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# A BILL FOR AN ACT

RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT.

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

1           SECTION 1. The legislature finds that the State has a  
2 fiduciary duty to manage state lands in the best interests of  
3 the public by enhancing state revenues and promoting social,  
4 environmental, and economic well-being of Hawaii's people. As  
5 the majority landowner in East Hawaii, the State has an enormous  
6 influence on the vision, economic development, and overall  
7 success of the East Hawaii community.

8           The legislature further finds that, under current laws,  
9 many public land lessees face uncertain futures following  
10 expiration of their leases. The legislature further finds that  
11 these lessees have little incentive to make major investments in  
12 infrastructural improvements or to ensure the long-term  
13 maintenance of facilities on the land. As a result, the  
14 infrastructure and facilities on public lands in East Hawaii  
15 have been deteriorating in many locations.

16           The legislature also finds that the Banyan Drive area on  
17 the Waiakea Peninsula in East Hawaii, Wailoa State Park, Wailoa  
18 Estuary, and the commercial leases in the Kanoelehua Industrial



1 Area are currently facing this difficult challenge. Due to the  
2 uncertainty regarding continued tenancy, improvements have not  
3 been made and infrastructure has deteriorated. The improvement  
4 of these properties is important to creating and maintaining the  
5 economic vitality of East Hawaii.

6 The legislature further finds that Hilo has the potential  
7 for increased growth that can improve workforce and affordable  
8 housing, parks and open space, public facilities, and  
9 commercial, industrial, and hotel facilities. The purpose of  
10 this Act is to establish the Hilo community economic district to  
11 facilitate efficient and effective improvement, and economic  
12 opportunity, in the area and ultimately transition redevelopment  
13 authority of the district to a county authority.

14 SECTION 2. Chapter 206E, Hawaii Revised Statutes, is  
15 amended by adding a new part to be appropriately designated and  
16 to read as follows:

17 "PART . HILO COMMUNITY ECONOMIC DISTRICT

18 §206E-A Definitions. As used in this part:

19 "District" means the Hilo community economic district,  
20 excluding all lands owned or managed by the department of  
21 Hawaiian home lands.



1 "Fund" means the Hilo community economic revolving fund.  
2 **§206E-B Hilo community economic district; established;**  
3 **boundaries.** (a) There is established a community development  
4 district pursuant to section 206E-5 named the Hilo community  
5 economic district. The district shall include the area  
6 beginning at the intersection of Manono Street and Kamehameha  
7 Avenue, extending south to Piilani Street, east from Piilani  
8 Street to Kalanikoa Street to include Hoolulu Park, and west  
9 from the intersection of Manono Street and Piilani Street to tax  
10 map key 3-2-2-031-001, inclusive along the coastline to Maile  
11 Street until its intersection with Kilauea Avenue and then to  
12 Aupuni Street and beyond to include the following tax map keys  
13 until intersection with Ponahawai Street: 3-2-2-013-003, 3-2-2-  
14 012-001, 3-2-2-012-016, 3-2-2-011-01, and 3-2-2-007-018;  
15 extending makai to tax map key 3-2-3-002-016, along the  
16 coastline and including tax map key 3-2-2-001-006 until  
17 intersection with Lihiwai Street; those lands bounded or  
18 abutting Lihiwai Street, inclusive through Banyan Drive until  
19 its intersection with Kamehameha Avenue; from Kamehameha Avenue  
20 at its intersection with Kalaniana'ole Avenue and extending east  
21 on Kalaniana'ole Avenue to include those abutting lands until tax



