



GOV. MSG. NO. 1285

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

June 27, 2022

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Thirty-First State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirty-First State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 27, 2022, the following bill was signed into law:

SB2898 SD2 HD2 CD1

RELATING TO COMMUNITY DEVELOPMENT.  
**ACT 184**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

THE SENATE  
THIRTY-FIRST LEGISLATURE, 2022  
STATE OF HAWAII

S.B. NO. 2898  
S.D. 2  
H.D. 2  
C.D. 1

# A BILL FOR AN ACT

RELATING TO COMMUNITY DEVELOPMENT.

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

1       SECTION 1. Chapter 206E, Hawaii Revised Statutes, is  
2 amended by adding a new part to be appropriately designated and  
3 to read as follows:

4 "PART . TRANSIT-ORIENTED DEVELOPMENT INFRASTRUCTURE  
5 IMPROVEMENT DISTRICT

6           §206E-A Findings and purpose. The legislature finds that  
7 construction, installation, and improvement of certain  
8 infrastructure is necessary and desirable to facilitate renewal  
9 and redevelopment of areas designated by the State and the  
10 counties for transit-oriented development. Transit-oriented  
11 development is a powerful tool that can ultimately deliver a  
12 wide range of social, environmental, and economic benefits.  
13 Transit-oriented development promotes development patterns that  
14 support quality of life, preserves the natural environment,  
15 provides a range of housing choices for residents, and  
16 encourages walking, biking, and use of mass transit. The State  
17 plays an important role in overcoming barriers to transit-  
18 oriented development, including encouraging needed investments

1 in improving regional infrastructure such as roads, sewers,  
2 water, power, communication, and storm water management systems.  
3 This part is intended to move transit-oriented development  
4 planning efforts forward into infrastructure improvements that  
5 benefit the community. The legislature further finds that,  
6 currently, no single state agency has the authority to improve  
7 infrastructure along a transit corridor in the best interest of  
8 the State. This part will enable the delivery of infrastructure  
9 needed to support development on lands within designated  
10 transit-oriented development zones.

11 Accordingly, the purpose of this part is to establish  
12 transit-oriented development infrastructure improvement  
13 districts to foster community development by strategically  
14 investing in infrastructure improvements.

15 §206E-B Definitions. As used in this part:

16 "Board" means the transit-oriented development  
17 infrastructure improvement district board.

18 "District" means the transit-oriented development  
19 infrastructure improvement district within each county-  
20 designated transit-oriented development zone, or within a one-  
21 half mile radius of a proposed or existing transit station if



1 the county has not designated transit-oriented development  
2 zones, as determined by the board.

3 "Fund" means the transit-oriented development  
4 infrastructure improvement district special fund established  
5 under section 206E-G.

6 "Program" means the transit-oriented development  
7 infrastructure improvement district program developed by the  
8 board pursuant to section 206E-F.

9 §206E-C District established; boundaries. (a) The  
10 transit-oriented development infrastructure improvement district  
11 is hereby established under the authority.

12 (b) The district shall comprise the parcels of land within  
13 county-designated transit-oriented development zones, or within  
14 a one-half mile radius of a proposed or existing transit station  
15 if the county has not designated transit-oriented development  
16 zones, as determined by the board, which shall take into account  
17 proximity, walkability, adopted county plans, and other relevant  
18 factors; provided that in a county with a population in excess  
19 of five hundred thousand, a transit-oriented development zone  
20 shall include a rail station or a planned rail station. The  
21 district shall include all parcels of land of which any portion



1 of the parcels are located within the county-designated transit-  
2 oriented development zones, or within a one-half mile radius  
3 around proposed or existing transit stations if the county has  
4 not designated transit-oriented development zones.

5 §206E-D Transit-oriented development infrastructure  
6 improvement district board; established; members; terms;  
7 vacancies. (a) There is established the transit-oriented  
8 development infrastructure improvement district board, which  
9 shall be placed under the authority within the department of  
10 business, economic development, and tourism for administrative  
11 purposes. The board shall carry out the duties and  
12 responsibilities as set forth in this part.

