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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



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

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

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, west to tax map key  
8 3-2-2-031-001, extending south on Mililani Street to E Kawili  
9 Street, to tax map key 3-2-2-050-001, including all lands  
10 abutting or bounded west to east to Kanoelehua Avenue, all  
11 streets including Kuawa Street, Piilani Street, Hualani Street,  
12 Kekuanaoa Street, Leilani Street, E Lanikaula Street, and Kawili  
13 Street; from tax map key 3-2-2-031-001 inclusive along the  
14 coastline to Maile Street until its intersection with Kilauea  
15 Avenue and then to Aupuni Street and beyond to include the  
16 following tax map keys until intersection with Ponahawai Street:  
17 3-2-2-013-003, 3-2-2-012-001, 3-2-2-012-016, 3-2-2-011-01, and  
18 3-2-2-007-018; extending makai to tax map key 3-2-3-002-016,  
19 along the coastline and including tax map key 3-2-2-001-006  
20 until intersection with Lihikai Street; those lands bounded or  
21 abutting Lihikai Street, inclusive through Banyan Drive until



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



1 lands abutting or bounded on Kanoelehua Avenue North from Kawili  
2 Street and Manono Street until they intersect with Kamehameha  
3 Avenue.

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

8 (1) Providing leases in accordance with section 206E-C;

9 (2) Working with federal, state, county, and other  
10 agencies to ensure infrastructural support is provided  
11 for the district; and

12 (3) Improving the infrastructure necessary to support the  
13 implementation of the district.

14 (c) Seven additional voting members shall, except as  
15 otherwise provided in this subsection, be appointed to the  
16 authority by the governor pursuant to section 26-34 to represent  
17 the district. These seven members shall be considered in  
18 determining quorum and majority only on issues relating to the  
19 district and may vote only on issues related to the district.

20 **§206E-C District guidance policies; lease restrictions;**  
21 **revenue, income, and receipts.** (a) The district shall be used



1 for economic purposes including hotel, resort, commercial, and  
2 industrial uses on lands that are currently under lease,  
3 available to lease, or able to be improved for lease. Lease  
4 restrictions pursuant to section 171-36 shall apply to leases  
5 negotiated by the authority for land within the district.

6 (b) Notwithstanding any law to the contrary, including  
7 section 206E-14, the authority may grant leases to any person if  
8 the authority finds that the lease is in conformity with the  
9 community improvement plan. Leases issued by the authority  
10 shall contain:

- 11 (1) The specific use or uses to which the land is to be  
12 employed;
- 13 (2) The improvements required; provided that a minimum  
14 reasonable time be allowed for the completion of the  
15 improvements;
- 16 (3) The rent, as established by the authority or at public  
17 auction, which shall be payable not more than one year  
18 in advance in monthly, quarterly, semiannual, or  
19 annual payments;



- 1           (4) Adequate protection of forests, watershed areas, game  
2                   management areas, wildlife sanctuaries, and public  
3                   hunting areas, where applicable;
- 4           (5) Reservation of rights-of-way and access to other  
5                   public lands, public hunting areas, game management  
6                   areas, or public beaches, where applicable, and  
7                   prevention of nuisance and waste; and
- 8           (6) Other terms and conditions as the authority deems  
9                   necessary to effectuate the purposes of this part.
- 10          (c) All revenue, income, and receipts of the authority for  
11           the district shall be deposited into the Hilo community economic  
12           revolving fund.

13           **§206E-D Hilo community economic revolving fund. (a)**  
14           There is established in the state treasury the Hilo community  
15           economic revolving fund, into which shall be deposited:

- 16           (1) Notwithstanding any law to the contrary, including  
17                   section 206E-16, all revenue, income, and receipts of  
18                   the authority for the district;
- 19           (2) Moneys directed, allocated, or disbursed to the  
20                   district from government agencies or private  
21                   individuals or organizations, including grants, gifts,



1           awards, donations, and assessments of landowners for  
2           costs to administer and operate the district; and

3           (3) Moneys appropriated by the legislature.

4           (b) Moneys in the fund shall be used only for the purpose  
5 of this part; provided that           per cent of all revenue,  
6 income, and receipts generated from land leased or managed by  
7 the department of land and natural resources within the district  
8 boundaries, as described in section 206E-B, shall be transferred  
9 to the special land and development fund.

