single-  
16 family units (x) recent school site area  
17 average for the land area per elementary  
18 school student;

19 plus (+)

20 Elementary school student generation rate  
21 per multi-family unit (x) number of multi-  
22 family units (x) recent school site area



1           average for the land area per elementary  
2           school student;  
3                           plus (+)  
4           Middle school student generation rate per  
5           single-family unit (x) number of single-  
6           family units (x) recent school site area  
7           average for the land area per middle school  
8           student;  
9                           plus (+)  
10          Middle school student generation rate per  
11          multi-family unit (x) number of multi-family  
12          units (x) recent school site area average  
13          for the land area per middle school student;  
14                           plus (+)  
15          High school student generation rate per  
16          single-family unit (x) number of single-  
17          family units (x) recent school site area  
18          average for the land area per high school  
19          student;  
20                           plus (+)  
21          High school student generation rate per  
22          multi-family unit (x) number of multi-family

1           units (x) recent school site area average  
2           for the land area per high school student;  
3                           equals (=)  
4           Total school land requirement.

5           ~~[(b)]~~ (c) The procedure for determining whether the  
6 dedication of land is required or a payment of a fee in lieu is  
7 required for a new school facility or to satisfy the land  
8 component impact fee shall be as follows:

9           (1) A new residential development ~~[of greater than or~~  
10 ~~equal to fifty units, shall include a written~~  
11 ~~agreement, prior to the issuance of a building permit,~~  
12 ~~between the owner or developer of the property and the~~  
13 ~~department,]~~ with fifty or more units shall include a  
14 written agreement between the owner or developer of  
15 the property and the department, executed prior to  
16 issuance of a building permit, under which the owner  
17 or developer has:

18           (À) Agreed to designate an area to be dedicated for  
19           one or more schools for the development, subject  
20           to approval by the department; or



1 (B) Agreed to pay to the department, at a time  
2 specified in the agreement, a fee in lieu of land  
3 dedication;

4 (2) [New] A new residential [developments of] development  
5 with less than fifty units shall include a written  
6 agreement [~~7~~] between the owner or the developer of the  
7 property and the department, executed prior to the  
8 issuance of the building permit, under which the owner  
9 or developer has agreed to a time specified for  
10 payment for the fee in lieu [~~prior to the issuance of~~  
11 ~~the building permit~~];

12 (3) Prior to approval of any [~~subdivision,~~] change of  
13 zoning, subdivision, or any other approval for a:

14 (A) Residential development [~~equal to or greater than~~  
15 ~~fifty~~] with fifty or more units; or

16 (B) Condominium property regime development of fifty  
17 or more units [~~or more~~],

18 the department shall notify the approving agency of  
19 its determination on whether [~~to require the~~  
20 ~~dedication of land, the payment of~~] it will require  
21 the development to dedicate land, pay a fee in lieu



1           thereof, or a combination of both[+] for the provision  
2           of new school facilities;

3       ~~[(4) When land dedication is required, the land shall be~~  
4       ~~conveyed to the State upon completion of the~~  
5       ~~subdivision improvements and any offsite~~  
6       ~~infrastructure necessary to serve the land;~~

7       ~~(5) When the payment of a fee in lieu is required, the fee~~  
8       ~~in lieu shall be paid based on the terms contained in~~  
9       ~~the written agreement;~~

10       ~~(6) Whether the department determines to require land~~  
11       ~~dedication or the payment of a fee in lieu, shall be~~  
12       ~~guided by the following criteria:]~~

13       (4) The department's determination to require land  
14       dedication or the payment of a fee in lieu, or a  
15       combination of both, shall be guided by the following  
16       criteria:

17           (A) The topography, geology, access, value, and  
18           location of the land available for dedication;

19           (B) The size and shape of the land available for  
20           dedication;

21           (C) The location of existing or proposed schooling  
22           facilities; and



1           (D) The availability of infrastructure; [and  
2       ~~(7)]~~ (5) The determination of the department as to whether  
3           lands shall be dedicated or whether a fee in lieu  
4           shall be paid, or a combination of both, shall be  
5           final [-];

6       (6) When land dedication is required, the land shall be  
7       conveyed to the State upon completion of the  
8       subdivision improvements and any offsite  
9       infrastructure necessary to serve the land; and

10       (7) When the payment of a fee in lieu is required, the fee  
11       in lieu shall be paid based on the terms contained in  
12       the written agreement.

