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# A BILL FOR AN ACT

RELATING TO TRANSIT ORIENTED DEVELOPMENT.

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

1       SECTION 1. The legislature finds that the two highest  
2 costs contributing to the cost of living are housing and  
3 transportation. By broadening the State's focus to develop  
4 affordable communities, rather than affordable housing, the cost  
5 of a single unit can be reduced by as much as \$75,000, and the  
6 cost of transportation for families living there can be reduced  
7 by \$15,000 or more per year.

8       Units in many recent housing projects have become  
9 prohibitively expensive. On average, about \$50,000 is added to  
10 the cost of a unit per parking stall built for it, and as much  
11 as \$25,000 per unit for building amenities. Numerous cities  
12 have begun separating and aggregating parking stalls and  
13 building amenities, lowering the cost of each unit produced by  
14 as much as \$75,000.

15       The legislature further finds that building separate  
16 parking garages allows residents in an area to lease space or  
17 use a parking stall as may be needed, rather than having the



1 cost forced upon them through their mortgage. This is important  
2 considering Hawaii's next generation is driving considerably  
3 less than previous generations. Since 2000, the percentage of  
4 eighteen- to twenty-nine-year-olds with driver's licenses has  
5 plummeted nearly forty per cent. Many desire to live in  
6 walkable, bikeable communities where they can get around without  
7 the average costly expense of \$10,000 per year for a car.

8       Additionally, relieving housing developers of the burden of  
9 building excessive amenities and gathering spaces in each  
10 building lowers the cost of living. Aggregating public spaces  
11 for open plazas, gathering spaces, parks, and green spaces  
12 available to everyone creates and fosters a better sense of  
13 community, opportunities for better mixed-use commercial,  
14 retail, and food options, and at a lower overall cost.

15       The legislature believes that tasking an agency to plan for  
16 and build community amenities such as parks, public spaces,  
17 markets, and other amenities that make communities livable,  
18 desirable, and lower the cost of housing should be a priority,  
19 not an afterthought. This method can reduce the cost of living,  
20 and equally importantly improve quality of life and mental  
21 health and well-being for residents of all ages.



1       The legislature additionally finds that incorporating  
2 mixed-use commercial and retail space into the ground floors of  
3 buildings not only puts daily needs in walking distance of  
4 residents, but also provides lease rent and revenue generating  
5 opportunities that can help pay for maintenance, security, and  
6 similar expenses to lower maintenance fees and cost of living  
7 for residents in each building by thousands of dollars per year.

8       The legislature asserts that instead of focusing on just  
9 building affordable housing, Hawaii needs an agency tasked with  
10 the full responsibility of building affordable communities, and  
11 filling the gaps in recent development projects to ensure  
12 communities are being built with the parks, public spaces, and  
13 everything the public tends to desire and need.

14       Accordingly, the purpose of this Act is to establish the  
15 transit-oriented community improvement partnership that shall:

- 16       (1) Coordinate transit-oriented community development to  
17           ensure communities are planned and built with full  
18           amenities and infrastructure needed for success;  
19       (2) Build missing amenities, parking, and other needs to  
20           lower the cost of housing and improve the quality of  
21           life in transit-oriented communities; and



1           (3) Establish programs and support that communities desire  
2           such as community improvement districts to keep public  
3           spaces safe and clean and provide opportunities and  
4           pathways for local economic development.

5       SECTION 2. The Hawaii Revised Statutes is amended by  
6 adding a new chapter to be appropriately designated and to read  
7 as follows:

8 "CHAPTER  
9 TRANSIT-ORIENTED COMMUNITY IMPROVEMENT PARTNERSHIP

**10**        §    -1   **Definitions.**   As used in this chapter:

11 "Board" means the board of directors of the transit-  
12 oriented community improvement partnership.

13 "Coordinating entrepreneur" means a qualified person  
14 capable of organizing, operating, and assuming the risk for  
15 enterprises, including securing land and seed capital,  
16 developing, or managing commercial or recreational facilities or  
17 projects, arranging concession agreements, supplying materials,  
18 maintaining equipment and infrastructure, and providing for the  
19 processing and marketing of services or products.

20 "Coventure" means an investment by the partnership in  
21 qualified securities of an enterprise in which a substantial



1 investment is also being made or has been made by a professional  
2 investor to provide seed capital to an enterprise. A guarantee  
3 by the partnership of qualified securities provided by a  
4 professional investor shall be classified as a coventure. An  
5 investment made by the partnership, which is a direct  
6 investment, may later be classified as a coventure upon an  
7 investment by a professional investor.

8 "Development rights" means the rights permitted under a law  
9 or an ordinance relating to permitted uses of a property, the  
10 density or intensity of use, and the maximum height and size of  
11 improvements thereon.

12 "Direct investment" means an investment by the partnership  
13 in qualified securities of an enterprise where no investment is  
14 being or has been made by a professional investor to provide  
15 seed capital to the enterprise.

16 "Enterprise" means a business with its principal place of  
17 business in Hawaii, which is or proposes to be engaged in  
18 recreational and commercial area development, development of new  
19 value-added products, enhancement of existing recreational or  
20 commercial commodities, and the application of existing



1 recreation or commercial areas and appurtenant facilities to  
2 productive uses.

3 "Fund" means the community improvement revolving fund.

