



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

December 23, 2019

The Honorable Ronald D. Kouchi, President
and Members of the Senate
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki, Speaker
and Members of the House of Representative
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the School Impact Fee Report, pursuant to Section 302A-1601 through 302A-1612, Hawaii Revised Statutes (Note: L 2007, c 245, §3). In accordance with section 93-16, HRS, I am also informing you that the report may be viewed electronically at <http://www.hawaiipublicschools.org/VisionForSuccess/SchoolDataAndReports/StateReports/Pages/Legislative-reports.aspx>.

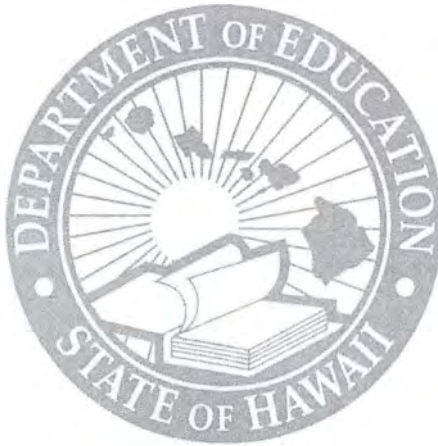
Sincerely,

A handwritten signature in blue ink, appearing to be "CK", representing Dr. Christina M. Kishimoto.

Dr. Christina M. Kishimoto
Superintendent

CMK:rl
Enclosures

c: Legislative Reference Bureau
Office of Facilities and Operations



State of Hawaii
Department of Education

Annual Report on the Implementation of School Impact Fee Act

November 2019

Chapter 302A, Sections 302A-1601 to 302A-1612, Hawaii Revised Statutes, requires the Department of Education to annually report on the school impact fees. (Note: L 2007, c 245, §3) Refer to entitled "Department of Education School Impact Fees."

Department of Education
School Impact Fees

The school impact fee statute is Chapter 302A, Sections 302A-1601 to 302A-1612, Hawaii Revised Statutes. Developers of individual homes or large residential projects in areas of high growth must pay school impact fees to offset insufficient school classroom capacity to accommodate student enrollment growth. The law includes specific formulas to calculate fee amounts.

Large residential projects within school impact districts, designated by the Board of Education, are required to provide land for school facilities depending on the numbers of students expected in their projects and the amount of available classroom space in existing area schools. Projects of 50 or more units need an agreement with the Department of Education (DOE) on the amount of land and or fees to be paid, prior to county approval to subdivide, rezone, or any other approval. Smaller developers and individual home owner-builders are required to pay a fee-in-lieu of land. All home builders or buyers must also pay a construction cost fee.

The DOE has established two school impact districts on Maui and two districts on Oahu. Fees collected are deposited into trust accounts for each of the districts. Funds must be spent for land and facilities within the district that they are collected.

On Oahu there are two impact districts: Leeward Oahu and Kalihi to Ala Moana. The Leeward Oahu District account balance for land and construction at the end of fiscal year (FY) 2019 was \$1.65 million. The Kalihi to Ala Moana District account balance for land and construction at the end of FY 2019 was \$11,592.

On Maui there are two impact districts: Central Maui and West Maui. The Central Maui District account balance for land and construction at the end of FY 2019 was \$2.95 million. The West Maui District account balance for land and construction at the end of FY 2019 was \$1.28 million.

The school impact fee program was subject to an audit by the Office of the State Auditor (Auditor). A report, *Audit of the Department of Education Administration of School Impact Fees, Report No. 19-13*, was released by the Auditor in September 2019.