13       ~~[(e)]~~ (d) In determining the value per acre for any new  
14       residential development, the fee simple value of the land  
15       identified for the new or expanded school facility shall be  
16       based on the appraised fair market value of improved, vacant  
17       land, zoned for residential use, and serviced by roads,  
18       utilities, and drainage. An appraiser, licensed pursuant to  
19       chapter 466K, who is selected and paid for by the developer,  
20       shall determine the value of the land. If the department does  
21       not agree with the developer's appraisal, the department may  
22       engage another licensed appraiser at its own expense, and



1 resolve, through negotiation between the two appraisers, a fair  
2 market value. If neither party agrees, the first two appraisers  
3 shall select the third appraiser, with the cost of the third  
4 appraisal being shared equally by the department and the  
5 developer, and the third appraisal shall be binding on both  
6 parties.

7 ~~[(d)]~~ (e) The developer or owner of new residential  
8 developments of ~~[greater than]~~ fifty or more units shall either  
9 pay the ~~[in lieu]~~ fee in lieu based on the land value as  
10 determined in subsection ~~[(e)]~~ (d) or convey appropriate acreage  
11 as determined in subsection (b). When conveying the fee simple  
12 interest for the new or expanded school facility, the developers  
13 shall be credited the difference between the fair market fee  
14 simple value of the property and the developers' proportionate  
15 share of the value of the land as determined in subsection ~~[(e)]~~  
16 (d) against any ~~[impact fees for construction.]~~ construction  
17 cost component impact fee. Any excess may be transferred and  
18 used as credit against any future land or construction cost  
19 requirements on any other development of the State.

20 ~~[(e)]~~ (f) The dollar amount of the fee in lieu shall be  
21 determined using the following formula:



1 Acres of land [~~calculated according to~~] subject to the fee  
2 in lieu, as determined under subsection [~~(b)~~] (c) multiplied  
3 by the value per acre of land determined pursuant to  
4 subsection [~~(e)~~] (d)."

5 SECTION 10. Section 302A-1607, Hawaii Revised Statutes is  
6 amended to read as follows:

7 " [H] §302A-1607 [H] [~~Impact fee: construction~~] Construction  
8 cost component[-] impact fee; determining the [~~cost per unit.~~]  
9 amount of the fee. (a) The construction cost component [~~of the~~  
10 ~~school~~] impact fees shall be calculated using the following  
11 factors:

12 (1) For new school construction, the cost per student for  
13 each school type (elementary, middle or intermediate,  
14 and high school) [~~is~~] shall be based on the ten-year  
15 average construction of a new school facility using  
16 the Honolulu assessment district in 2006 as the base.  
17 Costs for construction completed earlier than 2006  
18 shall be escalated to 2006 using the engineering news-  
19 record construction cost index;

20 (2) For expansion of existing school facilities, the cost  
21 per student for each school type (elementary, middle  
22 or intermediate, and high school) is based on the ten-





1 year average construction of whatever components are  
2 required to expand the school using the Honolulu  
3 assessment district in 2006 as the base;

4 (3) The cost per student in other assessment districts  
5 shall be the cost per student in the Honolulu  
6 assessment district multiplied by the appropriate cost  
7 factor in subsection [~~(e)~~] (d). At least every three  
8 years, the department shall update the cost per  
9 student based on the construction of a new permanent  
10 school facility, and present the written analysis to  
11 the board for review; and

12 (4) Student generation rates, as defined in section  
13 302A-1602.

14 (b) The student generation rate for each school type  
15 (elementary, middle or intermediate, and high school) shall be  
16 multiplied by the cost per student for each school type  
17 (elementary, middle or intermediate, and high school) to  
18 determine the [~~cost/unit~~] cost per dwelling unit in the  
19 development.

20 (c) The construction cost component impact fee shall be  
21 based on recent public school construction costs. The 1997 to  
22 2007 period school construction costs per student, adjusted for



1 both the year 2007 and for the Honolulu assessment district, are  
2 as follows:

- 3 (1) Elementary schools: \$35,357 per student;  
4 (2) Middle and intermediate schools: \$36,097 per student;  
5 and  
6 (3) High schools: \$64,780 per student.