4 "Partnership" means the transit-oriented community  
5 improvement partnership.

6 "Professional investor" means any bank, bank holding  
7 company, savings institution, farm credit institution, trust  
8 company, insurance company, investment company registered under  
9 the federal Investment Company Act of 1940, financial services  
10 loan company, pension or profit-sharing trust or other financial  
11 institution or institutional buyer, licensee under the federal  
12 Small Business Investment Act of 1958, as amended, or any  
13 person, partnership, or other entity of whose resources, a  
14 substantial amount is dedicated to investing in securities or  
15 debt instruments, and whose net worth exceeds \$250,000.

16 "Project" means a specific undertaking, improvement, or  
17 system consisting of work or improvement, including personal  
18 property or any interest therein acquired, constructed,  
19 reconstructed, rehabilitated, improved, altered, or repaired by  
20 the partnership.



1 "Project facility" includes improvements, roads and  
2 streets, utility and service corridors, utility lines where  
3 applicable, water and irrigation systems, lighting systems,  
4 security systems, sanitary sewerage systems, and other community  
5 facilities where applicable.

6 "Qualified person" means any individual, corporation,  
7 partnership, or public agency possessing the competence,  
8 expertise, experience, and resources, including financial,  
9 personnel, and tangible qualifications, as may be deemed  
10 desirable by the partnership in administering this chapter.

11 "Qualified security" means any note, stock, treasury stock  
12 bond, debenture, evidence of indebtedness, certificate of  
13 interest or participation in any profit-sharing agreement, pre-  
14 organization certificate of subscription, transferable share,  
15 investment contract, certificate of deposit for a security,  
16 certificate of interest or participation in a patent or patent  
17 application, or in royalty or other payments under a patent or  
18 application, or, in general, any interest or instrument commonly  
19 known as a "security" or any certificate for, receipt for, or  
20 option, warrant, or right to subscribe to or purchase any of the  
21 foregoing.



1 "Revenue bonds" means bonds, notes, or other evidence of  
2 indebtedness of the partnership issued to finance any project  
3 facility.

4 "Seed capital" means financing that is provided for the  
5 development, refinement, and commercialization of a product or  
6 process and other working capital needs.

7 "Transit-oriented community improvement area" means those  
8 lands within one half of a mile of a rail line design.

9 "Trustee" means a national or state bank or trust company,  
10 within or outside the State, that enters into a trust indenture.

11 "Trust indenture" means an agreement by and between the  
12 partnership and a trustee that sets forth the duties of the  
13 trustee with respect to the revenue bonds, the security thereof,  
14 and other provisions as may be deemed necessary or convenient by  
15 the partnership to secure the revenue bonds.

16 "Value-added" means any activity that increases, by means  
17 of development or any other means, the value of public lands.

18 "Walkable community" means a primarily residential area  
19 with mixed uses appurtenant to the residences wherein the  
20 services, commodities, and amenities necessary for residents to  
21 enjoy a complete and fulfilled life are within walking or bike





1 riding distance along protected or grade-separated paths with  
2 minimal conflicts with other modes of transportation, for both  
3 bicycles and pedestrians, with convenient access to mass  
4 transit.

5       **§ -2 Transit-oriented community improvement partnership;**  
6 **established.** (a) There is established the transit-oriented  
7 community improvement partnership, that shall be a public body  
8 corporate and politic and an instrumentality and agency of the  
9 State. The partnership shall be headed by the board. The  
10 partnership shall be placed within the department of  
11 transportation for administrative purposes only.

12       (b) The partnership shall:

13       (1) Plan, coordinate, and administer programs and projects  
14           to develop meaningful infrastructure, housing, and  
15           amenities to create walkable communities along  
16           transit-oriented corridors for working families that  
17           are affordable, livable, healthy, happy, equitable,  
18           and secure;  
19       (2) Identify and designate each transit-oriented community  
20           improvement area, and may assist communities with  
21           individual projects as may be appropriate;



1           (3) Plan and coordinate with any stakeholders necessary,  
2           or negotiate with and seek support or concessions from  
3           any stakeholders as may be prudent, and develop and  
4           execute projects or enter into a public-private  
5           partnership to develop and execute projects, to  
6           provide for:

7           (A) Infrastructure for utilities including sewer,  
8           water, power, and similar needs;

9           (B) Transportation infrastructure; provided that the  
10          transportation infrastructure shall be designed  
11          to have the capacity to enable at least seventy  
12          per cent of all daily commutes to, from, and  
13          within the area to be safely and comfortably made  
14          by walking, biking, micro-mobility, or public  
15          transit, between common destinations, as well as  
16          for long-distance daily commuting without  
17          interruption pursuant to section 264-142 and  
18          shall include amenities such as rest stops,  
19          secure bicycle and micro-mobility device parking,  
20          emergency support stations with tools and other  
21          resources as may be appropriate;



1 (C) Public parking hubs of meaningful capacity,  
2 including charging for electric vehicles, within  
3 a reasonable distance of which the partnership  
4 may waive requirements for or limit the number of  
5 parking stalls required by the State or counties;

6 (D) Affordable housing and related infrastructure;  
7 provided that at a minimum, a majority of the  
8 ground floor frontage facing each street shall  
9 include commercial space;

