
A BILL FOR AN ACT

RELATING TO SCHOOL IMPACT FEES.

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

1 SECTION 1. The legislature finds that school impact fees
2 add to the cost of residential housing development, potentially
3 adding thousands of dollars to each new unit of housing
4 constructed in affected districts. These costs are passed on to
5 renters and buyers, leading to higher rental and for-sale
6 prices. In some cases, high impact fees can result in a project
7 becoming financially untenable and the units are never built.
8 This contributes to a scarce housing market, driving up the
9 market price of housing.

10 The legislature further finds that Auditor Report No. 19-13
11 is the most comprehensive analysis of school impact fees to
12 date. The report's summary of findings are as follows:

13 (1) The department of education's designation of school
14 impact districts lacks well-defined policies and
15 procedures and the districts designated to date raise
16 concerns as to whether constitutional "nexus"
17 requirements have been adequately addressed;



1 (2) The department of education's calculation of fees has
2 been inconsistent and at times based on questionable
3 assumptions, and updates to formula factors as well as
4 other requirements of the school impact fee law have
5 not been met;

6 (3) Gaps, that is delays, between designation of school
7 impact districts and collection of fees have resulted
8 in loss of fee revenue; and

9 (4) The department of education cannot adequately account
10 for fair share and school impact fee cash and land
11 contributions.

12 In its report, the auditor also found that in twelve years
13 following the enactment of the school impact fee law, the
14 department of education collected only \$5,342,886 in school
15 impact fees. The auditor further found that this collection
16 would not have been enough to build a single elementary school.
17 For example, the auditor found that Hookele elementary school
18 cost \$55,000,000 to build and further found that the department
19 estimated it would cost approximately \$80,000,000 to build a
20 single new elementary school. The auditor found that none of
21 the school impact fees collected had been used for the



1 construction of new schools and \$17,600,340 of collected fees
2 remain unused in a special fund.

3 The legislature further finds that school impact fees are a
4 burden on aspiring homeowners and renters and the collection of
5 these fees does not provide a clear benefit to the community.

6 The purpose of this Act is to exempt from school impact
7 fees the development of certain housing developments with income
8 restrictions and additional or accessory dwelling units.

9 SECTION 2. Section 302A-1603, Hawaii Revised Statutes, is
10 amended by amending subsection (b) to read as follows:

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

- 12 (1) Any form of housing permanently excluding school-aged
13 children, with the necessary covenants or declarations
14 of restrictions recorded on the property;
- 15 (2) Any form of housing that is or will be paying the
16 transient accommodations tax under chapter 237D;
- 17 (3) All nonresidential development;
- 18 (4) Any development with an executed education
19 contribution agreement or other like document with the
20 authority or the department for the contribution of



1 school sites or payment of fees for school land or
2 school construction;

3 (5) Any development where one hundred per cent of the
4 units are for individuals with an income at or below
5 one hundred forty per cent of the area median income,
6 as determined by the United States Department of
7 Housing and Urban Development;

8 (6) Any development of an additional or accessory dwelling
9 unit, as defined by each county;

10 [~~5~~] (7) Any form of housing developed by the department
11 of Hawaiian home lands for use by beneficiaries of the
12 Hawaiian Homes Commission Act, 1920, as amended; and

13 [~~6~~] (8) Any form of development by the Hawaii community
14 development authority pursuant to part XII of chapter
15 206E."

16 SECTION 3. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on June 30, 3000;
19 provided that the amendments made to section 302A-1603(b),
20 Hawaii Revised Statutes, by section 2 of this Act shall not be



- 1 repealed when that section is reenacted on July 1, 2024,
- 2 pursuant to section 6 of Act 197, Session Laws of Hawaii 2021.



Report Title:

DOE; School Impact Fees; Exemptions

Description:

Exempts from the school impact fees the development of certain housing developments with income restrictions and additional or accessory dwelling units. Effective 6/30/3000. (HD1)

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