
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 "Fund" means the Hilo community economic revolving fund.



1 **§206E-B Hilo community economic district; established;**
2 **boundaries.** (a) There is established a community development
3 district pursuant to section 206E-5 named the Hilo community
4 economic district. The district shall include the area
5 beginning at the intersection of Manono Street and Kamehameha
6 Avenue, extending south to Piilani Street, east from Piilani
7 Street to Kalanikoa Street to include Hoolulu Park, and west
8 from the intersection of Manono Street and Piilani Street to tax
9 map key 3-2-2-031-001, inclusive along the coastline to Maile
10 Street until its intersection with Kilauea Avenue and then to
11 Aupuni Street and beyond to include the following tax map keys
12 until intersection with Ponahawai Street: 3-2-2-013-003, 3-2-2-
13 012-001, 3-2-2-012-016, 3-2-2-011-01, and 3-2-2-007-018;
14 extending makai to tax map key 3-2-3-002-016, along the
15 coastline and including tax map key 3-2-2-001-006 until
16 intersection with Lihikai Street; those lands bounded or
17 abutting Lihikai Street, inclusive through Banyan Drive until
18 its intersection with Kamehameha Avenue; from Kamehameha Avenue
19 at its intersection with Kalaniana'ole Avenue and extending east
20 on Kalaniana'ole Avenue to include those abutting lands until tax
21 map key 3-2-1-010-033 on the mauka side of the road and tax map



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

20 (b) The authority shall serve as the local redevelopment
21 authority of the district. In addition to any of its other



1 duties under this chapter, the authority's duties relating to
2 this district shall include:

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

9 (c) Three additional voting members shall, except as
10 otherwise provided in this subsection, be appointed to the
11 authority by the governor pursuant to section 26-34 to represent
12 the district. These three members shall be considered in
13 determining quorum and majority only on issues relating to the
14 district and may vote only on issues related to the district.

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



1 (b) Notwithstanding any law to the contrary, including
2 section 206E-14, the authority may grant leases to any person if
3 the authority finds that the lease is in conformity with the
4 community improvement plan. Leases issued by the authority
5 shall contain:

- 6 (1) The specific use or uses to which the land is to be
7 employed;
- 8 (2) The improvements required; provided that a minimum
9 reasonable time be allowed for the completion of the
10 improvements;
- 11 (3) The rent, as established by the authority or at public
12 auction, which shall be payable not more than one year
13 in advance in monthly, quarterly, semiannual, or
14 annual payments;
- 15 (4) Adequate protection of forests, watershed areas, game
16 management areas, wildlife sanctuaries, and public
17 hunting areas, where applicable;
- 18 (5) Reservation of rights-of-way and access to other
19 public lands, public hunting areas, game management
20 areas, or public beaches, where applicable, and
21 prevention of nuisance and waste; and



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

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

6 **§206E-D Hilo community economic revolving fund. (a)**

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

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

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

17 (3) Moneys appropriated by the legislature.

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



1 (c) Investment earnings credited to the assets of the fund
2 shall become part of the fund.

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

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

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

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



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

- 8 (1) To reimburse the general fund of the State for
9 advances made that are required to be reimbursed from
10 the proceeds derived from sales, leases, licenses, or
11 permits of public lands;
- 12 (2) For the planning, development, management, operations,
13 or maintenance of all lands and improvements under the
14 control and management of the board pursuant to title
15 12, including but not limited to permanent or
16 temporary staff positions who may be appointed without
17 regard to chapter 76; provided that transient
18 accommodations tax revenues allocated to the fund
19 shall be expended as provided in section 237D-
20 6.5(b)(5);



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



1 debt service and other reserves deemed necessary by
2 the board;

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

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

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

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

13 "(b) The authority shall consist of the director of
14 finance or the director's designee; the director of
15 transportation or the director's designee; a cultural
16 specialist; an at-large member; an at-large member nominated by
17 the senate president; an at-large member nominated by the
18 speaker of the house; three representatives of the Heeia
19 community development district, comprising two residents of that
20 district or the Koolaupoko district, which consists of sections
21 1 through 9 of zone 4 of the first tax map key division, and one