10 (E) Public spaces of meaningful scale and access with  
11 an overall ratio of residents to public spaces  
12 and accessible natural green spaces that shall  
13 include:

14 (i) Public parks and gathering spaces;

15 (ii) Public spaces for hosting markets and  
16 events;

17 (iii) Natural areas with open green space and  
18 water for passive relaxation;

19 (iv) Public spaces for active recreation; and

20 (v) Public spaces for pet and animals;



- 1 (F) Facilities for public arts and culture that  
2 include:  
3 (i) Public libraries;  
4 (ii) Public works of art;  
5 (iii) Galleries, museums, and exhibitions;  
6 (iv) Spaces for performances and events;  
7 (v) Accessible education and narratives on the  
8 history, culture, and people of the area;  
9 and  
10 (vi) Flexible spaces and infrastructure for  
11 seasonal, rotating, and evolving programming  
12 and engagement;
- 13 (G) Space for local economic development and  
14 community empowerment; provided that the primary  
15 focus shall be assisting local residents,  
16 entrepreneurs, and brands, which shall include:  
17 (i) Community-based economic development hubs  
18 and cooperative spaces such as public  
19 commercial kitchens, processing facilities,  
20 or similar work hubs available to the  
21 community and small businesses;



(ii) Cooperative commercial and retail locations capable of supporting and aggregating products and services from numerous small businesses;

(iii) Spaces for hosting micro-businesses such as food trucks, market stalls, and similar temporary business fronts;

(iv) Spaces for hosting growing small businesses in permanent micro or small commercial locations or rotating pop-up locations; and

(v) Spaces for hosting larger maturing businesses in regular food, retail, and commercial locations; and

(H) Opportunities for revenue generation from any facility, lease, program, or other means as may be appropriate to help fund the projects, programs, and operations of the partnership, with a focus on financially sustaining the communities the partnership was created to support; provided that any revenue generation shall be secondary to the primary mission of the partnership; and



- 1 (4) Address established and adopted goals of the State,  
2 including the Aloha+ challenge, sustainable  
3 development goals, and other statutory goals.
- 4 (c) The partnership may:
- 5 (1) Adopt rules pursuant to chapter 91 to:
- 6 (A) Establish and implement a community improvement  
7 district, to be governed by an approved  
8 independent entity with a board represented by  
9 stakeholders from the community with the purpose  
10 of providing additional services or improvements  
11 to the district; and
- 12 (B) Establish a fee mechanism to provide long-term  
13 funding for a community improvement district,  
14 subject to approval by a majority of stakeholders  
15 that it is designed to serve;
- 16 (2) Provide grant funding to support the establishment and  
17 up to one year of operations of a community  
18 improvement district;
- 19 (3) Establish regular communications to residents and  
20 businesses within a transit-oriented community  
21 improvement area, or other community as may be



1 appropriate, to provide regular updates, information,  
2 or similar communication that builds relations and a  
3 sense of community amongst those living and working in  
4 the area. The partnership may designate or contract  
5 with another entity to carrier out this function; and  
6 (4) Require all or a portion of commercial lease rent to  
7 be used to subsidize the cost of property maintenance,  
8 security, or similar needs for residents in the  
9 building.

10 § -3 **Board of directors.** (a) The board shall consist  
11 of the following members:

- 12 (1) The director of finance, or the director's designee;  
13 (2) The department of transportation multimodal  
14 transportation coordinator, or the coordinator's  
15 designee;  
16 (3) The co-chairs of the Hawaii climate change mitigation  
17 and adaptation commission, or the co-chairs' designee;  
18 (4) One member with history and expertise in affordable  
19 housing, to be appointed by the governor;  
20 (5) One member with history and expertise in public  
21 spaces, to be appointed by the governor;



1           (6) One member with history and expertise in urban  
2           planning, to be appointed by the president of the  
3           senate; and

4           (7) One member with history and expertise in community-  
5           based economic development, to be appointed by the  
6           speaker of the house of representatives.

7           The chairs of the house of representatives and senate  
8           standing committees with jurisdiction over transportation and  
9           housing shall serve as ex-officio non-voting members.

10          (b) No member shall have a financial interest or conflict  
11          of interest in any project, parcel, business, or development  
12          located in the community improvement district.

13          (c) The term of office of the two voting members appointed  
14          by the speaker of the house of representatives and president of  
15          the senate shall be four years each.

16          (d) The board shall appoint an executive director, who  
17          shall serve at the pleasure of the board and be exempt from  
18          chapter 76. The salary of the executive director shall be set  
19          by the board.

20          (e) The board, through its executive director, may appoint  
21          officers, agents, and employees and:





1 (1) Prescribe their duties and qualifications; and

2 (2) Fix their salaries, without regard to chapter 76.