10           (c) Investment earnings credited to the assets of the fund  
11 shall become part of the fund.

12           **§206E-E Rules; adoption.** The authority shall adopt rules  
13 in accordance with chapter 91 to carry out the purpose of this  
14 part."

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

17           "(a) There is created in the department a special fund to  
18 be designated as the "special land and development fund".

19 Subject to the Hawaiian Homes Commission Act of 1920, as  
20 amended, and section 5(f) of the Admission Act of 1959, all  
21 proceeds of sale of public lands, including interest on deferred



1 payments; all moneys collected under section 171-58 for mineral  
2 and water rights; all rents from leases, licenses, and permits  
3 derived from public lands; all moneys collected from lessees of  
4 public lands within industrial parks; all fees, fines, and other  
5 administrative charges collected under this chapter and chapter  
6 183C; the portion of revenue, income, and receipts of the Hawaii  
7 community development authority for the Hilo community economic  
8 district designated in section 206E-D; a portion of the highway  
9 fuel tax collected under chapter 243; all moneys collected by  
10 the department for the commercial use of public trails and trail  
11 accesses under the jurisdiction of the department; transient  
12 accommodations tax revenues collected pursuant to section  
13 237D-6.5(b)(5); and private contributions for the management,  
14 maintenance, and development of trails and accesses shall be set  
15 apart in the fund and shall be used only as authorized by the  
16 legislature for the following purposes:

- 17 (1) To reimburse the general fund of the State for  
18 advances made that are required to be reimbursed from  
19 the proceeds derived from sales, leases, licenses, or  
20 permits of public lands;



- 1           (2) For the planning, development, management, operations,  
2                    or maintenance of all lands and improvements under the  
3                    control and management of the board pursuant to title  
4                    12, including but not limited to permanent or  
5                    temporary staff positions who may be appointed without  
6                    regard to chapter 76; provided that transient  
7                    accommodations tax revenues allocated to the fund  
8                    shall be expended as provided in section  
9                    237D-6.5(b) (5) ;
- 10           (3) To repurchase any land, including improvements, in the  
11                    exercise by the board of any right of repurchase  
12                    specifically reserved in any patent, deed, lease, or  
13                    other documents or as provided by law;
- 14           (4) For the payment of all appraisal fees; provided that  
15                    all fees reimbursed to the board shall be deposited in  
16                    the fund;
- 17           (5) For the payment of publication notices as required  
18                    under this chapter; provided that all or a portion of  
19                    the expenditures may be charged to the purchaser or  
20                    lessee of public lands or any interest therein under  
21                    rules adopted by the board;



- 1 (6) For the management, maintenance, and development of  
2 trails and trail accesses under the jurisdiction of  
3 the department;
- 4 (7) For the payment to private land developers who have  
5 contracted with the board for development of public  
6 lands under section 171-60;
- 7 (8) For the payment of debt service on revenue bonds  
8 issued by the department, and the establishment of  
9 debt service and other reserves deemed necessary by  
10 the board;
- 11 (9) To reimburse the general fund for debt service on  
12 general obligation bonds issued to finance  
13 departmental projects, where the bonds are designated  
14 to be reimbursed from the special land and development  
15 fund;
- 16 (10) For the protection, planning, management, and  
17 regulation of water resources under chapter 174C; and
- 18 (11) For other purposes of this chapter."

19 SECTION 4. Section 206E-3, Hawaii Revised Statutes, is  
20 amended by amending subsection (b) to read as follows:



1           "(b) The authority shall consist of the director of  
2 finance or the director's designee; the director of  
3 transportation or the director's designee; a cultural  
4 specialist; an at-large member; an at-large member nominated by  
5 the senate president; an at-large member nominated by the  
6 speaker of the house; provided that membership for Heeia  
7 district matters include three representatives of the Heeia  
8 community development district, comprising two residents of that  
9 district or the Koolaupoko district, which consists of sections  
10 1 through 9 of zone 4 of the first tax map key division, and one  
11 owner of a small business or one officer or director of a  
12 nonprofit organization in the Heeia community development  
13 district or Koolaupoko district, nominated by the county council  
14 of the county in which the Heeia community development district  
15 is located; provided further that membership for Kalaeloa  
16 district matters include three representatives of the Kalaeloa  
17 community development district, comprising two residents of the  
18 Ewa zone (zone 9, sections 1 through 2) or the Waianae zone  
19 (zone 8, sections 1 through 9) of the first tax map key  
20 division, and one owner of a small business or one officer or  
21 director of a nonprofit organization in the Ewa or Waianae zone,



