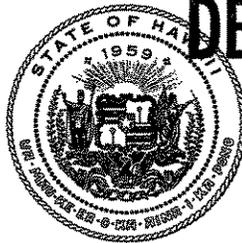


STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawai'i 96813-2917



DEPT. COMM. NO. **33**

MARION M. HIGA
State Auditor

(808) 587-0800
FAX: (808) 587-0830

March 27, 2007

The Honorable Colleen Hanabusa
President of the Senate
State Capitol, Room 409
Honolulu, Hawai'i 96813

Dear Madam President:

I transmit to you a copy of our report, *Hawai'i School Impact Fee Working Group Report*.

Act 246, Session Laws of Hawai'i 2005, created the School Impact Fee Working Group, to be administered by the Office of the Auditor. The Working Group was charged with preparing the scope of work for an updated study of alternative financing methods for construction of new and expanding existing educational facilities. This report represents the updated study prepared by the Working Group's consultant.

The consultant determined that there are two types of school impact districts that might warrant school impact fees: *greenfield* areas and *non-greenfield* areas. Greenfield areas are planned development projects on former agricultural lands that are large enough to need their own new schools, from elementary to high school. Non-greenfield areas, in contrast, are areas comprising one or more existing high school complexes where new development typically occurs on smaller, scattered sites. This study addresses both scenarios and offers draft alternatives for legislative consideration.

We hope that the report will assist you in reviewing the issues examined. We will place the report on our website, www.state.hi.us/auditor, and release it to the public and press, on Wednesday, March 28, 2007.

Sincerely,

sr Marion M. Higa
State Auditor

Enclosure

✓
c: Carol Taniguchi, Senate Clerk