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## A BILL FOR AN ACT

RELATING TO THE BANYAN DRIVE-MAKAOKŪ COMMUNITY DEVELOPMENT DISTRICT.

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

1 SECTION 1. The legislature finds that the Waiakea  
2 peninsula, which includes Banyan Drive and was historically  
3 known as Makaokū, is an area of significant cultural and  
4 historical importance to the island of Hawaii. Its strategic  
5 location near Hilo town and the sites of the Merrie Monarch  
6 Festival make it a primary center for community activities and  
7 tourism that supports the State's cultural identity and economy.  
8 However, the legislature finds that the area currently requires  
9 focused revitalization to address conditions of blight. Issues  
10 such as a lack of adequate cultural stewardship, public safety,  
11 the declining health of historic banyan trees, poor lighting,  
12 and a substandard pedestrian experience have hindered the area's  
13 potential and diminished its value to the community.

14 To address these challenges, the legislature determines  
15 that regaining state control over lands within the district in  
16 the near term is essential for successful renewal. By



1 establishing a community development district under the  
2 jurisdiction of the Hawaii community development authority, the  
3 area can be revitalized in a way that fosters cultural  
4 enrichment and enables cultural activities, events, and uses to  
5 coexist effectively with standalone hotel, commercial, and  
6 public uses. This transformation will include the development  
7 of cultural and public facilities, including recreational,  
8 educational, and entertainment spaces that enhance the  
9 experience for residents and visitors.

10 The legislature further finds that the ongoing oversight,  
11 regulation, and maintenance of the district require a stable and  
12 dedicated financial framework. Because the costs of providing  
13 these services and maintaining the district's infrastructure may  
14 vary from year to year, the general fund appropriation process  
15 may not be sufficient to ensure long-term success.

16 Therefore, the purpose of this Act is to:

- 17 (1) Establish the Banyan Drive-Makaokū community  
18 development district; and
- 19 (2) Establish a special fund to provide the Hawaii  
20 community development authority with the consistent  
21 resources necessary to improve and safeguard the



1 cultural, economic, and social value of this vital  
2 area.

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

6 "PART . . . BANYAN DRIVE-MAKAOKU COMMUNITY DEVELOPMENT DISTRICT

7           **§206E- Definitions.** As used in this part:

8 "District" means the Banyan Drive-Makaokū community  
9 development district.

10 "Fund" means the Banyan Drive-Makaokū community development  
11 district special fund.

12        **§206E-        District established; boundaries.** The Banyan  
13      Drive-Makaokū community development district is hereby  
14      established. The district shall include all lands makai of the  
15      following areas:

16 (1) The western boundary is the Wailoa river;

17 (2) The southern boundary begins at the Wailoa river and

18 follows Kamehameha avenue to its intersection with

19 Kalanianaole street and then follows Kalanianaole

20 street to Banyan way; and

21 (3) The eastern boundary is Reeds bay.



1 The district shall also include Moku Ola, also known as Coconut  
2 island on the north.

3 **S206E- Banyan Drive-Makaokū redevelopment agency;**  
4 **chairperson; established.** (a) The Banyan Drive-Makaokū  
5 redevelopment agency is hereby established. The Banyan Drive-  
6 Makaokū redevelopment agency shall be an entity of the authority  
7 and responsible for implementing this part.

8 (b) The Banyan Drive-Makaokū redevelopment agency shall be  
9 headed by a chairperson to be known as the chairperson of the  
10 Banyan Drive-Makaokū redevelopment agency. The chairperson of  
11 the Banyan Drive-Makaokū redevelopment agency shall be appointed  
12 by and shall serve at the pleasure of the authority.

13 **S206E- Development guidance policies.** (a) The  
14 following general development guidance policies shall govern the  
15 authority's actions in the district:

16 (1) Development shall seek to promote cultural activities,  
17 provide community facilities, and foster sustainable  
18 economic growth by encouraging diverse land uses and  
19 private sector investments;  
20 (2) Hawaiian archaeological, historic, and cultural sites  
21 shall be preserved and protected;





1 necessary to carry out redevelopment of the district and  
2 implement this chapter. Studies or coordinating activities may  
3 be undertaken by the authority in conjunction with the county  
4 and appropriate state agencies and may address, without  
5 limitation, facility systems, industrial relocation, and other  
6 activities.

