
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 best proven
2 models of successful, affordable, healthy, and vibrant
3 communities in transit-oriented development areas require
4 sufficient water, sewer, and power infrastructure, significant
5 affordable housing, safe, comfortable, and convenient pedestrian
6 and multi-modal transit connectivity, meaningful community
7 amenities such as parks, recreational facilities, and event
8 venues, and community programs that provide for culture, arts,
9 communication, safety, security, and cleanliness.

10 The legislature further finds that while significant effort
11 has been made to plan for and prioritize affordable housing in
12 transit-oriented development areas, too often the rest of the
13 community infrastructure, multi-modal connectivity, public
14 spaces, and amenities required for successful, livable
15 communities are not the top priority for any one department or
16 agency. As a result, these are often not planned for or
17 constructed, ending up an afterthought once people move in and



1 discover the gaps in their quality of life. This results in
2 communities that are often sufficient for transient investment
3 units and vacation properties, but not best suited for local
4 families and permanent residents. Inevitably, this leads to
5 costly retrofits, inferior community amenities, and diminished
6 quality of life.

7 The legislature also finds that the two highest costs
8 contributing to the cost of living are housing and
9 transportation. By broadening the State's focus to develop
10 affordable communities with fully built community infrastructure
11 and amenities, rather than just affordable housing, the cost of
12 a single unit can be reduced by as much as \$75,000, and the cost
13 of transportation for families living there can be reduced by
14 \$15,000 or more per year.

15 Units in many recent housing projects have become
16 prohibitively expensive. On average, about \$50,000 is added to
17 the cost of a unit per parking stall built for it, and as much
18 as \$25,000 per unit for building amenities. Numerous cities
19 have begun separating and aggregating parking stalls and
20 building amenities, lowering the cost of each unit produced by
21 as much as \$75,000.



1 The legislature further finds that building separate
2 parking garages allows residents in an area to lease space or
3 use a parking stall as may be needed, rather than having the
4 cost forced upon them through their mortgage. This is important
5 considering Hawaii's next generation is driving considerably
6 less than previous generations. Since 2000, the percentage of
7 eighteen- to twenty-nine-year-olds with a driver's license has
8 plummeted nearly forty per cent. Many desire to live in
9 walkable, bikeable communities where they can get around without
10 the average costly expense of \$10,000 per year for each
11 additional car in a family.

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

19 The legislature believes that tasking an agency with a
20 primary mission to prioritize, plan, and build community
21 infrastructure and amenities such as parks, public spaces,



1 markets, and other amenities that make communities livable,
2 desirable, and lower the cost of living should be a priority,
3 not an afterthought. This approach, utilized by countless
4 successful jurisdictions around the country and world, can
5 reduce the cost of living, and, equally importantly, improve the
6 quality of life and mental health and well-being for residents
7 of all ages.

8 The legislature additionally finds that incorporating
9 mixed-use commercial and retail space into the ground floors of
10 buildings not only puts daily needs within walking distance of
11 residents, but also provides lease rent and revenue generating
12 opportunities that can help pay for maintenance, security, and
13 similar expenses to lower maintenance fees and cost of living
14 for residents in each building by thousands of dollars per year.

15 The legislature notes that some state agencies, such as the
16 Hawaii housing finance and development corporation and Hawaii
17 public housing authority, have a primary focus on building
18 affordable communities, and other agencies, such as the Hawaii
19 community development authority, have a broad focus on urban
20 planning and development, but must compromise between achieving
21 numerous goals, often leaving critical community amenities and



1 infrastructure unfulfilled. Currently, no agency is tasked with
2 a primary mission to plan for and construct the rest of the
3 community infrastructure and amenities necessary to fill the
4 gaps in recent development projects to ensure communities are
5 being planned and built from the start with the public spaces,
6 safe connectivity, and everything else the public tends to
7 desire and need to reduce the cost of living, improve the
8 quality of life, and ensure that affordable communities end up
9 as more than transient investment or vacation properties, but
10 rather as an ideal home for local residents to live, work, and
11 play within.

12 Accordingly, the purpose of this Act is to establish the
13 transit-oriented community improvement partnership, with a
14 primary focus on prioritizing and implementing the community
15 improvements and amenities desired by local residents, necessary
16 for affordable, healthy, and vibrant communities, that shall:

- 17 (1) Coordinate with transit-oriented community development
18 agencies and other stakeholders to ensure communities
19 are planned and built with full transit
20 infrastructure, communities, amenities, and workforce
21 housing needed for success;



1 (2) Build community infrastructure, amenities, and address
2 other needs to lower the cost of living and improve
3 the quality of life; and

(3) Establish programs that communities desire, such as community and business improvement districts, to promote community engagement, keep public spaces safe and clean, and provide better opportunities and pathways for local economic development.