1 owner of a small business or one officer or director of a
2 nonprofit organization in the Heeia community development
3 district or Koolaupoko district, nominated by the county council
4 of the county in which the Heeia community development district
5 is located; three representatives of the Kalaeloa community
6 development district, comprising two residents of the Ewa zone
7 (zone 9, sections 1 through 2) or the Waianae zone (zone 8,
8 sections 1 through 9) of the first tax map key division, and one
9 owner of a small business or one officer or director of a
10 nonprofit organization in the Ewa or Waianae zone, nominated by
11 the county council of the county in which the Kalaeloa community
12 development district is located; three representatives of the
13 Kakaako community development district, comprising two residents
14 of the district and one owner of a small business or one officer
15 or director of a nonprofit organization in the district,
16 nominated by the county council of the county in which the
17 Kakaako community development district is located; three
18 representatives of the Hilo community economic district,
19 comprising two residents of the district and one owner of a
20 small business or one officer or director of a nonprofit
21 organization in the district, nominated by the county council of



1 the county in which the Hilo community economic district is
2 located; the director of planning and permitting of each county
3 in which a community development district is located or the
4 director's designee, who shall serve in an ex officio, nonvoting
5 capacity; and the chairperson of the Hawaiian homes commission
6 or the chairperson's designee, who shall serve in an ex officio,
7 nonvoting capacity.

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

12 The two at-large members nominated by the senate president and
13 speaker of the house and the nine representatives of the
14 respective community development districts shall each be
15 appointed by the governor from a list of three nominees
16 submitted for each position by the nominating authority
17 specified in this subsection.

18 The authority shall be organized and shall exercise
19 jurisdiction as follows:

20 (1) For matters affecting the Heeia community development
21 district, the following members shall be considered in



1 determining quorum and majority and shall be eligible
2 to vote:

3 (A) The director of finance or the director's
4 designee;

5 (B) The director of transportation or the director's
6 designee;

7 (C) The cultural specialist;

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

9 (E) The three representatives of the Heeia community
10 development district;

11 provided that the director of planning and permitting
12 of the relevant county or the director's designee
13 shall participate in these matters as an ex officio,
14 nonvoting member and shall not be considered in
15 determining quorum and majority;

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

20 (A) The director of finance or the director's
21 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 Kalaeloa
- 6 community development district;
- 7 provided that the director of planning and permitting
- 8 of the relevant county and the chairperson of the
- 9 Hawaiian homes commission, or their respective
- 10 designees, shall participate in these matters as ex
- 11 officio, nonvoting members and shall not be considered
- 12 in determining quorum and majority;
- 13 (3) For matters affecting the Kakaako community
- 14 development district, the following members shall be
- 15 considered in determining quorum and majority and
- 16 shall be eligible 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 Kakaako
- 3 community 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[-]; and
- 9 (4) For matters affecting the Hilo community economic
- 10 district, the following members shall be considered in
- 11 determining quorum and majority and shall be eligible
- 12 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 Hilo community
- 20 economic 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.

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

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



1 shall be for three years, and the initial terms of the remaining
2 five members shall be for four years.

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

5 Notwithstanding section 92-15, a majority of all eligible
6 voting members as specified in this subsection shall constitute
7 a quorum to do business, and the concurrence of a majority of
8 all eligible voting members as specified in this subsection
9 shall be necessary to make any action of the authority valid.

10 All members shall continue in office until their respective
11 successors have been appointed and qualified. Except as herein
12 provided, no member appointed under this subsection shall be an
13 officer or employee of the State or its political subdivisions.

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

17 SECTION 5. In codifying the new sections added by section
18 2 of this Act, the revisor of statutes shall substitute
19 appropriate section numbers for the letters used in designating
20 the new sections in this Act.



1 SECTION 6. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act shall take effect on July 1, 2017.



Report Title:

Hilo Community Economic District; HCDA

Description:

Establishes the Hilo community economic district located in East Hawaii and places it under the jurisdiction of the Hawaii community development authority. 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. (SD2)

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