7                   **S206E-        Federal government; financial aid; contracts.**

8 (a) The authority may secure financial aid from the federal  
9 government for any planning, design, development, construction,  
10 and maintenance work that the authority is authorized to  
11 undertake pursuant to this part.

12 (b) Supplemental to the powers granted to the authority  
13 under section 206E-4, the authority may also:

14 (1) Borrow moneys or accept grants from the federal  
15 government in aid of or for any development project  
16 the authority is authorized to undertake pursuant to  
17 this part;

18 (2) Issue bonds or other evidence of indebtedness and  
19 pledge revenues and other assets as security for  
20 indebtedness incurred pursuant to this part;



**§206E- District improvement and maintenance program.**

20 Supplemental to the powers granted to the authority under  
21 section 206E-4, the authority may establish a district



1 improvement and maintenance program to establish a mechanism to  
2 improve and maintain the district and do all things necessary to  
3 effectuate the establishment and operation of the district  
4 improvement and maintenance program, including but not limited  
5 to determining and assessing a service or regulatory fee in  
6 accordance with applicable law. The authority may adopt rules  
7 pursuant to chapter 91 to implement the program.

8           **S206E-           Banyan Drive-Makaokū community development**  
9           **district special fund.** (a) There is established in the state  
10 treasury the Banyan Drive-Makaokū community development district  
11 special fund into which shall be deposited:

12           (1) All revenues, income, and receipts of the authority  
13           for the district, notwithstanding any other law to the  
14           contrary, including section 206E-16; provided that  
15           revenues, income, and receipts derived from leases  
16           shall be paid to the agency that owns or manages the  
17           property;  
18           (2) Moneys directed, allocated, or disbursed to the  
19           district from government agencies or private  
20           individuals or organizations, including grants, gifts,  
21           awards, donations, and moneys collected from the



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

6 (c) Investment earnings credited to the assets of the fund  
7 shall become assets of the fund."

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

10        "(b) The authority shall consist of the director of  
11      finance or the director's designee; the director of  
12      transportation or the director's designee; the director of  
13      business, economic development, and tourism or the director's  
14      designee; the chairperson of the board of land and natural  
15      resources; the director of planning or planning and permitting  
16      of each county in which a community development district is  
17      located or the director's designee; the chairperson of the  
18      Banyan Drive-Makaokū redevelopment agency; a cultural  
19      specialist; an at-large member nominated by the president of the  
20      senate; an at-large member nominated by the speaker of the house  
21      of representatives; two representatives of the Heeia community



1 development district, comprising one resident of that district  
2 or the Koolaupoko district, which consists of sections 1 through  
3 9 of zone 4 of the first tax map key division, and one owner of  
4 a small business or one officer or director of a nonprofit  
5 organization in the Heeia community development district or  
6 Koolaupoko district; two representatives of the Kalaeloa  
7 community development district, comprising one resident of the  
8 Ewa zone (zone 9, sections 1 through 2) or the Waianae zone  
9 (zone 8, sections 1 through 9) of the first tax map key  
10 division, and one owner of a small business or one officer or  
11 director of a nonprofit organization in the Ewa or Waianae zone;  
12 two representatives of the Kakaako community development  
13 district, comprising one resident of the district and one owner  
14 of a small business or one officer or director of a nonprofit  
15 organization in the district; two representatives of the  
16 Pulehunui community development district, consisting of one  
17 resident of the island of Maui, and one owner of a small  
18 business or one officer or director of a nonprofit organization  
19 on the island of Maui; and, two representatives of the Banyan  
20 Drive-Makaokū community development district, consisting of one  
21 resident of the Waiakea ahupuaa (zone 2, section 1, 2, or 4 of



1       the third tax map key division), and one owner of a small  
2       business or an officer or director of a nonprofit organization  
3       located in the town of Hilo (zone 2, sections 1 through 5 of the  
4       third tax map key division); and for the purposes of part X of  
5       this chapter only, two experts on transit-oriented development,  
6       to be appointed one each by the president of the senate and the  
7       speaker of the house of representatives; and the following ex  
8       officio, nonvoting members: the chairpersons of the respective  
9       senate and house of representatives standing committees having  
10       jurisdiction over transportation, and the chairpersons of the  
11       respective senate and house of representatives standing  
12       committees having jurisdiction over housing.