9 SECTION 2. The Hawaii Revised Statutes is amended by
10 adding a new chapter to be appropriately designated and to read
11 as follows:

12 "CHAPTER
13 TRANSIT-ORIENTED COMMUNITY IMPROVEMENT PARTNERSHIP

14 § -1 **Definitions.** As used in this chapter:

15 "Board" means the board of directors of the transit-
16 oriented community improvement partnership.

17 "Coordinating entrepreneur" means a qualified person
18 capable of organizing, operating, and assuming the risk for
19 enterprises, including securing land and seed capital,
20 developing, or managing commercial or recreational facilities or
21 projects, arranging concession agreements, supplying materials,



1 maintaining equipment and infrastructure, and providing for the
2 processing and marketing of services or products.

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

12 "Development rights" means the rights permitted under a law
13 or an ordinance relating to permitted uses of a property, the
14 density or intensity of use, and the maximum height and size of
15 improvements thereon.

16 "Direct investment" means an investment by the partnership
17 in qualified securities of an enterprise where no investment is
18 being or has been made by a professional investor to provide
19 seed capital to the enterprise.

20 "Enterprise" means a business that has its principal place
21 of business in Hawaii and that is or proposes to be engaged in



1 recreational or commercial area development, development of new
2 value-added products, enhancement of existing recreational or
3 commercial commodities, or the application of existing
4 recreation or commercial areas and appurtenant facilities to
5 productive uses.

6 "Fund" means the community improvement special fund.

7 "Partnership" means the transit-oriented community
8 improvement partnership.

9 "Professional investor" means any bank, bank holding
10 company, savings institution, farm credit institution, trust
11 company, insurance company, investment company registered under
12 the federal Investment Company Act of 1940, as amended,
13 financial services loan company, pension or profit-sharing trust
14 or other financial institution or institutional buyer, licensee
15 under the federal Small Business Investment Act of 1958, as
16 amended, or any person, partnership, or other entity of whose
17 resources, a substantial amount is dedicated to investing in
18 securities or debt instruments, and whose net worth exceeds
19 \$250,000.

20 "Project" means a specific undertaking, improvement, or
21 system consisting of work or improvement, including personal



1 property or any interest therein acquired, constructed,
2 reconstructed, rehabilitated, improved, altered, or repaired by
3 the partnership.

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

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

14 "Qualified security" means any note, stock, treasury stock
15 bond, debenture, evidence of indebtedness, certificate of
16 interest or participation in any profit-sharing agreement,
17 pre-organization certificate of subscription, transferable
18 share, investment contract, certificate of deposit for a
19 security, certificate of interest or participation in a patent
20 or patent application, or in royalty or other payments under a
21 patent or application, or, in general, any interest or



1 instrument commonly known as a "security" or any certificate
2 for, receipt for, or option, warrant, or right to subscribe to
3 or purchase any of the foregoing.

4 "Revenue bonds" means bonds, notes, or other evidence of
5 indebtedness of the partnership issued to finance any project
6 facility.

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

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

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

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

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



1 "Walkable community" means a primarily residential area
2 with mixed uses appurtenant to the residences wherein the
3 services, commodities, and amenities necessary for residents to
4 enjoy a complete and fulfilled life are within walking or bike
5 riding distance along protected or grade-separated paths with
6 minimal conflicts with other modes of transportation, for both
7 bicycles and pedestrians, with convenient access to mass
8 transit.

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

16 (b) The partnership shall:

17 (1) Plan, coordinate, and administer projects and programs
18 to develop meaningful infrastructure, housing, and
19 amenities to create walkable communities along
20 transit-oriented corridors for working families that



are affordable, livable, healthy, happy, equitable,
and secure;

(2) Identify and designate each transit-oriented community
improvement area, and may assist other communities
with individual projects as may be appropriate;

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

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

(B) Transportation infrastructure; provided that the
transportation infrastructure shall be designed
to have the capacity to enable at least seventy
per cent of all daily commutes to, from, and
within the area to be safely and comfortably made
by walking, biking, micro-mobility, or public
transit, between common destinations, as well as
for long-distance daily commuting without



1 interruption pursuant to section 264-142 and
2 shall include amenities such as rest stops,
3 secure bicycle and micro-mobility device parking,
4 emergency support stations with tools and other
5 resources as may be appropriate;

6 (C) Public parking hubs of meaningful capacity,
7 including charging for electric vehicles within a
8 reasonable distance of which the partnership may
9 waive requirements for or limit the number of
10 parking stalls required by the State or counties;
11 provided that of the parking stalls developed
12 pursuant to this subparagraph, twenty per cent
13 shall be electric vehicle-ready.