3 § -4 Powers; generally. (a) Except as otherwise

4 limited by this chapter, the partnership may:

5 (1) Sue and be sued;

6 (2) Have a seal and alter the same at its pleasure;

7 (3) Make and alter bylaws for its organization and

8 internal management;

9 (4) Adopt rules under chapter 91 necessary to effectuate

10 this chapter in connection with its projects,

11 operations, and properties;

12 (5) Make and execute contracts and all other instruments

13 necessary or convenient for the exercise of its powers

14 and functions under this chapter;

15 (6) Carry out surveys, research, investigations, site

16 visits, and similar examinations into technological,

17 business, financial, consumer trends, and other

18 aspects of affordable housing, transportation,

19 walkable communities, public spaces, leisure or

20 recreational land uses in the national and

21 international community;



- 1           (7) Acquire or contract to acquire by grant or purchase:
- 2           (A) All privately owned real property or any interest
- 3           therein and the improvements thereon, if any,
- 4           that are determined by the partnership to be
- 5           necessary or appropriate for its purposes under
- 6           this chapter, including real property together
- 7           with improvements, if any, in excess of that
- 8           needed for use in cases where small remnants
- 9           would otherwise be left or where other
- 10          justifiable cause necessitates the acquisition to
- 11          protect and preserve the contemplated
- 12          improvements, or public policy demands the
- 13          acquisition in connection with the improvements;
- 14          and
- 15          (B) Encumbrances, in the form of leases, licenses, or
- 16          otherwise, needed by the partnership or any state
- 17          department or agency for public purposes; and the
- 18          disposition of subdivided lots, house lots,
- 19          apartments or other economic units, or economic
- 20          development;



- 1           (8) Own, hold, improve, and rehabilitate any real,  
2           personal, or mixed property acquired; and sell,  
3           assign, exchange, transfer, convey, lease, or  
4           otherwise dispose of, or encumber the same;
- 5           (9) By itself, or in partnership with qualified persons or  
6           other governmental agencies:
- 7           (A) Acquire, construct, reconstruct, rehabilitate,  
8           improve, alter, or repair any infrastructure or  
9           accessory facilities in connection with any  
10          project;
- 11          (B) Own, hold, sell, assign, transfer, convey,  
12          exchange, lease, or otherwise dispose of, or  
13          encumber any project; and
- 14          (C) Develop or manage, by itself, or in partnership  
15          with qualified persons or other governmental  
16          agencies, any project that meets the purposes of  
17          this chapter;
- 18          (10) In cooperation with any governmental agency, or  
19          otherwise through direct investment or coventure with  
20          a professional investor or enterprise or any other  
21          person, or otherwise, acquire, construct, operate, and



1 maintain public land facilities, including but not  
2 limited to leisure, recreational, commercial,  
3 residential, hotel, office space, and business  
4 facilities, at rates or charges determined by the  
5 partnership;

6 (11) Assist developmental, transit-oriented, recreational,  
7 and visitor industry related enterprises, or projects  
8 developed or managed by the partnership, by conducting  
9 detailed marketing analysis and developing marketing  
10 and promotional strategies to strengthen the position  
11 of those enterprises and to better exploit local,  
12 national, and international markets;

13 (12) Receive, examine, and determine the acceptability of  
14 applications of qualified persons for allowances or  
15 grants for the development of new recreation and  
16 community-related products, the expansion of  
17 established recreation and visitor industry or land  
18 development enterprises, and the altering of existing  
19 recreational, visitor industry related, or land  
20 development enterprises;



- 1       (13)   Coordinate its activities with any federal or state  
2               programs;
- 3       (14)   Grant options to purchase any project or to renew any  
4               lease entered into by the partnership in connection  
5               with any of its projects, on the terms and conditions  
6               it deems advisable;
- 7       (15)   Provide advisory, consultative, training, and  
8               educational services and technical assistance to any  
9               person or partnership, either public or private, to  
10              carry out the purposes of this chapter, and engage the  
11              services of consultants on a contractual basis for  
12              rendering professional and technical assistance and  
13              advice;
- 14      (16)   Procure insurance against any loss in connection with  
15              its property and other assets and operations in  
16              amounts and from insurers as it deems desirable;
- 17      (17)   Accept gifts or grants in any form from any public  
18              agency or other source;
- 19      (18)   Issue bonds to finance the cost of a project and  
20              provide for the security thereof, in the manner and  
21              pursuant to the procedure prescribed in this chapter;



1 (19) Subject to approval by the board, assume management  
2 responsibilities for transit centers, infrastructure,  
3 parks and water features;

4 (20) Recommend to the department of transportation and  
5 board of land and natural resources the purchase of  
6 any privately owned properties that may be appropriate  
7 for development; and

8 (21) Do all things necessary or proper to carry out the  
9 purposes of this chapter.

10 (b) Notwithstanding any provisions under subsection (a) to  
11 the contrary, the partnership shall not acquire, contract to  
12 acquire by grant or purchase, own, hold, sell, assign, exchange,  
13 transfer, convey, lease, or otherwise dispose of, or encumber  
14 any real, personal, or mixed property that is owned by the  
15 department of transportation as of July 1, 2025, except as  
16 expressly provided in this chapter.

17 (c) The powers conferred in this section shall be  
18 liberally construed to effectuate the purposes of this chapter.

19 **§ -5 Community improvement projects; development plans**  
20 **and implementation.** (a) The partnership may develop and  
21 implement plans for community improvement projects where



1 appropriate to create projects that meet the mission of the  
2 partnership.

3 (b) The partnership may enter into cooperative agreements  
4 with other stakeholders, and capabilities of the persons or  
5 agencies are deemed necessary and appropriate to execute the  
6 mission of the partnership.

