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# A BILL FOR AN ACT

RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

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

1           SECTION 1. By establishing the Hawaii community  
2 development authority, the legislature sought to provide a  
3 mechanism to address vast, unmet community development needs.  
4 Specifically, the legislature established the Hawaii community  
5 development authority as a "new and comprehensive authority for  
6 community development...to join the strengths of private  
7 enterprise, public development and regulation into a new form  
8 capable of long-range planning and implementation of improved  
9 community development. ...[W]hich shall determine community  
10 development programs and cooperate with private enterprise and  
11 the various components of federal, state, and county governments  
12 in bringing plans to fruition."

13           The Hawaii community development authority consists of 13  
14 voting members, two of which were added by the legislature in  
15 2006. Provision was also made for the appointment of additional  
16 voting members representing new community development districts  
17 designated by the legislature.



1           It has recently come to the attention of the legislature  
2   that the Hawaii community development authority has barred at  
3   least two members who represent small business interests within  
4   the Kakaako community development district, from voting on  
5   matters concerning the development district in which the  
6   greatest concentration of small businesses in Kakaako is  
7   located. The stated basis for this action is a purported  
8   conflict-of-interest based on the Hawaii community development  
9   authority's interpretation of section 84-14(a)(1), Hawaii  
10   Revised Statutes. However, the authority's interpretation and  
11   action is contrary to the legislature's intent in enacting  
12   chapter 206E, Hawaii Revised Statutes.

13           It is the purpose of this Act to remedy this unintended  
14   situation by providing for the designation of at least two  
15   members of the Hawaii community development authority as  
16   representatives of small businesses located in the Kakaako  
17   community development district. The designation of these small  
18   business representatives would further one of the legislature's  
19   stated intentions in forming the Hawaii community development  
20   authority: to address insufficient commercial and industrial  
21   facilities for rent.



1 SECTION 2. Section 206E-3, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3 "(b) The authority shall consist of thirteen voting  
4 members. The director of finance, the director of business,  
5 economic development, and tourism, the comptroller, and the  
6 director of transportation, or their respective designated  
7 representatives shall serve as ex officio, voting members. One  
8 member shall be appointed by the governor from a list of not  
9 less than three prospective appointees submitted by the  
10 president of the senate, and one member shall be appointed by  
11 the governor from a list of not less than three prospective  
12 appointees submitted by the speaker of the house of  
13 representatives. Seven members shall be appointed by the  
14 governor for staggered terms pursuant to section 26-34; provided  
15 that four members shall be appointed at large and, initially,  
16 three members, hereinafter referred to as county members, shall  
17 be selected from a list of ten prospective appointees  
18 recommended by the local governing body of the county in which  
19 the initial designated district is situated; and provided  
20 further that when vacancies occur in any of the three positions  
21 for which the members were selected from a list of county  
22 recommendations, the governor shall fill such vacancies on the



1 basis of one from a list of four recommendations, two from a  
2 list of seven recommendations, or three from a list of ten  
3 recommendations. The list of recommendations shall be made by  
4 the local governing body of the county. Of the nine members  
5 appointed either by the governor from the lists provided by the  
6 president of the senate and speaker of the house, at-large by  
7 the governor, or as county members recommended by the local  
8 governing body of the county in which the initial designated  
9 district is situated, at least two members shall represent small  
10 businesses and shall be designated as the small business  
11 representatives on the board whose purpose, among other things,  
12 is to vote on matters before the board that affect small  
13 businesses. The small business representatives shall be owners  
14 or active managers of a small business with its principal place  
15 of operation located within the physical boundaries of the  
16 initial designated district. Notwithstanding section 84-14(a),  
17 the small business representatives shall not be prohibited from  
18 voting on any matter concerning any district under the board's  
19 jurisdiction; provided that the matter is not limited to solely  
20 benefiting the specific interest of that member and the matter  
21 concerns broader interests within the district. If an  
22 additional district is designated by the legislature, the total



1 membership of the authority shall be increased as prescribed  
2 above by the appointment of three additional members, except as  
3 provided for in section 206E-191. Notwithstanding section  
4 92-15, a majority of all members shall constitute a quorum to do  
5 business, and the concurrence of a majority of all members shall  
6 be necessary to make any action of the authority valid; except  
7 that, on any matter relating solely to a specific community  
8 development district, the members representing districts other  
9 than that specific community development district shall neither  
10 vote, nor shall they be counted to constitute a quorum, and  
11 concurrence shall be required of a majority of that portion of  
12 the authority made up of all ex officio voting members, members  
13 at large, and county and district members representing the  
14 district for which action is being proposed [~~in order~~] for such  
15 action to be valid. All members shall continue in office until  
16 their respective successors have been appointed and qualified.  
17 Except as herein provided, no member appointed under this  
18 subsection shall be an officer or employee of the State or its  
19 political subdivisions.

20 For purpose of this section, "small business" means a  
21 business which is independently owned and which is not dominant  
22 in its field of operation."



1           SECTION 3. On the effective date of this Act, the governor  
2 shall designate, from among existing Hawaii community  
3 development authority members, two of the members eligible  
4 pursuant to section 206E-3, Hawaii Revised Statutes, as amended  
5 by this Act, to serve as small business representatives on the  
6 authority.

7           SECTION 4. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9           SECTION 5. This Act shall take effect upon its approval.



**Report Title:**

HCDA; Kakaako Small Business Representatives

**Description:**

Requires at least two members of the Hawaii Community Development Authority represent small businesses and may vote on matters concerning small business; directs the Governor to initially designate the small business representatives from among the current members of HCDA. (CD1)