13       All members except the director of finance; director of  
14       transportation; county directors of planning or planning and  
15       permitting; director of business, economic development, and  
16       tourism; chairperson of the board of land and natural resources;  
17       the two experts on transit-oriented development appointed by the  
18       president of the senate and speaker of the house of  
19       representatives, respectively; the chairpersons of the  
20       respective senate and house of representatives standing  
21       committees having jurisdiction over transportation; the



1 chairpersons of the respective senate and house of  
2 representatives standing committees having jurisdiction over  
3 housing; or, where relevant, their respective designees; and the  
4 chairperson of the Banyan Drive-Makaokū redevelopment agency,  
5 shall be appointed by the governor pursuant to section 26-34.  
6 The two at-large members nominated by the president of the  
7 senate and speaker of the house of representatives shall each be  
8 invited to serve and appointed by the governor from a list of  
9 three nominees submitted for each position by the nominating  
10 authority specified in this subsection.

11 The president of the senate and the speaker of the house of  
12 representatives shall each submit a list of six nominees for  
13 each district to the governor to fill the two district  
14 representative positions for each community development  
15 district. For each community development district, the governor  
16 shall appoint one member from a list of nominees submitted by  
17 the president of the senate and one member from a list of  
18 nominees submitted by the speaker of the house of  
19 representatives, and of the two appointees, one shall meet the  
20 district residency requirement and one shall meet the district



1 small business owner or nonprofit organization officer or  
2 director requirement.

3 The president of the senate and the speaker of the house of  
4 representatives shall each appoint a member having expertise and  
5 experience in urban planning and community development to fill  
6 the two positions designated for experts on transit-oriented  
7 development.

8 The authority shall be organized and shall exercise  
9 jurisdiction as follows:

10 (1) For matters affecting the Heeia community development  
11 district, the following members shall be considered in  
12 determining quorum and majority and shall be eligible  
13 to vote:

14 (A) The director of finance or the director's  
15 designee;

16 (B) The director of transportation or the director's  
17 designee;

18 (C) The director of business, economic development,  
19 and tourism or the director's designee;



- (D) The director of planning and permitting for the county in which the Heeia community development district is located or the director's designee;
- (E) The cultural specialist;
- (F) The two at-large members; and
- (G) The two representatives of the Heeia community development district;

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

- (A) The director of finance or the director's designee;
- (B) The director of transportation or the director's designee;
- (C) The director of business, economic development, and tourism or the director's designee;
- (D) The director of planning and permitting for the county in which the Kalaeloa community development district is located or the director's designee;



- (E) The cultural specialist;
- (F) The two at-large members; and
- (G) The two representatives of the Kalaeloa community development district;

(3) For matters affecting the Kakaako community development district, the following members shall be considered in determining quorum and majority and shall be eligible to vote:

- (A) The director of finance or the director's designee;
- (B) The director of transportation or the director's designee;
- (C) The director of business, economic development, and tourism or the director's designee;
- (D) The director of planning and permitting for the county in which the Kakaako community development district is located or the director's designee;
- (E) The cultural specialist;
- (F) The two at-large members; and
- (G) The two representatives of the Kakaako community development district;



1 (4) For matters affecting the Pulehunui community  
2 development district, the following members shall be  
3 considered in determining quorum and majority and  
4 shall be eligible to vote:

- (A) The director of finance or the director's designee;
- (B) The director of transportation or the director's designee;
- (C) The director of business, economic development, and tourism or the director's designee;
- (D) The director of planning for the county in which the Pulehunui community development district is located or the director's designee;
- (E) The chairperson of the board of land and natural resources or the chairperson's designee;
- (F) The cultural specialist;
- (G) The two at-large members; and
- (H) The two representatives of the Pulehunui community development district; [and]





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

3       (A)   The director of business, economic development,  
4               and tourism or the director's designee;  
5       (B)   The director of finance or the director's  
6               designee;  
7       (C)   The chairperson of the board of land and natural  
8               resources or the chairperson's designee;  
9       (D)   The director of transportation or the director's  
10               designee;  
11       (E)   The director of planning for the county in which  
12               the Banyan Drive-Makaokū community development  
13               district is located or the director's designee;  
14       (F)   The chairperson of the Banyan Drive-Makaokū  
15               redevelopment agency;  
16       (G)   The cultural specialist;  
17       (H)   The two at-large members;  
18       (I)   A lineal descendant of the Makaokū area; and  
19       (J)   The two representatives of the Banyan Drive-  
20               Makaokū community development district;



1        [In the event of] If a vacancy[~~r~~] occurs, a member shall be  
2 appointed to fill the vacancy in the same manner as the original  
3 appointment within thirty days of the vacancy or within ten days  
4 of the senate's rejection of a previous appointment, as  
5 applicable.