1 nominated by the county council of the county in which the  
2 Kalaeloa community development district is located; provided  
3 further that membership for Kakaako district matters include  
4 three representatives of the Kakaako community development  
5 district, comprising two residents of the district and one owner  
6 of a small business or one officer or director of a nonprofit  
7 organization in the district, nominated by the county council of  
8 the county in which the Kakaako community development district  
9 is located; provided further that membership for Hilo district  
10 matters include seven representatives of the Hilo community  
11 economic district, four of whom shall be residents of the  
12 district of South Hilo nominated jointly by senatorial and  
13 representative seat holders representing the district of South  
14 Hilo, three of whom shall be nominated by the council of the  
15 county of Hawaii and all of whom shall be individuals who reside  
16 or work within a one-mile radius of the district boundary  
17 established under section 206E-B; provided further that the  
18 director of planning and permitting of each county in which a  
19 community development district is located or the director's  
20 designee, who shall serve in an ex officio, nonvoting capacity;  
21 and the chairperson of the Hawaiian homes commission or the



1 chairperson's designee, who shall serve in an ex officio,  
2 nonvoting capacity.

3 All members except the director of finance, director of  
4 transportation, county directors of planning and permitting, and  
5 chairperson of the Hawaiian homes commission or their designees  
6 shall be appointed by the governor pursuant to section 26-34.  
7 The two at-large members nominated by the senate president and  
8 speaker of the house and the [~~nine~~] sixteen representatives of  
9 the respective community development districts shall each be  
10 appointed by the governor from a list of three nominees  
11 submitted for each position by the nominating authority  
12 specified in this subsection.

13 The authority shall be organized and shall exercise  
14 jurisdiction as follows:

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

19 (A) The director of finance or the director's  
20 designee;



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



- 1 (E) The three representatives of the Kalaeloa  
2 community development district;  
3 provided that the director of planning and permitting  
4 of the relevant county and the chairperson of the  
5 Hawaiian homes commission, or their respective  
6 designees, shall participate in these matters as ex  
7 officio, nonvoting members and shall not be considered  
8 in determining quorum and majority;
- 9 (3) For matters affecting the Kakaako 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 Kakaako  
20 community development district;



1 provided that the director of planning and permitting  
2 of the relevant county or the director's designee  
3 shall participate in these matters as an ex officio,  
4 nonvoting member and shall not be considered in  
5 determining quorum and majority[-]; and

6 (4) For matters affecting the Hilo community economic  
7 district, the following members shall be considered in  
8 determining quorum and majority and shall be eligible  
9 to vote:

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

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

14 (C) The cultural specialist;

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

16 (E) The seven representatives of the Hilo community  
17 economic district;

18 provided that the director of planning and permitting  
19 of the relevant county or the director's designee  
20 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 SECTION 5. In codifying the new sections added by section  
16 2 of this Act, the revisor of statutes shall substitute  
17 appropriate section numbers for the letters used in designating  
18 the new sections in this Act.

19 SECTION 6. To effectuate the purpose of this Act and to  
20 ultimately transition the redevelopment authority of the Hilo  
21 community development economic district to the county of Hawaii,



1 the Hawaii community development authority established pursuant  
2 to section 206E-3, Hawaii Revised Statutes, shall engage in  
3 discussions with the county of Hawaii to determine the  
4 feasibility of the county of Hawaii:

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

19 SECTION 7. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.



1 SECTION 8. This Act shall take effect on July 1, 2017, and  
2 shall be repealed on:

3 (1) June 30, 2037;

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

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

13 whichever occurs first; provided that upon repeal of this Act,  
14 sections 171-19 and 206E-3, Hawaii Revised Statutes, shall be  
15 reenacted in the form in which they read on the day prior to the  
16 effective date of this Act.

17



H.B. NO.

1479  
H.D. 2  
S.D. 1  
Proposed

**Report Title:**

Hilo Community Economic District; HCDA; Appropriation

**Description:**

Establishes the Hilo Community Economic District as a community development district located in East Hawaii under the Hawaii Community Development Authority. Establishes the Hilo Community Economic Revolving Fund. Appropriates funds. (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.*