14 For purposes of this subparagraph, "electric
15 vehicle-ready" means having a full-circuit
16 installation that includes two hundred eight volt
17 three phase or two hundred forty volt single
18 phase power, forty-ampere panel capacity,
19 raceway, wiring, receptacle, and overprotection
20 devices similar to a dryer circuit;



- 1 (D) Affordable housing and related infrastructure;
2 provided that at a minimum, a majority of the
3 ground floor frontage facing each street shall
4 include commercial space;
- 5 (E) Public spaces of meaningful scale and access with
6 an overall ratio of residents to public spaces
7 and accessible natural green spaces that shall
8 include:
- 9 (i) Public parks and gathering spaces;
10 (ii) Public spaces for hosting markets and
11 events;
12 (iii) Natural areas with open green space and
13 water for passive relaxation;
14 (iv) Public spaces for active recreation; and
15 (v) Public spaces for pets and animals;
- 16 (F) Facilities for public arts and culture that
17 include:
- 18 (i) Public libraries;
19 (ii) Public works of art;
20 (iii) Galleries, museums, and exhibitions;
21 (iv) Spaces for performances and events;



- 1 (v) Accessible education and narratives on the
2 history, culture, and people of the area;
3 and
4 (vi) Flexible spaces and infrastructure for
5 seasonal, rotating, and evolving programming
6 and engagement;
- 7 (G) Space for local economic development and
8 community empowerment; provided that the primary
9 focus shall be assisting local residents,
10 entrepreneurs, and brands, including:
- 11 (i) Community-based economic development hubs
12 and cooperative spaces such as public
13 commercial kitchens, processing facilities,
14 or similar work hubs available to the
15 community and small businesses;
- 16 (ii) Cooperative commercial and retail locations
17 capable of supporting and aggregating
18 products and services from numerous small
19 businesses;



- 1 (iii) Spaces for hosting micro-businesses such as
2 food trucks, market stalls, and similar
3 temporary business fronts;
- 4 (iv) Spaces for hosting growing small businesses
5 in permanent micro or small commercial
6 locations or rotating pop-up locations; and
- 7 (v) Spaces for hosting larger maturing
8 businesses in regular food, retail, and
9 commercial locations; and
- 10 (H) Opportunities for revenue generation from any
11 facility, lease, program, or other means as may
12 be appropriate to help fund the projects,
13 programs, and operations of the partnership, with
14 a focus on financially sustaining the communities
15 the partnership was created to support; provided
16 that revenue generation shall not be the primary
17 mission of the partnership; and
- 18 (4) Address established and adopted goals of the State,
19 including the Aloha+ challenge, sustainable
20 development goals, and other statutory goals.
- 21 (c) The partnership may:



- 1 (1) Adopt rules under chapter 91 to:
- 2 (A) Establish and implement a business or community
- 3 improvement district, to be governed by an
- 4 approved independent entity with a board
- 5 represented by stakeholders from the community
- 6 with the purpose of providing additional services
- 7 or improvements to the district; and
- 8 (B) Establish a fee mechanism to provide long-term
- 9 funding for a business or community improvement
- 10 district, subject to approval by either a
- 11 majority of property owners, contributors, or
- 12 other stakeholders which it is designed to serve;
- 13 (2) Provide grant funding to support the establishment and
- 14 up to one year of operations of a business or
- 15 community improvement district;
- 16 (3) Establish regular communications to and between
- 17 residents and businesses within a transit-oriented
- 18 community improvement area, or within another
- 19 community as may be appropriate, to provide regular
- 20 updates, information, or similar communication that
- 21 builds relations and a sense of community amongst



1 those living and working in the area. The partnership
2 may designate or contract with another entity to
3 carrier out this function; and

4 (4) Require all or a portion of commercial lease rent to
5 be used to subsidize the cost of property maintenance,
6 security, or similar needs for residents in the
7 building.

8 § -3 **Board of directors.** (a) The board shall consist
9 of the following voting members:

10 (1) The director of finance, or the director's designee;

11 (2) The department of transportation multimodal
12 transportation coordinator, or the coordinator's
13 designee;

14 (3) The director of the office of planning and sustainable
15 development, or the director's designee;

16 (4) The head of the community-based economic development
17 program of the department of business, economic
18 development, and tourism;

19 (5) The chairperson of the board of land and natural
20 resources, or the chairperson's designee;



1 (6) Two individuals with history and expertise in
2 affordable housing, to be appointed by the president
3 of the senate;

4 (7) Two individuals with history and expertise in public
5 spaces, to be appointed by the president of the
6 senate;

7 (8) Two individuals with history and expertise in:

8 (A) Urban planning and building design; or

9 (B) Architecture as a licensed architect in the
10 State,

11 to be appointed by the speaker of the house of
12 representatives; and

13 (9) Two individuals with history and expertise in
14 community-based economic development, to be appointed
15 by the speaker of the house of representatives.