6        The terms of the director of finance; director of  
7 transportation; county directors of planning and permitting;  
8 director of business, economic development, and tourism; and  
9 chairperson of the board of land and natural resources[~~r~~], or  
10 their respective designees; and the chairperson of the Banyan  
11 Drive-Makaokū redevelopment agency, shall run concurrently with  
12 each official's term of office. The terms of the appointed  
13 voting members shall be for four years, commencing on July 1 and  
14 expiring on June 30. The governor shall provide for staggered  
15 terms of the initially appointed voting members so that the  
16 initial terms of four members selected by lot shall be for two  
17 years, the initial terms of four members selected by lot shall  
18 be for three years, and the initial terms of the remaining three  
19 members shall be for four years. The terms on the authority of  
20 the chairpersons of the senate and house of representatives  
21 standing committees having jurisdiction over housing and the



1 chairpersons of the senate and house of representatives standing  
2 committees having jurisdiction over transportation shall run  
3 concurrently with that respective legislator's term as the  
4 chairperson of that respective committee.

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

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

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

16 For purposes of this section, "small business" means a  
17 business that is independently owned and that is not dominant in  
18 its field of operation."

19 SECTION 4. There is appropriated out of the general  
20 revenues of the State of Hawaii the sum of \$2,000,000 or so much  
21 thereof as may be necessary for the fiscal year 2026-2027 for



1 the Hawaii community development authority to implement this Act  
2 and to:

3 (1) Draft and adopt rules under chapter 91, Hawaii Revised  
4 Statutes; and  
5 (2) Perform an environmental assessment or environmental  
6 impact statement under chapter 343, Hawaii Revised  
7 Statutes, for any property within the Banyan Drive-  
8 Makaokū community development district.

9 The sum appropriated shall be expended by the Hawaii  
10 community development authority for the purposes of this Act.

11 SECTION 5. There is appropriated out of the general  
12 revenues of the State of Hawaii the sum of \$250,000 or so much  
13 thereof as may be necessary for fiscal year 2026-2027 for  
14 deposit into the Banyan Drive-Makaokū community development  
15 district special fund.

16 SECTION 6. There is appropriated out of the Banyan Drive-  
17 Makaokū community development district special fund the sum of  
18 \$250,000 or so much thereof as may be necessary for fiscal year  
19 2026-2027 to be used for the purposes of the Banyan Drive-  
20 Makaokū community development district special fund.



1        The sum appropriated shall be expended by the Hawaii  
2        community development authority for the purposes of this Act.

3           SECTION 7. There is appropriated out of the general  
4        revenues of the State of Hawaii the sum of \$                    or so  
5        much thereof as may be necessary for fiscal year 2026-2027 for  
6        the establishment of one full-time equivalent (1.0 FTE) position  
7        within the Hawaii community development authority.

8        The sum appropriated shall be expended by the Hawaii  
9        community development authority for the purposes of this Act.

10          SECTION 8. This Act shall be liberally construed in order  
11        to accomplish the purposes set forth herein. If any provision  
12        of this Act, or the application thereof to any person or  
13        circumstance is held invalid, the invalidity does not affect  
14        other provisions or applications of the Act that can be given  
15        effect without the invalid provision or application, and to this  
16        end the provisions of this Act are severable.

17          SECTION 9. Statutory material to be repealed is bracketed  
18        and stricken. New statutory material is underscored.

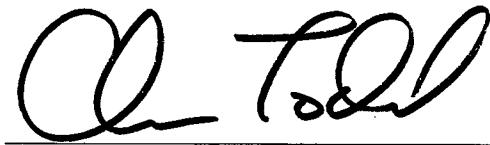
19          SECTION 10. This Act shall take effect on July 1, 2026.



H.B. NO. 2616

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INTRODUCED BY:



JAN 28 2026



# H.B. NO. 2616

**Report Title:**

HCDA; Banyan Drive; Banyan Drive-Makaokū Community Development District; New Special Fund; Powers and Duties; Appropriation

**Description:**

Establishes the Banyan Drive-Makaokū Community Development District as an entity within the Hawaii Community Development Authority. Establishes the Banyan Drive-Makaokū Community Development District Special Fund. Specifies the powers and duties of the Authority as it relates to the new development district and amends the composition of the Authority to include representatives of the new development district. Appropriates funds.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