1 map key 3-2-1-010-033 on the mauka side of the road and tax map  
2 key 3-2-1-01-1010 on the makai side of Kalanianaole Avenue, to  
3 include also any of those lands on Ocean View Drive makai of  
4 Kalanianaole Avenue and the lands mauka on Silva Street and Keaa  
5 Street; the lands within the Hilo airport area managed by the  
6 department of land and natural resources as identified on tax  
7 map key 3-2-1-12; and the lands abutting or bounded by  
8 Kanoelehua Avenue extending south to Makaala Street, then east  
9 on Makaala Street to Railroad Avenue then north on Railroad  
10 Avenue until Leilani Street and east on Leilani Street until tax  
11 map key 3-2-2-037-144, then west on Leilani Street until its  
12 intersection with Kanoelehua Avenue; and all those lands  
13 abutting or bounded by Pohaku Street, Kukila Street, Halekauila  
14 Street, and Lanikaula Street as identified on tax map key 3-2-2-  
15 58; on Kanoelehua Avenue heading north from Makaala Street those  
16 lands mauka including those lands on Makaala Street, Holumua  
17 Street, Pookela Street, Wiwoole Street, and Kawili Street as  
18 identified on tax map key 3-2-2-049 and 3-2-2-050; then on  
19 Kanoelehua Avenue North from Kawili Street and Kalanikoa Street  
20 from Piilani Street until they intersect with Kamehameha Avenue.



1 (b) The authority shall serve as the local redevelopment  
2 authority of the district. In addition to any of its other  
3 duties under this chapter, the authority's duties relating to  
4 this district shall include:

- 5 (1) Providing leases in accordance with section 206E-C;  
6 (2) Working with federal, state, county, and other  
7 agencies to ensure infrastructural support is provided  
8 for the district; and  
9 (3) Improving the infrastructure necessary to support the  
10 implementation of the district.

11 **§206E-C District guidance policies; lease restrictions;**  
12 **revenue, income, and receipts.** (a) The district shall be used  
13 for economic purposes including hotel, resort, commercial, and  
14 industrial uses on lands that are currently under lease,  
15 available to lease, or able to be improved for lease. Lease  
16 restrictions pursuant to section 171-36 shall apply to leases  
17 negotiated by the authority for land within the district.

18 (b) Notwithstanding any law to the contrary, including  
19 section 206E-14, the authority may grant leases to any person if  
20 the authority finds that the lease is in conformity with the



1 community improvement plan. Leases issued by the authority  
2 shall contain:

3 (1) The specific use or uses to which the land is to be  
4 employed;

5 (2) The improvements required; provided that a minimum  
6 reasonable time be allowed for the completion of the  
7 improvements;

8 (3) The rent, as established by the authority or at public  
9 auction, which shall be payable not more than one year  
10 in advance in monthly, quarterly, semiannual, or  
11 annual payments;

12 (4) Adequate protection of forests, watershed areas, game  
13 management areas, wildlife sanctuaries, and public  
14 hunting areas, where applicable;

15 (5) Reservation of rights-of-way and access to other  
16 public lands, public hunting areas, game management  
17 areas, or public beaches, where applicable, and  
18 prevention of nuisance and waste; and

19 (6) Other terms and conditions as the authority deems  
20 necessary to effectuate the purposes of this part.



1 (c) All revenue, income, and receipts of the authority for  
2 the district shall be deposited into the Hilo community economic  
3 revolving fund.

4 §206E-D Hilo community economic revolving fund. (a)

5 There is established in the state treasury the Hilo community  
6 economic revolving fund, into which shall be deposited:

7 (1) Notwithstanding any law to the contrary, including  
8 section 206E-16, all revenue, income, and receipts of  
9 the authority for the district;

10 (2) Moneys directed, allocated, or disbursed to the  
11 district from government agencies or private  
12 individuals or organizations, including grants, gifts,  
13 awards, donations, and assessments of landowners for  
14 costs to administer and operate the district; and

15 (3) Moneys appropriated by the legislature.

16 (b) Moneys in the fund shall be used only for the purpose  
17 of this part; provided that per cent of all revenue,  
18 income, and receipts of the authority for the district shall be  
19 transferred to the special land and development fund.

20 (c) Investment earnings credited to the assets of the fund  
21 shall become part of the fund.



1           **§206E-E Rules; adoption.** The authority shall adopt rules  
2 in accordance with chapter 91 to carry out the purpose of this  
3 part."