7 The costs per student for other assessment districts shall be  
8 determined by multiplying the Honolulu assessment district costs  
9 per student by the applicable cost factor in subsection (d).  
10 These costs per student shall be updated at least every three  
11 years, pursuant to the provisions in section 302A- .

12 [~~e~~] (d) The State shall be divided into the following  
13 twenty-six geographically limited cost districts[+], and the  
14 cost factors listed for each cost district shall be applied to  
15 the calculation of school construction costs per unit pursuant  
16 to subsection (c):

17	Cost District	School District	Cost Factor
18	Honolulu	Honolulu	1.00
19	Ewa	Leeward/Central	1.00
20	Wahiawa	Central	1.05
21	Waialua	Central	1.10
22	Koolaupoko	Windward	1.00
23	Koolauloa	Windward	1.00
24	Waianae	Leeward	1.10
25	Hilo	Hawaii	1.15
26	Puna	Hawaii	1.20
27	Kona	Hawaii	1.20



1	Hamakua	Hawaii	1.20
2	South Kohala	Hawaii	1.20
3	North Kohala	Hawaii	1.25
4	Pohakuloa	Hawaii	1.25
5	Kau	Hawaii	1.30
6	Wailuku	Maui	1.15
7	Makawao	Maui	1.25
8	Lahaina	Maui	1.30
9	Hana	Maui	1.35
10	Molokai	Molokai	1.30
11	Lanai	Lanai	1.35
12	Lihue	Kauai	1.15
13	Koloa	Kauai	1.20
14	Kawaihau	Kauai	1.20
15	Waimea	Kauai	1.25
16	Hanalei	Kauai	1.25

17  
18       ~~[(d)]~~ (e) At least every three years, and concurrent with  
19 any update of the costs per student, the department shall update  
20 the revenue credits and present the written analysis to the  
21 board for review. The calculation of revenue credits shall be  
22 reviewed and calculated recognizing that the impact fee shall be  
23 set at one hundred per cent of the fair market value of the land  
24 and ten per cent of the total school construction cost.

25       ~~[(e)]~~ (f) The construction cost component of the impact  
26 fees per dwelling unit shall be ten per cent of the amounts  
27 calculated according to the following formula:

28               Cost per dwelling unit from ~~[+]~~ subsection

29               (b) ~~[+]~~ minus any amount by which the revenue  
30               credit per dwelling unit from subsection



1           ~~[(d)]~~ (e) exceeds ninety per cent of the per  
2           unit construction cost.

3           ~~[(f)]~~ (g) The amount of the fee shall be ~~[increased]~~  
4           adjusted from the date it was determined to the date it is paid  
5           using the engineering news-record construction cost index, or an  
6           equivalent index if that index is discontinued.

7           ~~[(g)]~~ (h) Any new residential development shall be  
8           required to obtain a written agreement executed between the  
9           owner or developer of the property and the department, prior to  
10          the issuance of a building permit, under which the owner or  
11          developer has agreed to a time specified for payment ~~[, for]~~ of  
12          its ~~[school impact fee]~~ construction cost component ~~[prior to~~  
13          ~~the issuance of the building permit.]~~ impact fee."

14          SECTION 11. Section 302A-1608, Hawaii Revised Statutes is  
15          amended to read as follows:

16          " ~~[(h)]~~ **§302A-1608** ~~[(h)]~~ **Accounting and expenditure requirements.**

17          (a) Each designated school impact district shall be a separate  
18          benefit district. Fees collected within each school impact  
19          district shall be spent only within the same school impact  
20          district for the purposes collected.

21          (b) Land dedicated by the developer shall be used only as  
22          a site for the construction of one or more new schools or for



1 the expansion of existing school facilities. If the land is  
2 never used for the school facility, it shall be returned to the  
3 developer, or the developer's successor in interest. Once used,  
4 the land may be sold, with the proceeds used to acquire land for  
5 school facilities in the same school impact district.

6 (c) If the land is not used for a school facility within  
7 twenty years of its dedication, it shall be returned to the  
8 developer, or the developer's successor in interest.

9 (d) Once used for school facilities, all or part of the  
10 land may be later sold. Proceeds from the sale shall be used to  
11 acquire land for school facilities in the same school impact  
12 district.