7 (c) Notwithstanding any provisions of this chapter to the  
8 contrary, when leasing partnership-controlled land or  
9 facilities, the partnership may contract with a financial  
10 institution chartered under chapter 412 or a federal financial  
11 institution, as defined under section 412:1-109, that transacts  
12 business in the State to provide lease management services. For  
13 the purposes of this subsection, "lease management services"  
14 includes the collection of lease rent and any other moneys owed  
15 to the partnership related to the lease of land or facilities  
16 under the partnership's control.

17 (d) The partnership may amend the community improvement  
18 plans as may be necessary or appropriate.

19 **§ -6 Project facility program.** (a) The partnership may  
20 develop a project to identify necessary project facilities  
21 within a project area.



1 (b) Unless and except as otherwise provided by law,  
2 whenever the partnership undertakes, or causes to be undertaken,  
3 any project facility as part of a project, the cost of providing  
4 the project facilities may be assessed against the real property  
5 in the project area specially benefiting from the project  
6 facilities. Subject to the express written consent of the  
7 landowners directly affected, the partnership shall determine  
8 the properties that will benefit from the project facilities to  
9 be undertaken and may establish assessment areas that include  
10 the properties specially benefiting from the project facilities.  
11 The partnership shall fix the assessments against the real  
12 property specially benefited.

13 (c) Unless and except as otherwise provided by law, the  
14 partnership may adopt rules pursuant to chapter 91 to establish  
15 the method of undertaking and financing project facilities in a  
16 project area.

17 (d) Notwithstanding any other law to the contrary, in  
18 assessing real property for project facilities, the partnership  
19 shall assess the real property within a project area according  
20 to the special benefits conferred upon the real property by the  
21 project facilities. These methods may include an assessment on





1 a frontage basis or according to the area of real property  
2 within a project area, or any other assessment method that  
3 assesses the real property according to the special benefit  
4 conferred, or any combination thereof. No assessment levied  
5 under this section against real property specially benefited  
6 under this chapter shall constitute a tax on real property  
7 within the meaning of any law.

8 (e) Notwithstanding any other law to the contrary, the  
9 partnership, at its discretion, may enter into any agreement  
10 with the county in which project facilities are located, to  
11 implement the purposes of this section.

12 (f) If all or a part of the project facilities to be  
13 financed through bonds by the partnership may be dedicated to  
14 the county in which the project facilities are to be located,  
15 the partnership shall ensure that the project facilities or  
16 applicable portions thereof are designed and constructed to meet  
17 county requirements.

18 **§ -7 Approval of projects, plans, and programs.** Every  
19 project, plan, and project facility program developed by the  
20 partnership shall be approved by the board.



1       §    **-8 Bonds.** (a) The partnership, with the approval of  
2 the governor, may issue, from time to time, revenue bonds in  
3 amounts not exceeding the total amount of bonds authorized to be  
4 issued by the legislature for the purpose of:

5       (1) Constructing, acquiring, remodeling, furnishing, and  
6 equipping any project facility, including the  
7 acquisition of the site of the facility; or

8       (2) Acquiring non-public lands through purchase to sustain  
9 and preserve leisure or recreational enterprises  
10 within a contiguous geographic area.

11       (b) All revenue bonds shall be issued pursuant to part III  
12 of chapter 39, except as provided in this chapter.

13       (c) The revenue bonds shall be issued in the name of the  
14 partnership and not in the name of the State. The final  
15 maturity date of the revenue bonds may be any date not exceeding  
16 thirty years from the date of issuance.

17       §    **-9 Revenue bonds; payment and security.** (a) The  
18 revenue bonds shall be payable from and secured by the  
19 improvements to real properties specially benefited or improved  
20 and the assessments thereon, or by the revenues derived from the  
21 project facility for which the revenue bonds were issued,



1 including revenue derived from insurance proceeds and reserve  
2 accounts, and earnings thereon.

3 (b) The partnership may pledge revenues derived from the  
4 project facility financed from the proceeds of the revenue bonds  
5 to the punctual payment of the principal, interest, and  
6 redemption premiums, if any, on the revenue bonds.

7 (c) The revenue bonds may be additionally secured by the  
8 pledge or assignment of the loans and other agreements or any  
9 note or other undertaking, obligation, or property held by the  
10 partnership to secure the loans.

11 (d) Any pledge made by the partnership shall create a  
12 perfected security interest in the revenues, moneys, or property  
13 pledged and thereafter received by the partnership, from and  
14 after the time that the financing statement with respect to the  
15 revenues, moneys, or property pledged and thereafter received  
16 are filed with the bureau of conveyances. Upon the filing, the  
17 revenues, moneys, or property pledged and thereafter received by  
18 the partnership shall immediately be subject to a lien of any  
19 pledge without any physical delivery thereof or having claims of  
20 any kind in tort, contract, or otherwise against the  
21 partnership, irrespective of whether the parties have notice



1   thereof. This section shall apply to any financing statement  
2   filed on or after the effective date of this Act with the bureau  
3   of conveyances with respect to any pledge made to secure revenue  
4   bonds issued under this chapter.

5       **§   -10   Revenue bonds; interest rate, price, and sale.**

6   (a) The revenue bonds issued pursuant to this chapter shall  
7   bear interest at a rate or rates and shall be payable on a date  
8   or dates, as the partnership determines.