4           SECTION 3. Section 171-19, Hawaii Revised Statutes, is  
5 amended by amending subsection (a) to read as follows:

6           "(a) There is created in the department a special fund to  
7 be designated as the "special land and development fund".  
8 Subject to the Hawaiian Homes Commission Act of 1920, as  
9 amended, and section 5(f) of the Admission Act of 1959, all  
10 proceeds of sale of public lands, including interest on deferred  
11 payments; all moneys collected under section 171-58 for mineral  
12 and water rights; all rents from leases, licenses, and permits  
13 derived from public lands; all moneys collected from lessees of  
14 public lands within industrial parks; all fees, fines, and other  
15 administrative charges collected under this chapter and chapter  
16 183C; the portion of revenue, income, and receipts of the Hawaii  
17 community development authority for the Hilo community economic  
18 district designated in section 206E-D; a portion of the highway  
19 fuel tax collected under chapter 243; all moneys collected by  
20 the department for the commercial use of public trails and trail  
21 accesses under the jurisdiction of the department; transient



1 accommodations tax revenues collected pursuant to section 237D-  
2 6.5(b)(5); and private contributions for the management,  
3 maintenance, and development of trails and accesses shall be set  
4 apart in the fund and shall be used only as authorized by the  
5 legislature for the following purposes:

6 (1) To reimburse the general fund of the State for  
7 advances made that are required to be reimbursed from  
8 the proceeds derived from sales, leases, licenses, or  
9 permits of public lands;

10 (2) For the planning, development, management, operations,  
11 or maintenance of all lands and improvements under the  
12 control and management of the board pursuant to title  
13 12, including but not limited to permanent or  
14 temporary staff positions who may be appointed without  
15 regard to chapter 76; provided that transient  
16 accommodations tax revenues allocated to the fund  
17 shall be expended as provided in section 237D-  
18 6.5(b)(5);

19 (3) To repurchase any land, including improvements, in the  
20 exercise by the board of any right of repurchase



- 1 specifically reserved in any patent, deed, lease, or  
2 other documents or as provided by law;
- 3 (4) For the payment of all appraisal fees; provided that  
4 all fees reimbursed to the board shall be deposited in  
5 the fund;
- 6 (5) For the payment of publication notices as required  
7 under this chapter; provided that all or a portion of  
8 the expenditures may be charged to the purchaser or  
9 lessee of public lands or any interest therein under  
10 rules adopted by the board;
- 11 (6) For the management, maintenance, and development of  
12 trails and trail accesses under the jurisdiction of  
13 the department;
- 14 (7) For the payment to private land developers who have  
15 contracted with the board for development of public  
16 lands under section 171-60;
- 17 (8) For the payment of debt service on revenue bonds  
18 issued by the department, and the establishment of  
19 debt service and other reserves deemed necessary by  
20 the board;



1 (9) To reimburse the general fund for debt service on  
 2 general obligation bonds issued to finance  
 3 departmental projects, where the bonds are designated  
 4 to be reimbursed from the special land and development  
 5 fund;

6 (10) For the protection, planning, management, and  
 7 regulation of water resources under chapter 174C; and

8 (11) For other purposes of this chapter."

9 SECTION 4. Chapter 206E, Hawaii Revised Statutes, is  
 10 amended by amending the title to read as follows:

11 "CHAPTER 206E

12 HAWAII COMMUNITY DEVELOPMENT [~~AUTHORITY~~] AUTHORITIES"

13 SECTION 5. Sections 26-18(b), 46-102, 84-17(d), 171-2,  
 14 171-64.7(b), 206E-1, 206E-2, 206E-4, 206E-34(a) and (c), 206E-  
 15 101, 206E-191(a), 226-64(a), and 514A-14.5(c), Hawaii Revised  
 16 Statutes, are amended by substituting the term "Hawaii community  
 17 development authorities" wherever the term "Hawaii community  
 18 development authority" appears.

19 SECTION 6. Section 206E-3, Hawaii Revised Statutes, is  
 20 amended to read as follows:



1           "§206E-3 Hawaii community development [authority,]  
2 authorities; established. (a) There [~~is~~] are established the  
3 Hawaii community development [~~authority, which~~] authorities;  
4 each of which shall be a body corporate and a public  
5 instrumentality of the State, for the purpose of implementing  
6 this chapter. The [~~authority~~] authorities shall be placed  
7 within the department of business, economic development, and  
8 tourism for administrative purposes.