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

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



1 (c) The term of office of the voting members appointed by
2 the speaker of the house of representatives and president of the
3 senate shall be four years each.

4 (d) The board shall appoint an executive director, who
5 shall serve at the pleasure of the board and be exempt from
6 chapter 76. The salary of the executive director shall be set
7 by the board.

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

10 (1) Prescribe their duties and qualifications; and

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

12 § -4 Powers; generally. (a) Except as otherwise
13 limited by this chapter, the partnership may:

14 (1) Sue and be sued;

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

16 (3) Make and alter bylaws for its organization and
17 internal management;

18 (4) Adopt rules under chapter 91 necessary to effectuate
19 this chapter in connection with its projects,
20 programs, operations, and properties;



- 1 (5) Make and execute contracts and all other instruments
2 necessary or convenient for the exercise of its powers
3 and functions under this chapter;
- 4 (6) Carry out surveys, research, investigations, site
5 visits, and similar examinations into technological,
6 business, financial, consumer trends, and other
7 aspects of affordable housing, transportation,
8 walkable communities, public spaces, leisure or
9 recreational land uses;
- 10 (7) Acquire or contract to acquire by grant, purchase, or
11 condemnation pursuant to chapter 101:
- 12 (A) All privately owned real property or any interest
13 therein and the improvements thereon, if any,
14 that are determined by the partnership to be
15 necessary or appropriate for its purposes under
16 this chapter, including real property together
17 with improvements, if any, in excess of that
18 needed for use in cases where small remnants
19 would otherwise be left or where other
20 justifiable cause necessitates the acquisition to
21 protect and preserve the contemplated



1 improvements, or public policy demands the
2 acquisition in connection with the improvements;
3 and

4 (B) Encumbrances, in the form of leases, licenses, or
5 otherwise, needed by the partnership or any state
6 department or agency for public purposes; and the
7 disposition of subdivided lots, house lots,
8 apartments or other economic units, or economic
9 development;

10 (8) Own, hold, improve, and rehabilitate any real,
11 personal, or mixed property acquired; and sell,
12 assign, exchange, transfer, convey, lease, or
13 otherwise dispose of, or encumber the same;

14 (9) By itself or in partnership with qualified persons or
15 other governmental agencies:

16 (A) Acquire, construct, reconstruct, rehabilitate,
17 improve, alter, or repair any infrastructure or
18 accessory facilities in connection with any
19 project;



1 (B) Own, hold, sell, assign, transfer, convey,
2 exchange, lease, or otherwise dispose of, or
3 encumber any project; and
4 (C) Develop or manage, by itself, or in partnership
5 with qualified persons or other governmental
6 agencies, any project that meets the purposes of
7 this chapter;

8 (10) In cooperation with any governmental agency, or
9 otherwise through direct investment or coventure with
10 a professional investor or enterprise or any other
11 person, or otherwise, acquire, construct, operate, and
12 maintain public land facilities, including but not
13 limited to leisure, recreational, commercial,
14 residential, hotel, office space, and business
15 facilities, at rates or charges determined by the
16 partnership;

17 (11) Assist developmental, transit-oriented, recreational,
18 and visitor industry related enterprises, or projects
19 developed or managed by the partnership, by conducting
20 detailed marketing analysis and developing marketing
21 and promotional strategies to strengthen the position



- 1 of those enterprises and to better exploit local,
2 national, and international markets;
- 3 (12) Receive, examine, and determine the acceptability of
4 applications of qualified persons for allowances or
5 grants for the development of new recreation and
6 community-related products, the expansion of
7 established recreation and visitor industry or land
8 development enterprises, and the altering of existing
9 recreational, visitor industry related, or land
10 development enterprises;
- 11 (13) Coordinate its activities with any federal or state
12 programs;
- 13 (14) Grant options to purchase any project or to renew any
14 lease entered into by the partnership in connection
15 with any of its projects or programs, on the terms and
16 conditions it deems advisable;
- 17 (15) Provide advisory, consultative, training, and
18 educational services and technical assistance to any
19 person or partnership, either public or private, to
20 carry out the purposes of this chapter, and engage the
21 services of consultants on a contractual basis for



1 rendering professional and technical assistance and
2 advice;

3 (16) Procure insurance against any loss in connection with
4 its property and other assets and operations in
5 amounts and from insurers as it deems desirable;

6 (17) Accept gifts or grants in any form from any public
7 agency or other source;