9       (b) The partnership shall include the costs of undertaking  
10   the project facility for which the revenue bonds are issued in  
11   determining the principal amount of revenue bonds to be issued.  
12   In determining the cost of undertaking the project facility, the  
13   partnership may include:

- 14       (1) The cost of constructing, acquiring, remodeling,  
15           furnishing, and equipping the project facility,  
16           including the acquisition of the site of the facility;  
17       (2) The cost of purchasing or funding loans or other  
18           agreements entered into for the project facility;  
19       (3) The costs of studies and surveys;  
20       (4) Insurance premiums;  
21       (5) Underwriting fees;



1 (6) Financial consultant, legal, accounting, and marketing  
2 services incurred;

3 (7) Reserve account, trustee, custodian, and rating agency  
4 fees; and

5 (8) Any capitalized interest.

6 (c) The revenue bonds may be sold at public or private  
7 sale, and for a price as may be determined by the partnership.

8 § -11 Revenue bonds; investment of proceeds and  
9 redemption. Subject to any agreement with the holders of its  
10 revenue bonds, the partnership may:

11 (1) Invest moneys not required for immediate use,  
12 including proceeds from the sale of revenue bonds, in  
13 any investment in accordance with procedures  
14 prescribed in a trust indenture; and

15 (2) Purchase revenue bonds out of any fund or money of the  
16 partnership available therefor, and hold, cancel, or  
17 resell the revenue bonds.

18 § -12 Revenue bonds; subaccounts. A separate subaccount  
19 shall be established for each project facility financed from the  
20 proceeds of the revenue bonds secured under the same trust  
21 indenture. Each subaccount shall be designated a project



1 facility revenue bond subaccount and shall bear additional  
2 designation as the partnership deems appropriate to properly  
3 identify the fund.

4       **§ -13 Trustee; designation, duties.** (a) The  
5 partnership shall designate a trustee for each issue of revenue  
6 bonds secured under the same trust indenture.

7       (b) The trustee shall be authorized by the partnership to  
8 hold and administer the project facility revenue bond subaccount  
9 established pursuant to section -12, to receive and receipt  
10 for, hold, and administer the revenues derived by the  
11 partnership from the project facility for which the revenue  
12 bonds were issued, and to apply these revenues to the payment of  
13 the cost of:

- 14       (1) Undertaking the project facility;  
15       (2) Administering and operating the proceedings providing  
16             for the issuance of the revenue bonds;  
17       (3) The principal or interest on these bonds;  
18       (4) The establishment of reserves; and  
19       (5) Other purposes as may be authorized in the proceedings  
20             providing for the issuance of the revenue bonds.



1 (c) Notwithstanding section 39-68 to the contrary, the  
2 director of finance may appoint the trustee to serve as fiscal  
3 agent for the:

4 (1) Payment of the principal of and interest on the  
5 revenue bonds; and

6 (2) Purchase, registration, transfer, exchange, and  
7 redemption of the bonds.

8 (d) The trustee shall perform additional functions with  
9 respect to the payment, purchase, registration, transfer,  
10 exchange, and redemption of the bonds, as the director of  
11 finance may deem necessary, advisable, or expeditious, including  
12 the holding of the revenue bonds and coupons that have been paid  
13 and the supervision of the destruction thereof in accordance  
14 with applicable law.

15 (e) Nothing in this chapter shall limit or be construed to  
16 limit the powers granted to the director of finance in sections  
17 36-3, 39-13, and 39-68(a), to appoint the trustee or others as  
18 fiscal agents, paying agents, and registrars for the revenue  
19 bonds or to authorize and empower those fiscal agents, paying  
20 agents, and registrars to perform the functions referred to in  
21 those sections.



- 1       **§ -14 Trust indenture.** (a) A trust indenture may:
- 2       (1) Contain covenants and provisions authorized by part
- 3             III of chapter 39, and as may be deemed necessary or
- 4             convenient by the partnership for the purposes of this
- 5             chapter;
- 6       (2) Allow the partnership to pledge and assign to the
- 7             trustee loans and other agreements related to the
- 8             project facility, and the rights of the partnership
- 9             thereunder, including the right to receive revenues
- 10            thereunder and to enforce the provisions thereof; and
- 11       (3) Contain provisions deemed necessary or desirable by
- 12            the partnership to obtain or permit, by grant,
- 13            interest, subsidy, or otherwise, the participation of
- 14            the federal government in the financing of the costs
- 15            of undertaking the project facility.
- 16       (b) A trust indenture shall also contain provisions as to:
- 17       (1) The investment of the proceeds of the revenue bonds,
- 18            the investment of any reserve for the bonds, the
- 19            investment of the revenues of the project facility,
- 20            and the use and application of the earnings from
- 21            investments; and





1           (2) The terms and conditions upon which the holders of the  
2           revenue bonds or any portion of them or any trustee  
3           thereof may institute proceedings for the foreclosure  
4           of any loan or other agreement or any note or other  
5           undertaking, obligation, or property securing the  
6           payment of the bonds and the use and application of  
7           the moneys derived from the foreclosure.