9           (b) [~~The~~] In counties with a population of five hundred  
10 thousand or greater, the authority shall consist of the director  
11 of finance or the director's designee; the director of  
12 transportation or the director's designee; a cultural  
13 specialist; an at-large member; an at-large member nominated by  
14 the senate president; an at-large member nominated by the  
15 speaker of the house; three representatives of the Heeia  
16 community development district, comprising two residents of that  
17 district or the Koolaupoko district, which consists of sections  
18 1 through 9 of zone 4 of the first tax map key division, and one  
19 owner of a small business or one officer or director of a  
20 nonprofit organization in the Heeia community development  
21 district or Koolaupoko district, nominated by the county council



1 of the county in which the Heeia community development district  
2 is located; three representatives of the Kalaeloa community  
3 development district, comprising two residents of the Ewa zone  
4 (zone 9, sections 1 through 2) or the Waianae zone (zone 8,  
5 sections 1 through 9) of the first tax map key division, and one  
6 owner of a small business or one officer or director of a  
7 nonprofit organization in the Ewa or Waianae zone, nominated by  
8 the county council of the county in which the Kalaeloa community  
9 development district is located; three representatives of the  
10 Kakaako community development district, comprising two residents  
11 of the district and one owner of a small business or one officer  
12 or director of a nonprofit organization in the district,  
13 nominated by the county council of the county in which the  
14 Kakaako community development district is located; the director  
15 of planning and permitting of each county in which a community  
16 development district is located or the director's designee, who  
17 shall serve in an ex officio, nonvoting capacity; and the  
18 chairperson of the Hawaiian homes commission or the  
19 chairperson's designee, who shall serve in an ex officio,  
20 nonvoting capacity.



1 All members except the director of finance, director of  
2 transportation, county directors of planning and permitting, and  
3 chairperson of the Hawaiian homes commission or their designees  
4 shall be appointed by the governor pursuant to section 26-34.

5 The two at-large members nominated by the senate president and  
6 speaker of the house and the nine representatives of the  
7 respective community development districts shall each be  
8 appointed by the governor from a list of three nominees  
9 submitted for each position by the nominating authority  
10 specified in this subsection.

11 The authority shall be organized and shall exercise  
12 jurisdiction as follows:

13 (1) For matters affecting the Heeia community development  
14 district, the following members shall be considered in  
15 determining quorum and majority and shall be eligible  
16 to vote:

17 (A) The director of finance or the director's  
18 designee;

19 (B) The director of transportation or the director's  
20 designee;

21 (C) The cultural specialist;



- 1 (D) The three at-large members; and
- 2 (E) The three representatives of the Heeia community
- 3 development district;
- 4 provided that the director of planning and permitting
- 5 of the relevant county or the director's designee
- 6 shall participate in these matters as an ex officio,
- 7 nonvoting member and shall not be considered in
- 8 determining quorum and majority;
- 9 (2) For matters affecting the Kalaeloa community
- 10 development district, the following members shall be
- 11 considered in determining quorum and majority and
- 12 shall be eligible to vote:
- 13 (A) The director of finance or the director's
- 14 designee;
- 15 (B) The director of transportation or the director's
- 16 designee;
- 17 (C) The cultural specialist;
- 18 (D) The three at-large members; and
- 19 (E) The three representatives of the Kalaeloa
- 20 community development district;



1 provided that the director of planning and permitting  
2 of the relevant county and the chairperson of the  
3 Hawaiian homes commission, or their respective  
4 designees, shall participate in these matters as ex  
5 officio, nonvoting members and shall not be considered  
6 in determining quorum and majority;

7 (3) For matters affecting the Kakaako community  
8 development district, the following members shall be  
9 considered in determining quorum and majority and  
10 shall be eligible to vote:

11 (A) The director of finance or the director's  
12 designee;

13 (B) The director of transportation or the director's  
14 designee;

15 (C) The cultural specialist;

16 (D) The three at-large members; and

17 (E) The three representatives of the Kakaako  
18 community development district;

19 provided that the director of planning and permitting  
20 of the relevant county or the director's designee  
21 shall participate in these matters as an ex officio,



1 nonvoting member and shall not be considered in  
2 determining quorum and majority.