13 [~~(e)~~] (e) Fee in lieu funds may be used for [~~expenses~~  
14 ~~related to acquiring a piece of land,~~] school site land  
15 acquisition and related expenses, including [but not limited to]  
16 surveying, appraisals, and legal fees. Fee in lieu funds shall  
17 not be used for the maintenance or operation of existing schools  
18 in the district, construction costs, including architectural,  
19 permitting, or financing costs, or for administrative expenses.

20 [~~(d)~~] (f) [~~Impact fees for the construction]~~ Construction  
21 cost component impact fees shall be used only for the costs of  
22 new school facilities that expands the student capacity of



1 existing schools or adds student capacity in new schools.  
2 [~~School~~] Construction cost component impact fees may not be used  
3 to replace an existing school located within the same school  
4 impact district, either on the same site or on a different site.  
5 [~~In the event of closure, demolition, or conversion of an~~  
6 ~~existing permanent department facility within a school impact~~  
7 ~~district that has the effect of reducing student capacity, an~~  
8 ~~amount of new student capacity in permanent buildings equivalent~~  
9 ~~to the lost capacity shall be funded with non school impact fee~~  
10 ~~revenue. Eligible construction costs include but are not~~  
11 ~~limited to planning, engineering, architectural, permitting,~~  
12 ~~financing, and administrative expenses, and any other capital~~  
13 ~~equipment expenses pertaining to educational facilities. Impact~~  
14 ~~fees for the construction cost component shall not be expended~~  
15 ~~for:~~

- 16 ~~(1) Any costs related to the acquisition of land;~~
- 17 ~~(2) The maintenance or operation of existing schools in~~  
18 ~~the district; or~~
- 19 ~~(3) Portable or temporary facilities.~~
- 20 ~~(c) Impact fees and fees in lieu]~~
- 21 (g) Eligible construction costs include planning,  
22 engineering, architectural, permitting, financing, and



1 administrative expenses, and any other capital equipment  
2 expenses pertaining to educational facilities.

3 (h) Construction cost component impact fees shall not be  
4 expended for:

5 (1) The maintenance or operation of existing schools in  
6 the district; or

7 (2) Portable or temporary facilities.

8 (i) If a closure, demolition, or conversion of an existing  
9 permanent department facility within a school impact district  
10 that has the effect of reducing student capacity occurs, an  
11 amount of new student capacity in permanent buildings equivalent  
12 to the lost capacity shall not be funded with school impact  
13 fees.

14 (j) Fees in lieu, proceeds from the sale of all or part of  
15 an existing school site that has been dedicated by a developer  
16 pursuant to the requirements of this subpart, and construction  
17 cost component impact fees shall be expended or encumbered  
18 within twenty years of the date of collection. Fees shall be  
19 considered spent or encumbered on a first-in, first-out basis.  
20 An expenditure plan for [the] all collected impact fees shall be  
21 incorporated into the annual budget process of the department  
22 and subject to legislative approval of the budget."



1 SECTION 12. Section 302A-1609, Hawaii Revised Statutes is  
2 amended to read as follows:

3 "[+]§302A-1609[+] Refunds[-] of fees. If [~~the~~] a fee in  
4 lieu or a construction cost component impact fee is not expended  
5 within twenty years of the date of collection, the department  
6 shall either:

- 7 (1) Refund to the developer, or the developer's successor  
8 in interest, the amount of the fee in lieu paid and  
9 any interest accrued thereon; or  
10 (2) Recommit part or all of the fees for another twenty-  
11 year period for construction of new schools in the  
12 school impact district, as authorized by the developer  
13 or the developer's successor."

14 SECTION 13. Section 302A-1610, Hawaii Revised Statutes is  
15 amended to read as follows:

16 "[+]§302A-1610[+] Credits for land dedication. (a) Any  
17 [~~person~~] owner of a development subject to the land [~~dedication~~]  
18 component impact fee requirements pursuant to this [+]subpart[+]  
19 may apply for credit against any similar dedication or payment  
20 accepted and received by the department for the project [-];  
21 provided that any such owner who dedicates more land for school





1 facilities than is required for the development shall receive  
2 credit for the excess dedicated land area.

3 (b) Any credit provided for under this section shall be  
4 based on the value[+] determined in the manner provided under  
5 section 302A-1606.