8           §   -15   **Transfer of public lands.**   (a) Notwithstanding  
9   chapter 171 or any provisions of this chapter to the contrary,  
10   the department of transportation may transfer, subject to the  
11   approval of the board of land and natural resources, development  
12   rights for lands under its jurisdiction to the partnership for  
13   purposes of this chapter; provided that:

14           (1) If the property to be developed is two hundred acres  
15           or less and the board of land and natural resources  
16           approves the transfer of development rights  
17           appurtenant to the property to be developed, the  
18           development rights shall be transferred to the  
19           partnership;

20           (2) If the property to be developed is greater than two  
21           hundred acres and the board of land and natural



resources approves the transfer of development rights appurtenant to the property to be developed, the development rights shall be transferred to the partnership, subject to disapproval by the legislature by two-thirds vote of either the senate or the house of representatives or by majority vote of both houses in any regular or special session next following the date of transfer; and

(3) The size of any property to be developed shall be deemed to be conclusively determined by the state surveyor.

(b) If the partnership finds that state lands under the control and management of the department of transportation or other public agencies are suitable for its purposes under this chapter, the partnership may lease the lands from the agency having the control and management of those lands, upon the terms and conditions as may be agreed to by the parties.

(c) Notwithstanding the provisions of subsection (b) to the contrary, no public lands shall be leased to the partnership if the lease would impair any covenant between the State or any county, or any department or board thereof, and the holders of



1 bonds issued by the State or the county, or any department or  
2 board thereof.

3       **§ -16 Community improvement revolving fund; established;**

4 **use of partnership funds.** (a) There is established the  
5 community improvement revolving fund, to which shall be credited  
6 any state appropriations to the fund, any sums collected as a  
7 result of bonds issued pursuant to this chapter, any revenues  
8 generated from the facilities, or other moneys made available to  
9 the fund, to be expended as directed by the partnership.

10       (b) Notwithstanding any provisions of this chapter to the  
11 contrary, revenues, income, and receipts derived from the  
12 project facilities shall be set apart in a separate subaccount  
13 and applied solely for the following purposes:

- 14       (1) The principal and interest on the bonds;
- 15       (2) The cost of administering, operating, and maintaining  
16 the project not to exceed fifteen per cent of the sums  
17 collected, net of principal and interest payments, on  
18 account of assessments and interest for any specific  
19 project facility;
- 20       (3) The establishment of program reserves not to exceed  
21 eighty-five per cent of the sums collected, net of



1 principal and interest payments, on account of  
2 assessments and interest for any specific project  
3 facility; provided that accumulated reserves shall be  
4 credited to and become a part of the special land and  
5 development fund, established under section 171-19,  
6 except in the case of a specific project facility that  
7 is situated in part or wholly within a small boat  
8 harbor, in which case those accumulated reserves  
9 attributable to the portions of the facility situated  
10 in the small boat harbor shall be credited to and  
11 become a part of the boating special fund, established  
12 under section 248-8; and

13 (4) Other purposes as may be authorized in the proceedings  
14 providing for the issuance of the bonds.

15 If any surplus remains in any subaccount after the payment  
16 of the bonds chargeable against that subaccount, the surplus  
17 shall be credited to and become a part of the fund, except as  
18 provided in paragraph (3). Notwithstanding any other law to the  
19 contrary, moneys in the fund may be used to make up any  
20 deficiencies in the subaccount.



1           (c) The partnership shall hold the fund in an account or  
2 accounts separate from other funds. Except as otherwise  
3 provided in subsection (b), the partnership shall invest and  
4 reinvest the fund and the income thereof to:

5           (1) Purchase qualified securities issued by enterprises  
6 for the purpose of raising seed capital; provided that  
7 the investment shall comply with the requirements of  
8 this chapter;

9           (2) Make grants, loans, and provide other monetary forms  
10 of assistance necessary to carry out the purposes of  
11 this chapter; and

12           (3) Purchase securities as may be lawful investments for  
13 fiduciaries in the State.

14 All appropriations, grants, contractual reimbursements, and  
15 other funds not designated for this purpose may be used to pay  
16 for the proper general expenses and to carry out the purposes of  
17 the partnership.

18           (d) The partnership shall purchase qualified securities  
19 issued by an enterprise only after:

20           (1) Receiving:



- 1 (A) An application from the enterprise containing a  
2 business plan that is consistent with the  
3 business and public land development plan,  
4 including a description of the enterprise and its  
5 management, product, and market;
- 6 (B) A statement of the amount, timing, and projected  
7 use of the capital required;
- 8 (C) A statement of the potential economic impact of  
9 the enterprise, including the number, location,  
10 and types of jobs expected to be created; and
- 11 (D) Any other information as the partnership shall  
12 require;
- 13 (2) Determining, based upon the application submitted,  
14 that:
- 15 (A) The proceeds of the investment will be used only  
16 to cover the seed capital needs of the  
17 enterprise, except as authorized in this section;
- 18 (B) The enterprise has a reasonable chance of  
19 success;



- 1 (C) The enterprise has the reasonable potential to  
2 create employment within the State and offers  
3 employment opportunities to residents;
- 4 (D) The coordinating entrepreneur and other founders  
5 of the enterprise have already made or are  
6 prepared to make a substantial financial and time  
7 commitment to the enterprise;
- 8 (E) The securities to be purchased are qualified  
9 securities;
- 10 (F) There is a reasonable possibility that the  
11 partnership will recoup at least its initial  
12 investment; and
- 13 (G) Binding commitments have been made to the  
14 partnership by the enterprise for adequate  
15 reporting of financial data to the partnership,  
16 which shall include a requirement for an annual  
17 or other periodic audit of the books of the  
18 enterprise, and for control by the partnership  
19 that the partnership considers prudent over the  
20 management of the enterprise, in order to protect  
21 the investment of the partnership, including