3 In the event of a vacancy, a member shall be appointed to  
4 fill the vacancy in the same manner as the original appointment  
5 within thirty days of the vacancy or within ten days of the  
6 senate's rejection of a previous appointment, as applicable.

7 The terms of the director of finance, director of  
8 transportation, county directors of planning and permitting, and  
9 chairperson of the Hawaiian homes commission or their respective  
10 designees shall run concurrently with each official's term of  
11 office. The terms of the appointed voting members shall be for  
12 four years, commencing on July 1 and expiring on June 30;  
13 provided that the initial terms of all voting members initially  
14 appointed pursuant to Act 61, Session Laws of Hawaii 2014, shall  
15 commence on March 1, 2015. The governor shall provide for  
16 staggered terms of the initially appointed voting members so  
17 that the initial terms of four members selected by lot shall be  
18 for two years, the initial terms of four members selected by lot  
19 shall be for three years, and the initial terms of the remaining  
20 five members shall be for four years.



1 The governor may remove or suspend for cause any member  
2 after due notice and public hearing.

3 Notwithstanding section 92-15, a majority of all eligible  
4 voting members as specified in this subsection shall constitute  
5 a quorum to do business, and the concurrence of a majority of  
6 all eligible voting members as specified in this subsection  
7 shall be necessary to make any action of the authority valid.  
8 All members shall continue in office until their respective  
9 successors have been appointed and qualified. Except as herein  
10 provided, no member appointed under this subsection shall be an  
11 officer or employee of the State or its political subdivisions.

12 For purposes of this section, "small business" means a  
13 business which is independently owned and which is not dominant  
14 in its field of operation.

15 (c) In counties with a population less than five hundred  
16 thousand, the authority shall consist of the director of finance  
17 or the director's designee from the county in which the district  
18 is located; the director of transportation or the director's  
19 designee from the county in which the district is located; the  
20 chairperson of the board of land and natural resources or the  
21 chairperson's designee from the county in which the district is



1 located; six representatives of the community, nominated by the  
2 county council of the county in which the community development  
3 district is located and appointed by the governor, subject to  
4 the advice and consent of the senate. The county council shall  
5 provide three nominees per representative to the governor for  
6 selection.

7 All six members shall be residents of the county in which  
8 the designated district is located and shall be selected on the  
9 basis of their knowledge, experience, and expertise in:

- 10 (1) Management of small business or large business;  
11 (2) Economics, banking, investment, or finance; or  
12 (3) Marketing.

13 In the event of a vacancy, a member shall be appointed to  
14 fill the vacancy in the same manner as the original appointment  
15 within thirty days of the vacancy or within ten days of the  
16 senate's rejection of a previous appointment, as applicable.

17 The terms of the director of finance, director of  
18 transportation, chairperson of the board of land and natural  
19 resources, chairperson of the Hawaiian homes commission, or  
20 their respective designees shall run concurrently with each  
21 official's term of office. The terms of the appointed voting



1 members shall be for four years, commencing on July 1 and  
2 expiring on June 30. The governor shall provide for staggered  
3 terms of the initially appointed members so that the initial  
4 terms of two members selected by lot shall be for two years, the  
5 initial terms of two members selected by lot shall be for three  
6 years, and the initial terms of the remaining two members shall  
7 be for four years.

8 The governor may remove or suspend for cause any member  
9 after due notice and public hearing.

10 Notwithstanding section 92-15, a majority of all eligible  
11 voting members as specified in this subsection shall constitute  
12 a quorum to do business, and the concurrence of a majority of  
13 all eligible voting members as specified in this subsection  
14 shall be necessary to make any action of the authority valid.

15 All members shall continue in office until their respective  
16 successors have been appointed and confirmed by the senate.

17 Except as herein provided, no members appointed under this  
18 subsection shall be an officer or employee of the State or its  
19 political subdivisions.