8 (18) Issue bonds to finance the cost of a project and
9 provide for the security thereof, in the manner and
10 pursuant to the procedure prescribed in this chapter;

11 (19) Subject to approval by the board, assume management
12 responsibilities for transit centers, infrastructure,
13 parks and water features;

14 (20) Recommend to the department of transportation and the
15 board of land and natural resources the purchase of
16 any privately owned properties that may be appropriate
17 for development; and

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

20 (b) Notwithstanding any provisions under subsection (a) to
21 the contrary, the partnership shall not acquire, contract to



1 acquire by grant or purchase, own, hold, sell, assign, exchange,
2 transfer, convey, lease, or otherwise dispose of, or encumber
3 any real, personal, or mixed property that is owned by the
4 department of transportation as of July 1, 2025, except as
5 expressly provided in this chapter.

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

8 **§ -5 Community improvement projects; development plans**
9 **and implementation.** (a) The partnership may develop and
10 implement plans for community improvement projects and, where
11 appropriate, create projects that meet the mission of the
12 partnership.

13 (b) The partnership may enter into cooperative agreements
14 with other stakeholders, and capabilities of the persons or
15 agencies are deemed necessary and appropriate to execute the
16 mission of the partnership.

17 (c) Notwithstanding any provisions of this chapter to the
18 contrary, when leasing partnership-controlled land or
19 facilities, the partnership may contract with a financial
20 institution chartered pursuant to chapter 412 or a federal
21 financial institution, as defined under section 412:1-109, that



1 transacts business in the State to provide lease management
2 services. For the purposes of this subsection, "lease
3 management services" includes the collection of lease rent and
4 any other moneys owed to the partnership related to the lease of
5 land or facilities under the partnership's control.

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

8 § -6 **Project facility program.** (a) The partnership may
9 develop a project to identify necessary project facilities
10 within a project area.

11 (b) Unless and except as otherwise provided by law,
12 whenever the partnership undertakes, or causes to be undertaken,
13 any project facility as part of a project, the cost of providing
14 the project facilities may be assessed against the real property
15 in the project area specially benefiting from the project
16 facilities. Subject to the express written consent of the
17 landowners directly affected, the partnership shall determine
18 the properties that will benefit from the project facilities to
19 be undertaken and may establish assessment areas that include
20 the properties specially benefiting from the project facilities.



1 The partnership shall fix the assessments against the real
2 property specially benefited.

3 (c) Unless and except as otherwise provided by law, the
4 partnership may adopt rules under chapter 91 to establish the
5 method of undertaking and financing project facilities in a
6 project area.

7 (d) Notwithstanding any other law to the contrary, in
8 assessing real property for project facilities, the partnership
9 shall assess the real property within a project area according
10 to the special benefits conferred upon the real property by the
11 project facilities. These methods may include an assessment on
12 a frontage basis or according to the area of real property
13 within a project area, or any other assessment method that
14 assesses the real property according to the special benefit
15 conferred, or any combination thereof. No assessment levied
16 under this section against real property specially benefited
17 under this chapter shall constitute a tax on real property
18 within the meaning of any law.

19 (e) Notwithstanding any other law to the contrary, the
20 partnership, at its discretion, may enter into any agreement



1 with the county in which project facilities are located, to
2 implement the purposes of this section.

3 (f) If all or a part of the project facilities to be
4 financed through bonds by the partnership are dedicated to the
5 county in which the project facilities will be located, the
6 partnership shall ensure that the project facilities or
7 applicable portions thereof are designed and constructed to meet
8 county requirements.

9 § -7 **Approval of projects, plans, and programs.** Every
10 project, plan, and project facility program developed by the
11 partnership shall be approved by the board.

12 § -8 **Bonds.** (a) The partnership, with the approval of
13 the governor, may issue, from time to time, revenue bonds in
14 amounts not exceeding the total amount of bonds authorized by
15 the legislature for the purpose of:

- 16 (1) Constructing, acquiring, remodeling, furnishing, and
17 equipping any project facility, including the
18 acquisition of the site of the facility; or
19 (2) Acquiring non-public lands through purchase to sustain
20 and preserve leisure or recreational enterprises
21 within a contiguous geographic area.



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

3 (c) The revenue bonds shall be issued in the name of the
4 partnership and not in the name of the State. The final
5 maturity date of the revenue bonds may be any date not exceeding
6 thirty years from the date of issuance.

7 § -9 Revenue bonds; payment and security. (a) The
8 revenue bonds shall be payable from and secured by the
9 improvements to real properties specially benefited or improved
10 and the assessments thereon, or by the revenues derived from the
11 project facility for which the revenue bonds were issued,
12 including revenue derived from insurance proceeds and reserve
13 accounts, and earnings thereon.