13 (b) The board shall consist of the following voting  
14 members:

- 15 (1) The director of finance or the director's designee;  
16 (2) The director of transportation or the director's  
17 designee;  
18 (3) The director of the office of planning and sustainable  
19 development or the director's designee;



- 1           (4) The director of planning and permitting of the county  
2           in which each district is located or the director's  
3           designee; and
- 4           (5) The following members, who shall be appointed by the  
5           governor pursuant to section 26-34:
- 6           (A) A cultural specialist;
- 7           (B) An at-large member, to be selected from a list of  
8           three nominees submitted by the president of the  
9           senate;
- 10          (C) An at-large member, to be selected from a list of  
11          three nominees submitted by the speaker of the  
12          house of representatives;
- 13          (D) A resident of the county where the district is  
14          located, to be selected from a list of three  
15          nominees submitted by the president of the  
16          senate; and
- 17          (E) A resident of the county where the district is  
18          located, to be selected from a list of three  
19          nominees submitted by the speaker of the house of  
20          representatives.



1 (c) The terms of the appointed members shall be for four  
2 years, commencing on July 1 and expiring on June 30; provided  
3 that the governor shall provide for staggered terms of the  
4 initially appointed members so that the initial terms of one at-  
5 large member and one district member selected by lot shall be  
6 for three years, the initial terms of one at-large member and  
7 one district member selected by lot shall be for four years, and  
8 the term of the cultural specialist shall be for two years.

9 (d) If a vacancy occurs, a member shall be appointed to  
10 fill the vacancy in the same manner as the original appointment  
11 within thirty days of the vacancy or within ten days of the  
12 senate's rejection of a previous appointment, as applicable.

13 (e) The terms of the director of finance, director of  
14 transportation, director of the office of planning and  
15 sustainable development, and the county directors of planning  
16 and permitting, or their respective designees, shall run  
17 concurrently with each director's term of office.

18 (f) Notwithstanding section 92-15, a majority of all  
19 eligible voting members as specified in this section shall  
20 constitute a quorum to do business, and the concurrence of a  
21 majority of all eligible voting members present shall be



1 necessary to make any action of the board valid. All members  
2 shall continue in office until their respective successors have  
3 been appointed and received advice and consent of the senate.  
4 Except as provided herein, no member appointed under this  
5 section shall be an officer or employee of the State or its  
6 political subdivisions.

7 (g) The members of the board shall serve without  
8 compensation but each shall be reimbursed for expenses,  
9 including travel expenses, incurred in the performance of their  
10 duties.

11 §206E-E Transit-oriented development infrastructure  
12 improvement district board; powers; generally. Except as  
13 otherwise limited by this part, with respect to the development,  
14 construction, and improvement of infrastructure within the  
15 districts, the board may:

- 16 (1) Establish and administer districts and programs;  
17 (2) Make and execute contracts and all other instruments  
18 necessary or convenient for the exercise of its powers  
19 and functions under this part;  
20 (3) Prepare or cause to be prepared an infrastructure  
21 improvement plan for the district;





- 1           (4) Acquire, reacquire, or contract to acquire or  
2           reacquire, by grant or purchase, real, personal, or  
3           mixed property, or any interest therein, and own,  
4           hold, clear, improve, rehabilitate, sell, assign,  
5           exchange, transfer, convey, lease, or otherwise  
6           dispose of or encumber the same;
- 7           (5) Acquire or reacquire by condemnation real, personal,  
8           or mixed property, or any interest therein, for  
9           infrastructure improvement;
- 10          (6) By itself or in partnership with qualified persons,  
11          acquire, reacquire, construct, reconstruct,  
12          rehabilitate, improve, alter, or repair or provide for  
13          the construction, reconstruction, improvement,  
14          alteration, or repair of any infrastructure and own,  
15          hold, sell, assign, transfer, convey, exchange, lease,  
16          or otherwise dispose of or encumber any infrastructure  
17          improvement;
- 18          (7) Arrange or contract for the planning, replanning,  
19          opening, grading, or closing of streets, roads,  
20          roadways, alleys, or other places, or the furnishing  
21          of facilities, or for the acquisition of property or



1 property rights, or for the furnishing of property or  
2 services in connection with an infrastructure  
3 improvement project;

4 (8) Prepare or cause to be prepared plans, specifications,  
5 designs, and estimates of costs for the construction,  
6 reconstruction, rehabilitation, improvement,  
7 alteration, or repair of any infrastructure  
8 improvement project, and, from to time, modify the  
9 plans, specifications, designs, or estimates of any  
10 infrastructure improvement project;

