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# A BILL FOR AN ACT

RELATING TO PUBLIC SCHOOL REDEVELOPMENT.

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

1           SECTION 1. The legislature finds that one of the major  
2 educational dilemmas of our time is rooted in an existing system  
3 that traps information-age students in agricultural-age schools.  
4 While the flow of information and ideas is increasingly fluid,  
5 students are confined to the physical structures and mindsets of  
6 an earlier time and place. Building, repairing, and  
7 retrofitting public schools to meet the challenges of the  
8 twenty-first century and beyond will not be easy, and the costs  
9 will be considerable. However, quality school infrastructure  
10 facilitates an environment that will prepare children to achieve  
11 and succeed in a highly competitive economy.

12           The infrastructure of the twenty-first century school must  
13 be energy efficient and wired with the latest technology.  
14 Classroom size must be flexible because the program, not the  
15 space, should determine the number of students per class. The  
16 school campus must be designed from its inception with student  
17 achievement in mind to maximize available land and student  
18 safety, and to offer the community multiple uses of existing



1 structures. Most of Hawaii's school campuses fall short in  
2 these areas.

3 The legislature further finds that twenty-first century  
4 schools are also those that include a full complement of the  
5 people, programs, and places that support a wide range of  
6 personal learning styles and instructional modalities. Schools  
7 are often separated from personal and family service programs in  
8 urban and rural communities. One way to address this situation  
9 is to think about schools as the center of a community that can  
10 support all aspects of living and learning. The creation of  
11 school-centered communities will provide greater access to  
12 centrally located physical, cultural, social, economic,  
13 organizational, and educational programs and services that are  
14 within walking distance of children and families.

15 The considerable amount of underused public school lands on  
16 the State's two hundred fifty-seven school campuses is an  
17 untapped resource that would provide infrastructure that could  
18 make classrooms, campuses, and communities suitable for the  
19 twenty-first century. By way of illustration, a preliminary  
20 review by a real estate expert indicates that ten parcels that  
21 have unused lands are valued at \$120,000,000 under existing  
22 surrounding uses. These lands could be developed solely for the



1 benefit of Hawaii's public school children. The beneficiaries  
2 would be the children of Hawaii.

3       The purpose of this Act is to optimize the use of public  
4 school lands to generate opportunities to improve public school  
5 facilities and infrastructure to meet the challenges of the  
6 twenty-first century and to improve the overall quality of  
7 education in Hawaii. In particular, this Act establishes a  
8 three-year pilot program to generate revenue from uses for  
9 public purposes, such as workforce housing, to build and  
10 retrofit twenty-first century schools and create more school-  
11 centered communities. The pilot program will lay important  
12 groundwork for a statewide approach and plan to optimize public  
13 school lands and modernize public school facilities. This Act  
14 also establishes the school facilities special fund within  
15 chapter 302A, Hawaii Revised Statutes, into which shall be  
16 deposited all proceeds generated from the lease of public school  
17 lands. Moneys in the school facilities special fund will be  
18 used to build or upgrade twenty-first century school facilities.

19       SECTION 2. Chapter 302A, Hawaii Revised Statutes, is  
20 amended by adding two new sections to be appropriately  
21 designated and to read as follows:



1        "§302A-A Pilot program for lease of public school land.

2        (a) There shall be established within the office of the  
3        lieutenant governor a pilot program for the lease of public  
4        school land, including facilities. The lieutenant governor, in  
5        consultation with the department of education, the board of  
6        education, and any other appropriate agency, shall serve as the  
7        facilitator of the pilot program.

8        (b) Notwithstanding sections 171-13 and 302A-1151, or any  
9        other law to the contrary, the department, as directed by the  
10       lieutenant governor, may lease public school land on terms it  
11       deems appropriate; provided that:

12       (1) The board may identify and select up to two public  
13       school land sites for participation in the pilot  
14       program; provided further that during the  
15       identification and selection process, the board shall  
16       be subject to chapter 92 and shall foster school and  
17       community participation;

18       (2) The department may lease public school land for the  
19       public school land sites identified and selected by  
20       the board pursuant to paragraph (1) under leases for a  
21       term of not more than fifty-five years per lease to  
22       lessees who shall be required to modify, construct, or



1 utilize facilities to meet public purposes, including  
2 workforce rental housing units, in accordance with  
3 specific request for proposal or request for  
4 information guidelines; and

5 (3) Each lease shall stipulate that the lessee may retain  
6 any revenue generated from the facilities; provided  
7 that:

8 (A) The lessee shall be obligated to maintain and  
9 operate the facilities for a public purpose for  
10 the length of the lease;

11 (B) The lessee shall be obligated to pay to the  
12 county all applicable property tax on the value  
13 of any improvements;

14 (C) A leasehold premium may be charged to the lessee  
15 for the right to use the public school land based  
16 on a competitive bid process;

17 (D) Upon the expiration of the lease, the facilities  
18 shall revert to the department; and

19 (E) All revenues and proceeds derived by the State  
20 under this section shall be deposited in the  
21 school facilities special fund established under  
22 section 302A-B.