14 (b) The partnership may pledge revenues derived from the
15 project facility financed from the proceeds of the revenue bonds
16 to the punctual payment of the principal, interest, and
17 redemption premiums, if any, on the revenue bonds.

18 (c) The revenue bonds may be additionally secured by the
19 pledge or assignment of the loans and other agreements or any
20 note or other undertaking, obligation, or property held by the
21 partnership to secure the loans.



(d) Any pledge made by the partnership shall create a perfected security interest in the revenues, moneys, or property pledged and thereafter received by the partnership, from and after the time that the financing statement with respect to the revenues, moneys, or property pledged and thereafter received are filed with the bureau of conveyances. Upon the filing, the revenues, moneys, or property pledged and thereafter received by the partnership shall immediately be subject to a lien of any pledge without any physical delivery thereof or having claims of any kind in tort, contract, or otherwise against the partnership, irrespective of whether the parties have notice thereof. This section shall apply to any financing statement filed on or after the effective date of this Act with the bureau of conveyances with respect to any pledge made to secure revenue bonds issued under this chapter.

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

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

(b) The partnership shall include the costs of undertaking the project facility for which the revenue bonds are issued in



1 determining the principal amount of revenue bonds to be issued.
2 In determining the cost of undertaking the project facility, the
3 partnership may include:

4 (1) The cost of constructing, acquiring, remodeling,
5 furnishing, and equipping the project facility,
6 including the acquisition of the site of the facility;

7 (2) The cost of purchasing or funding loans or other
8 agreements entered into for the project facility;

9 (3) The costs of studies and surveys;

10 (4) Insurance premiums;

11 (5) Underwriting fees;

12 (6) Financial consultant, legal, accounting, and marketing
13 services incurred;

14 (7) Reserve account, trustee, custodian, and rating agency
15 fees; and

16 (8) Any capitalized interest.

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

19 **§ -11 Revenue bonds; investment of proceeds and**
20 **redemption.** Subject to any agreement with the holders of its
21 revenue bonds, the partnership may:



- 1 (1) Invest moneys not required for immediate use,
2 including proceeds from the sale of revenue bonds, in
3 any investment in accordance with procedures
4 prescribed in a trust indenture; and
- 5 (2) Purchase revenue bonds out of any fund or money of the
6 partnership available therefor, and hold, cancel, or
7 resell the revenue bonds.

8 **§ -12 Revenue bonds; subaccounts.** A separate subaccount
9 shall be established for each project facility financed from the
10 proceeds of the revenue bonds secured under the same trust
11 indenture. Each subaccount shall be designated a project
12 facility revenue bond subaccount and shall bear additional
13 designation as the partnership deems appropriate to properly
14 identify the fund.

15 **§ -13 Trustee; designation, duties.** (a) The
16 partnership shall designate a trustee for each issue of revenue
17 bonds secured under the same trust indenture.

18 (b) The trustee shall be authorized by the partnership to
19 hold and administer the project facility revenue bond subaccount
20 established pursuant to section -12, to receive and receipt
21 for, hold, and administer the revenues derived by the



1 partnership from the project facility for which the revenue
2 bonds were issued, and to apply these revenues to the payment of
3 the cost of:

- 4 (1) Undertaking the project facility;
- 5 (2) Administering and operating the proceedings providing
6 for the issuance of the revenue bonds;
- 7 (3) The principal or interest on these bonds;
- 8 (4) The establishment of reserves; and
- 9 (5) Other purposes as may be authorized in the proceedings
10 providing for the issuance of the revenue bonds.

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

- 14 (1) Payment of the principal of and interest on the
15 revenue bonds; and
- 16 (2) Purchase, registration, transfer, exchange, and
17 redemption of the bonds.

18 (d) The trustee shall perform additional functions with
19 respect to the payment, purchase, registration, transfer,
20 exchange, and redemption of the bonds, as the director of
21 finance may deem necessary, advisable, or expeditious, including



1 the holding of the revenue bonds and coupons that have been paid
2 and the supervision of the destruction thereof in accordance
3 with applicable law.

4 (e) Nothing in this chapter shall limit or be construed to
5 limit the powers granted to the director of finance in sections
6 36-3, 39-13, and 39-68(a), to appoint the trustee or others as
7 fiscal agents, paying agents, and registrars for the revenue
8 bonds or to authorize and empower those fiscal agents, paying
9 agents, and registrars to perform the functions referred to in
10 those sections.