11 (9) Provide advisory, consultative, training, and  
12 educational services; technical assistance; and advice  
13 to any person, partnership, or corporation, either  
14 public or private, to carry out the purposes of this  
15 part, and engage the services of consultants on a  
16 contractual basis for rendering professional and  
17 technical assistance and advice;

18 (10) Procure insurance against any loss in connection with  
19 its property and other assets and operations in  
20 amounts and from insurers as it deems desirable;



1 (11) Contract for and accept gifts or grants in any form  
2 from any public agency or from any other source; and

3 (12) Do any and all things necessary to carry out its  
4 purposes and exercise the powers given and granted in  
5 this part.

6 §206E-F Transit-oriented development infrastructure  
7 improvement district program; assessment; rules. (a) The board  
8 shall develop a transit-oriented development infrastructure  
9 improvement district program to identify infrastructure  
10 improvements within each district. In determining the required  
11 infrastructure improvements to be undertaken, the board shall  
12 consider the strategic plan prepared by the Hawaii interagency  
13 council for transit-oriented development pursuant to section  
14 226-63(c) and subsequent plans and studies prepared to further  
15 implement the strategic plan and the transit-oriented  
16 development projects therein.

17 (b) Whenever the board determines to undertake, or causes  
18 to be undertaken, any infrastructure improvement as part of the  
19 program, the cost of providing the infrastructure improvement  
20 may be assessed against the real property in each district  
21 specially benefiting from the infrastructure improvement. The



1 board shall determine the areas of each district that will  
2 benefit from the infrastructure improvement to be undertaken,  
3 and if less than the entire district benefits, the board may  
4 establish assessment areas within the district. The board may  
5 issue and sell bonds in amounts as may be authorized by the  
6 legislature to provide funds to finance the infrastructure  
7 improvements. The board may fix the assessments against real  
8 property specially benefited. All assessments made pursuant to  
9 this section shall be a statutory lien against each lot or  
10 parcel of land assessed from the date of the notice declaring  
11 the assessment until the assessment is paid, and the lien shall  
12 have priority over all other liens except the lien of property  
13 taxes. As between liens of assessments, the earlier lien shall  
14 be superior to the later lien.

15 (c) Bonds issued to provide funds to finance transit-  
16 oriented development infrastructure improvements shall be  
17 secured solely by the real properties benefited or improved, the  
18 assessments thereon, or the revenues derived from the program  
19 for which the bonds are issued, including reserve accounts and  
20 earnings thereon, insurance proceeds, and other revenues, or any  
21 combination thereof. The bonds may be additionally secured by



1 the pledge or assignment of loans and other agreements or any  
2 note or other undertaking, obligation, or property held by the  
3 board. Bonds issued pursuant to this section and the income  
4 therefrom shall be exempt from all state and county taxation,  
5 except transfer and estate taxes. The bonds shall be issued  
6 subject to rules adopted by the board pursuant to this section.

7 (d) Notwithstanding any other law to the contrary, in  
8 assessing real property for transit-oriented development  
9 infrastructure improvement, the board shall assess the real  
10 property within an assessment area according to the special  
11 benefits conferred upon the real property by the infrastructure  
12 improvement. These methods may include assessment on a frontage  
13 basis or according to the area of real property within an  
14 assessment area or any other assessment method that assesses the  
15 real property according to the special benefit conferred, or any  
16 combination thereof. No assessment levied against real property  
17 specially benefited as provided by this part shall constitute a  
18 tax on real property within the meanings of any constitutional  
19 or statutory provisions. No assessment shall be levied against  
20 real property owned by the federal government, the State, or a



1 county, or an agency thereof, without the prior written consent  
2 of the owner.