6 (c) Excess credits for land contributions prior to  
7 [July 3, 2007] July 1, 2010, that are in excess of a developer's  
8 requirement under this subpart shall be based on the determined  
9 value[+] of the excess dedication; provided that the credit  
10 amount shall not exceed the value of the dedication or fee in  
11 lieu required under this [+]subpart[+].

12 (d) In addition to or instead of applying credits to  
13 future developments, the department may execute with an owner of  
14 credits an agreement to provide for partial or full  
15 reimbursement from the school impact fee payments collected from  
16 other developers within the same school impact district. The  
17 reimbursements shall not exceed the amount of the fee revenues  
18 available in the account for that school impact district."

19 SECTION 14. Section 302A-1611, Hawaii Revised Statutes is  
20 amended to read as follows:

21 "[+]§302A-1611[+] Credits for excess contributions or  
22 advance payment of required construction cost component impact



1 fees. (a) Any [applicant] owner of a development subject to  
2 the [school] construction cost component impact fee requirements  
3 pursuant to this [+]subpart[-] ~~may apply for~~ shall receive  
4 credit for any similar contribution, payment, or construction of  
5 public school facilities accepted and received by the  
6 department[-] for the portion of the development that is in  
7 excess of the impact fee required under this subpart for that  
8 development. No credit shall be authorized against the impact  
9 fees in lieu [~~of land dedication~~].

10 (b) A credit may be applied only against school impact  
11 fees that would otherwise be due for new residential  
12 developments for which the payment or contribution was agreed to  
13 in a written educational contribution agreement. [The  
14 ~~department shall maintain an accounting of the amount of the~~  
15 ~~credit applicable to the new residential development and shall~~  
16 ~~reduce the amount of the credit by the amount of the school~~  
17 ~~impact fees that would otherwise be due for each building permit~~  
18 ~~issued for the new residential development. After the credit~~  
19 ~~balance is exhausted, no additional credits shall be applied to~~  
20 ~~subsequent building permits issued within the new residential~~  
21 ~~development.]~~



1        (c) Excess contribution credit may be applied to the  
2 construction cost component impact fee requirement for any  
3 future development by the same owner in the same school impact  
4 district, or with the written approval of the owner of the  
5 credit, to any future development by a different owner in the  
6 same school impact district.

7        (d) In addition to or instead of applying the credits to  
8 future developments, the department may execute with an owner of  
9 the credits an agreement to provide for partial or full  
10 reimbursement from the impact fee payments collected from other  
11 developers within the same school impact district. The  
12 reimbursements shall not exceed the amount of the impact fee  
13 revenues available in the account for that school impact  
14 district.

15        (e) Any owner of a development shall receive credit for  
16 any part of its required construction cost component impact fee  
17 that, with the approval of the department, is paid in advance of  
18 the time specified in the written agreement executed in  
19 accordance with section 302A-1607(h). The department shall  
20 maintain an accounting of the amount of the credit applicable to  
21 the new residential development and shall reduce the amount of  
22 the credit by the amount of the impact fees that would otherwise



1 be due for each building permit issued for the new residential  
2 development. After the credit balance is exhausted, no  
3 additional credits shall be applied to subsequent building  
4 permits issued within the new residential development.

5        [~~e~~] (f) If private construction of school facilities is  
6 proposed by a developer after [~~July 3, 2007,~~] July 1, 2010, if  
7 the proposed construction is acceptable to the department, and  
8 if the value of the proposed construction exceeds the total  
9 impact fees that would be due from the development, the  
10 department shall execute with the developer an agreement to  
11 provide reimbursement for the excess credit from the impact fees  
12 collected from other developers within the same benefit  
13 district. For the purposes of this section, the private  
14 construction of school facilities is a "public work" pursuant to  
15 chapter 104."

16        SECTION 15. This Act does not affect rights and duties  
17 that matured, penalties that were incurred, and proceedings that  
18 were begun before its effective date.

19        SECTION 16. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.

21        SECTION 17. This Act shall take effect on July 1, 2020.



**Report Title:**

School Impact Fees

**Description:**

Clarifies the law for determining school impact fees for financing new or the expansion of existing Department of Education educational facilities. Effective July 1, 2020.  
(SB2828 HD3)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