11 § -14 **Trust indenture.** (a) A trust indenture may:

12 (1) Contain covenants and provisions authorized by part
13 III of chapter 39, and as may be deemed necessary or
14 convenient by the partnership for the purposes of this
15 chapter;

16 (2) Allow the partnership to pledge and assign to the
17 trustee loans and other agreements related to the
18 project facility, and the rights of the partnership
19 thereunder, including the right to receive revenues
20 thereunder and to enforce the provisions thereof; and



1 (3) Contain provisions deemed necessary or desirable by
2 the partnership to obtain or permit, by grant,
3 interest, subsidy, or otherwise, the participation of
4 the federal government in the financing of the costs
5 of undertaking the project facility.

6 (b) A trust indenture shall also contain provisions as to:

7 (1) The investment of the proceeds of the revenue bonds,
8 the investment of any reserve for the bonds, the
9 investment of the revenues of the project facility,
10 and the use and application of the earnings from
11 investments; and

12 (2) The terms and conditions upon which the holders of the
13 revenue bonds or any portion of the revenue bonds or
14 any trustee thereof may institute proceedings for the
15 foreclosure of any loan or other agreement or any note
16 or other undertaking, obligation, or property securing
17 the payment of the bonds and the use and application
18 of the moneys derived from the foreclosure.

19 § -15 **Transfer of public lands.** (a) Notwithstanding
20 chapter 171 or any provisions of this chapter to the contrary,
21 any department may transfer development rights for lands under



1 its jurisdiction to the partnership for purposes of this
2 chapter.

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

9 (c) Notwithstanding the provisions of subsection (b) to
10 the contrary, no public lands shall be leased to the partnership
11 if the lease would impair any covenant between the State or any
12 county, or any department or board thereof, and the holders of
13 bonds issued by the State or the county, or any department or
14 board thereof.

15 **§ -16 Community improvement special fund; established;**
16 **use of partnership funds.** (a) There is established the
17 community improvement special fund within the state treasury, to
18 which shall be credited any state appropriations to the fund,
19 any sums collected as a result of bonds issued pursuant to this
20 chapter, any revenues generated from the facilities, or other



1 moneys made available to the fund, to be expended as directed by
2 the partnership.

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

7 (1) The principal and interest on the bonds;

8 (2) The cost of administering, operating, and maintaining
9 the project not to exceed fifteen per cent of the sums
10 collected, net of principal and interest payments, on
11 account of assessments and interest for any specific
12 project facility;

13 (3) The establishment of program reserves not to exceed
14 eighty-five per cent of the sums collected, net of
15 principal and interest payments, on account of
16 assessments and interest for any specific project
17 facility; provided that accumulated reserves shall be
18 credited to and become a part of the special land and
19 development fund, established under section 171-19,
20 except in the case of a specific project facility that
21 is situated in part or wholly within a small boat



1 harbor, in which case those accumulated reserves
2 attributable to the portions of the facility situated
3 in the small boat harbor shall be credited to and
4 become a part of the boating special fund, established
5 under section 248-8; and

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

8 If any surplus remains in any subaccount after the payment
9 of the bonds chargeable against that subaccount, the surplus
10 shall be credited to and become a part of the fund, except as
11 provided in paragraph (3). Notwithstanding any other law to the
12 contrary, moneys in the fund may be used to make up any
13 deficiencies in the subaccount.

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

18 (1) Purchase qualified securities issued by enterprises
19 for the purpose of raising seed capital; provided that
20 the investment shall comply with the requirements of
21 this chapter;



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

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

6 All appropriations, grants, contractual reimbursements, and
7 other funds not designated for this purpose may be used to pay
8 for the proper general expenses and to carry out the purposes of
9 the partnership.

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

12 (1) Receiving:

13 (A) An application from the enterprise containing a
14 business plan that is consistent with the
15 business and public land development plan,
16 including a description of the enterprise and its
17 management, product, and market;

18 (B) A statement of the amount, timing, and projected
19 use of the capital required;



- 1 (C) A statement of the potential economic impact of
2 the enterprise, including the number, location,
3 and types of jobs expected to be created; and
4 (D) Any other information as the partnership shall
5 require;
- 6 (2) Determining, based upon the application submitted,
7 that:
- 8 (A) The proceeds of the investment will be used only
9 to cover the seed capital needs of the
10 enterprise, except as authorized in this section;
11 (B) The enterprise has a reasonable chance of
12 success;
13 (C) The enterprise has the reasonable potential to
14 create employment within the State and offers
15 employment opportunities to residents;
16 (D) The coordinating entrepreneur and other founders
17 of the enterprise have already made or are
18 prepared to make a substantial financial and time
19 commitment to the enterprise;
20 (E) The securities to be purchased are qualified
21 securities;