20 For the purposes of this subsection:



1        "Community" means the individuals who reside or work within  
2 a one-mile radius of the district boundary established under  
3 206E-B.

4        "Small business" means a business that is independently  
5 owned and is not dominant in its field of operation.

6        ~~[-e-]~~ (d) The ~~[authority]~~ authorities shall appoint the  
7 executive director who shall be the chief executive officer.  
8 The ~~[authority]~~ authorities shall set the salary of the  
9 executive director, who shall serve at the pleasure of the  
10 authority and shall be exempt from chapter 76.

11        ~~[-d-]~~ (e) The ~~[authority]~~ authorities shall annually elect  
12 the chairperson and vice chairperson from among its members.

13        ~~[-e-]~~ (f) The members of the ~~[authority]~~ authorities  
14 appointed under ~~[subsection-(b)]~~ subsections (b) and (c) shall  
15 serve without compensation, but each shall be reimbursed for  
16 expenses, including travel expenses, incurred in the performance  
17 of their duties."

18        SECTION 7. In codifying the new sections added by section  
19 2 of this Act, the revisor of statutes shall substitute  
20 appropriate section numbers for the letters used in designating  
21 the new sections in this Act.



1 SECTION 8. To effectuate the purpose of this Act and to  
2 ultimately transition the redevelopment authority of the Hilo  
3 community development authority to a county of Hawaii authority,  
4 the Hawaii community development authority established pursuant  
5 to section 206E-3(c), Hawaii Revised Statutes, shall engage in  
6 discussions with the county of Hawaii to determine the  
7 feasibility of the county of Hawaii:

- 8 (1) Assuming redevelopment powers and duties over the  
9 lands within the Hilo community economic district as a  
10 redevelopment area pursuant to chapter 53, Hawaii  
11 Revised Statutes; or
- 12 (2) Establishing a special improvement district, pursuant  
13 to section 46-80.5, Hawaii Revised Statutes, that  
14 encompasses the lands within the Hilo community  
15 economic district, as established under section 2 of  
16 this Act, to provide and finance supplemental  
17 maintenance and security services and other  
18 improvements, services, and facilities within the  
19 special improvement district as the council of the  
20 county determines will restore or promote business  
21 activity in the special improvement district.



1 SECTION 9. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 10. This Act shall take effect on July 1, 2017,  
4 and shall be repealed on:

5 (1) June 30, 2037;

6 (2) The inclusion of the lands within the Hilo community  
7 economic district, as established under section 2 of  
8 this Act, within a redevelopment area pursuant to  
9 chapter 53, Hawaii Revised Statutes; or

10 (3) The establishment of a special improvement district,  
11 pursuant to section 46-80.5, Hawaii Revised Statutes,  
12 that encompasses the lands within the Hilo community  
13 economic district, as established under section 2 of  
14 this Act,

15 whichever occurs first; provided that upon repeal of this Act,  
16 sections 26-18, 46-102, 84-17, 171-2, 171-19, 171-64.7, 206E-1,  
17 206E-2, 206E-3, 206E-4, 206E-34, 206E-101, 206E-191, 226-64, and  
18 514A-14.5, and the title of chapter 206E, Hawaii Revised  
19 Statutes, shall be reenacted in the form in which they read on  
20 the day prior to the effective date of this Act.



**Report Title:**

Hilo Community Economic District; HCDA

**Description:**

Establishes the Hilo community economic district located in East Hawaii. Creates a second Hawaii community development authority and distinguishes the two authorities based on population. Places the Hilo community economic district under the jurisdiction of the Hawaii community development authorities. Establishes the Hilo community economic revolving fund. Requires all revenue, income, and receipts of HCDA for the district to be deposited in the Hilo community economic revolving fund, and a designated per cent to be transferred to the special land and development fund under the department of land and natural resources. Provides that the Act shall be repealed on June 30, 2037; the inclusion of lands within the Hilo community economic district within a redevelopment area pursuant to chapter 53, Hawaii Revised Statutes; or establishment of an improvement district pursuant to section 46-80.5, Hawaii Revised Statutes, whichever occurs first. (SD1)

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