1 membership on the board of directors of the  
2 enterprise, ownership of voting stock, input in  
3 management decisions, and the right of access to  
4 the financial and other records of the  
5 enterprise; and

6 (3) Entering into a binding agreement with the enterprise  
7 concerning the manner of payback by the enterprise of  
8 the funds advanced, granted, loaned, or received from  
9 the partnership. The manner of payback may include  
10 the payment of dividends, returns from the public sale  
11 of corporate securities or products, royalties, and  
12 other methods of payback acceptable to the  
13 partnership. In determining the manner of payback the  
14 partnership shall establish a rate of return or rate  
15 of interest to be paid on any investment, loan, or  
16 grant of partnership funds under this section.

17 (e) If the partnership makes a direct investment, the  
18 partnership shall also find that a reasonable effort has been  
19 made to find a professional investor to make an investment in  
20 the enterprise as a coventure, and that the effort was





1 unsuccessful. The findings, when made by the partnership, shall  
2 be conclusive.

3 (f) The partnership shall make investments in qualified  
4 securities issued by an enterprise in accordance with the  
5 following limits:

- 6 (1) No more than \$500,000 shall be invested in the  
7 securities of any one enterprise, except that more  
8 than a total of \$500,000 may be invested in the  
9 securities of any one enterprise if the partnership  
10 finds, after its initial investment, that additional  
11 investments in that enterprise are required to protect  
12 the initial investment of the partnership, and the  
13 other findings set forth in subsection (d) and this  
14 subsection are made as to the additional investment;
- 15 (2) The partnership shall not own securities representing  
16 more than forty-nine per cent of the voting stock of  
17 any one enterprise at the time of purchase by the  
18 partnership after giving effect to the conversion of  
19 all outstanding convertible securities of the  
20 enterprise, except that if a severe financial  
21 difficulty of the enterprise occurs, threatening the



1 investment of the partnership in the enterprise, a  
2 greater percentage of those securities may be owned by  
3 the partnership; and

4 (3) No more than fifty per cent of the assets of the  
5 partnership shall be invested in direct investments at  
6 any time.

7 (g) No investment, loan, grant, or use of corporate funds  
8 for the purposes of this chapter shall be subject to chapter  
9 42F.

10 § -17 **Exemption from taxation.** The partnership shall  
11 not be required to pay state taxes of any kind.

12 § -18 **Exemption from requirements.** Notwithstanding  
13 section 171-42 and except as otherwise provided in this chapter,  
14 projects pursuant to this chapter shall be exempt from all  
15 statutes, ordinances, charter provisions, and rules of any  
16 government agency relating to special improvement district  
17 assessments or requirements; land use, zoning, and construction  
18 standards for development, and improvement of land; provided  
19 that the community improvement planning activities of the  
20 partnership shall be coordinated with the county planning



1 departments and the county land use plans, policies, and  
2 ordinances.

3       **§ -19 Annual report.** The partnership shall submit to  
4 the governor and legislature a complete and detailed report of  
5 its plans and activities no later than twenty days prior to the  
6 convening of each regular session."

7       SECTION 3. There is appropriated out of the general  
8 revenues of the State of Hawaii the sum of \$                   or so  
9 much thereof as may be necessary for fiscal year 2025-2026 and  
10 the same sum or so much thereof as may be necessary for fiscal  
11 year 2026-2027 to be deposited into the community improvement  
12 revolving fund established under section       -16.

13       SECTION 4. There is appropriated out of the community  
14 improvement revolving fund the sum of \$                   or so much  
15 thereof as may be necessary for fiscal year 2025-2026 and the  
16 same sum or so much thereof as may be necessary for fiscal year  
17 2026-2027 for:

18       (1) The establishment and operation of the transit-  
19               oriented community improvement partnership; and

20       (2) The establishment of               positions as follows:



1 (A) full-time equivalent ( FTE) executive  
2 director position;

3 (B) full-time equivalent ( FTE) planner  
4 position; and

5 (C) full-time equivalent ( FTE) project  
6 development specialist position.

7 The sums appropriated shall be expended by the transit-  
8 oriented community improvement partnership for the purposes of  
9 this Act.

10 SECTION 5. If any provision of this Act, or the  
11 application thereof to any person or circumstance, is held  
12 invalid, the invalidity does not affect other provisions or  
13 applications of the Act that can be given effect without the  
14 invalid provision or application, and to this end the provisions  
15 of this Act are severable.

16 SECTION 6. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 7. This Act shall take effect on July 1, 3000.



**Report Title:**

DOT; HCDA; Transit-Oriented Community Improvement Partnership;  
Community Improvement Revolving Fund; Tax Exemption; Zoning and  
Land Use Exemptions; Reports; Appropriation

**Description:**

Establishes the Transit-Oriented Community Improvement  
Partnership within the Department of Transportation.  
Establishes the Community Improvement Revolving Fund. Requires  
annual reports to the Legislature. Appropriates funds.  
Effective 7/1/3000. (HD1)

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not legislation or evidence of legislative intent.*