3 (e) The board shall adopt rules pursuant to chapter 91 to  
4 provide for the method of undertaking and financing transit-  
5 oriented development infrastructure improvement in an assessment  
6 area or an entire district. The rules adopted pursuant to this  
7 section shall include but not be limited to:

- 8 (1) The methods by which the board shall establish  
9 assessment areas;
- 10 (2) The method of assessment of real properties specially  
11 benefited;
- 12 (3) The costs to be borne by the board, the county in  
13 which districts are situated, and the property owners;
- 14 (4) The procedures before the board relating to the  
15 creation of the assessment areas by the owners of real  
16 property therein, including provisions for petitions,  
17 bids, contracts, bonds, and notices;
- 18 (5) Provisions relating to assessments;
- 19 (6) Provisions relating to financing, including bonds,  
20 revolving funds, advances from available funds,



1 special funds for payment of bonds, payment of  
2 principal and interest, and sale and use of the bonds;  
3 (7) Provisions relating to funds and refunding of  
4 outstanding debts;  
5 (8) Provisions relating to limitations on time to sue; and  
6 (9) Other related provisions.  
7 (f) Notwithstanding any other provisions to the contrary,  
8 the board may, in its discretion, enter into any agreement with  
9 the county in which the districts are located to implement all  
10 or part of the purposes of this section.  
11 (g) All sums collected under this section shall be  
12 deposited into the transit-oriented development infrastructure  
13 improvement district special fund established under section  
14 206E-G and shall be applied solely to:  
15 (1) The payment of the principal and interest on the bonds  
16 and the cost of administering, operating, and  
17 maintaining the program;  
18 (2) The establishment of reserves; and  
19 (3) Other purposes as may be authorized in the proceedings  
20 providing for the issuance of the bonds.



1        If any surplus remains in the fund after the payment of the  
2        bonds chargeable against the fund, it shall be credited to and  
3        become a part of the fund.

4        (h)    The transit-oriented development infrastructure  
5        improvements to be financed through bonds issued by the board  
6        may be dedicated to the county in which the infrastructure  
7        improvements are to be located.    The board shall ensure that the  
8        infrastructure improvements are designed and constructed to meet  
9        county requirements and shall enter into an agreement with the  
10       county for dedication of the public facilities.

11       (i)    Notwithstanding any law to the contrary, whenever it  
12       becomes necessary to remove, relocate, replace, or reconstruct  
13       public utility facilities that are part of a program, the board  
14       shall establish by rule the allocation of cost between the  
15       board, the affected public utilities, and the properties that  
16       may specially benefit from the improvement, if any.    In  
17       determining the allocation of cost, the board shall consider the  
18       cost allocation policies for districts established by the county  
19       in which the removal, relocation, replacement, or reconstruction  
20       is to take place.





1       §206E-G Transit-oriented development infrastructure  
2 improvement district special fund. (a) There is established in  
3 the state treasury the transit-oriented development  
4 infrastructure improvement district special fund, into which  
5 shall be deposited:

6       (1) All revenues, income, and receipts from the transit-  
7 oriented development infrastructure improvement  
8 district program;

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

14       (3) Assessments collected under section 206E-F; and

15       (4) Moneys appropriated to the fund by the legislature.

16       (b) Moneys in the fund shall be used only for the purposes  
17 of this part.

18       (c) Investment earnings credited to the assets of the fund  
19 shall become part of the fund.

20       §206E-H Memorandum of agreement. The board may execute  
21 memoranda of agreement with appropriate governmental agencies.



1       §206E-I Annual comprehensive report. The board shall  
2 submit an annual comprehensive report on the progress of  
3 development within the district to the legislature no later than  
4 twenty days prior to the convening of each regular session."

5       SECTION 2. In codifying the new sections added by section  
6 1 of this Act, the revisor of statutes shall substitute  
7 appropriate section numbers for the letters used in designating  
8 the new sections in this Act.

9       SECTION 3. This Act shall take effect upon its approval.



S.B. NO. 2898  
S.D. 2  
H.D. 2  
C.D. 1

APPROVED this 27th day of June , 2022

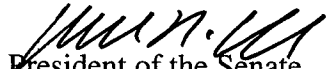



GOVERNOR OF THE STATE OF HAWAII

**THE SENATE OF THE STATE OF HAWAI'I**

Date: May 3, 2022  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate  
of the Thirty-First Legislature of the State of Hawai'i, Regular Session of 2022.

  
President of the Senate

  
Clerk of the Senate

SB No. 2898, SD 2, HD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 3, 2022  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2022.



Scott K. Saiki  
Speaker  
House of Representatives



Brian L. Takeshita  
Chief Clerk  
House of Representatives