1           §302A-B School facilities special fund. (a) There is  
2           established a school facilities special fund into which shall be  
3           deposited all proceeds from the leases, permits, interest income  
4           generated from public school lands, and other revenue generated  
5           from the non-permanent disposition of public school lands,  
6           including facilities, pursuant to section 302A-A.

7           (b) The school facilities special fund shall be  
8           administered by the department. Except as otherwise provided,  
9           all moneys in the school facilities special fund shall be used  
10           exclusively for the new construction and upgrade of twenty-first  
11           century school facilities, as well as the repair and maintenance  
12           of existing school facilities."

13           SECTION 3. Section 171C-17, Hawaii Revised Statutes, is  
14           amended by amending subsection (a) to read as follows:

15           "(a) There is established the Hawaii public land  
16           development revolving fund, to which shall be credited any state  
17           appropriations to the fund, any sums collected as a result of  
18           bonds issued pursuant to this chapter, any revenues generated  
19           from the facilities, except as provided in [~~sections~~] section  
20           171C-17.5 [~~and 171C-21~~], or other moneys made available to the  
21           fund, to be expended as directed by the corporation."



1 SECTION 4. Section 171C-21, Hawaii Revised Statutes, is  
2 repealed.

3 ~~["§171C-21] School facilities special fund. (a) There~~  
4 ~~is established a school facilities special fund into which shall~~  
5 ~~be deposited all proceeds from leases, permits, interest income~~  
6 ~~generated from public school lands and facilities, and other~~  
7 ~~revenue generated from the non permanent disposition of public~~  
8 ~~school lands and facilities under this chapter, less the~~  
9 ~~following:~~

10 ~~(1) The principal and interest on bonds issued pursuant to~~  
11 ~~this chapter for projects on public school lands or~~  
12 ~~utilizing public school facilities;~~

13 ~~(2) The cost of administering, operating, and maintaining~~  
14 ~~projects on public school lands or utilizing public~~  
15 ~~school facilities, not to exceed fifteen per cent of~~  
16 ~~the sums collected, net of principal and interest~~  
17 ~~payments on bonds; and~~

18 ~~(3) Other sums that may be necessary for the issuance of~~  
19 ~~bonds under this chapter.~~

20 ~~(b) The school facilities special fund shall be~~  
21 ~~administered by the department of education in consultation with~~  
22 ~~the board of education. Except as otherwise provided, all~~



1 ~~moneys in the school facilities special fund shall be used~~  
2 ~~exclusively for the new construction and upgrade of twenty first~~  
3 ~~century school facilities, and the retrofit and upgrade of~~  
4 ~~existing school facilities to meet twenty first century school~~  
5 ~~standards."]~~

6 SECTION 5. The lieutenant governor shall submit a report  
7 to the legislature no later than twenty days prior to the  
8 convening of the regular sessions of 2014 through 2016. The  
9 report shall provide the following:

- 10 (1) A timeline for the pilot program pursuant to this Act;
- 11 (2) A summary of the lieutenant governor's and the  
12 department of education's activities, results, and  
13 recommendations to optimize the use of public school  
14 lands as a means to build or renovate twenty-first  
15 century schools and school-centered communities;
- 16 (3) A summary of all school and community engagement  
17 efforts undertaken or that will be undertaken by the  
18 lieutenant governor and the department of education in  
19 carrying out the pilot program pursuant to this Act;  
20 and
- 21 (4) Any proposed legislation.





1 SECTION 6. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$ or so  
3 much thereof as may be necessary for fiscal year 2013-2014 and  
4 the same sum or so much thereof as may be necessary for fiscal  
5 year 2014-2015 for the public school lands pilot program  
6 established pursuant to section 2 of this Act.

7 The sums appropriated shall be expended by the department  
8 of education for the purposes of this Act.

9 SECTION 7. All moneys in the school facilities special  
10 fund established pursuant to section 171C-21, Hawaii Revised  
11 Statutes, as of the effective date of this Act, shall be  
12 transferred to the school facilities special fund established  
13 pursuant to section 2 of this Act.

14 SECTION 8. In codifying the new sections added by section  
15 2 of this Act, the revisor of statutes shall substitute  
16 appropriate section numbers for the letters used in designating  
17 the new sections in this Act.

18 SECTION 9. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20 SECTION 10. This Act shall take effect on July 1, 2013;  
21 provided that section 302A-A, Hawaii Revised Statutes, shall be  
22 repealed on June 30, 2016.



# H.B. NO.

865  
H.D. 1  
S.D. 1  
Proposed

**Report Title:**

Education; Public School Lands; Leases; Pilot Program  
Appropriation

**Description:**

Establishes a three-year pilot program to generate revenue through the lease of public school lands for public purposes. Establishes the school facilities special fund within chapter 302A, HRS. Repeals the schools facilities special fund in chapter 171C, HRS. Requires the lieutenant governor to submit a report to the legislature. Makes an appropriation for the pilot program. (Proposed SD1)

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