- 1 (F) There is a reasonable possibility that the
2 partnership will recoup at least its initial
3 investment; and
- 4 (G) Binding commitments have been made to the
5 partnership by the enterprise for adequate
6 reporting of financial data to the partnership,
7 which shall include a requirement for an annual
8 or other periodic audit of the books of the
9 enterprise, and for control by the partnership
10 that the partnership considers prudent over the
11 management of the enterprise, in order to protect
12 the investment of the partnership, including
13 membership on the board of directors of the
14 enterprise, ownership of voting stock, input in
15 management decisions, and the right of access to
16 the financial and other records of the
17 enterprise; and
- 18 (3) Entering into a binding agreement with the enterprise
19 concerning the manner of payback by the enterprise of
20 the funds advanced, granted, loaned, or received from
21 the partnership. The manner of payback may include



1 the payment of dividends, returns from the public sale
2 of corporate securities or products, royalties, and
3 other methods of payback acceptable to the
4 partnership. In determining the manner of payback the
5 partnership shall establish a rate of return or rate
6 of interest to be paid on any investment, loan, or
7 grant of partnership funds under this section.

8 (e) If the partnership makes a direct investment, the
9 partnership shall also find that a reasonable effort has been
10 made to find a professional investor to make an investment in
11 the enterprise as a coventure, and that the effort was
12 unsuccessful. The findings, when made by the partnership, shall
13 be conclusive.

14 (f) The partnership shall make investments in qualified
15 securities issued by an enterprise in accordance with the
16 following limits:

17 (1) No more than \$500,000 shall be invested in the
18 securities of any one enterprise, except that more
19 than a total of \$500,000 may be invested in the
20 securities of any one enterprise if the partnership
21 finds, after its initial investment, that additional



1 investments in that enterprise are required to protect
2 the initial investment of the partnership, and the
3 other findings set forth in subsection (d) and this
4 subsection are made as to the additional investment;

5 (2) The partnership shall not own securities representing
6 more than forty-nine per cent of the voting stock of
7 any one enterprise at the time of purchase by the
8 partnership after giving effect to the conversion of
9 all outstanding convertible securities of the
10 enterprise, except that if a severe financial
11 difficulty of the enterprise occurs, threatening the
12 investment of the partnership in the enterprise, a
13 greater percentage of those securities may be owned by
14 the partnership; and

15 (3) No more than fifty per cent of the assets of the
16 partnership shall be invested in direct investments at
17 any time.

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



1 **§ -17 Standards for the award of grants.** Applications
2 for grants shall be made to the department of transportation and
3 contain the information as shall be required by rules adopted
4 thereunder. At a minimum, the applicant shall:

5 (1) Be licensed or accredited, in accordance with federal,
6 state, or county laws, rules, or ordinances, to
7 conduct the activities or provide the services for
8 which a grant is awarded;

9 (2) Provide a detailed plan outlining the scope,
10 objectives, and projected impact of the project and a
11 clear breakdown of how grant funds will be utilized;

12 (3) Agree to use state funds exclusively for the purposes
13 of this chapter;

14 (4) Indicate capability to properly use the grant for the
15 purpose of the grant program;

16 (5) Comply with all applicable federal and state laws
17 prohibiting discrimination against any person on the
18 basis of race, color, national origin, religion,
19 creed, sex, age, sexual orientation, disability, or
20 any other characteristic protected under applicable
21 federal or state law;



- 1 (6) Agree not to use state funds for purposes of
2 entertainment or perquisites;
- 3 (7) Comply with other requirements as the department of
4 transportation may prescribe;
- 5 (8) Comply with all applicable federal, state, and county
6 laws, rules, and ordinances;
- 7 (9) Agree to indemnify and save harmless the State and its
8 officers, agents, and employees from and against any
9 and all claims arising out of or resulting from
10 activities carried out or projects undertaken with
11 funds provided under this chapter and procure
12 sufficient insurance to provide this indemnification
13 if requested to do so by the department of
14 transportation; and
- 15 (10) Agree to make available to the department of
16 transportation all records the applicant may have
17 relating to the grant to allow state agencies to
18 monitor the applicant's compliance with this section.

19 **§ -18 Exemption from taxation.** The partnership shall
20 not be required to pay state taxes of any kind.



1 **§ -19 Exemption from requirements.** Notwithstanding
2 section 171-42 and except as otherwise provided in this chapter,
3 projects pursuant to this chapter shall be exempt from all
4 statutes, ordinances, charter provisions, and rules of any
5 government agency relating to special improvement district
6 assessments or requirements; land use, zoning, and construction
7 standards for development, and improvement of land; provided
8 that the community improvement planning activities of the
9 partnership shall be coordinated with:

- 10 (1) All relevant state permitting and regulatory agencies
11 and programs; and
12 (2) The county planning departments and county land use
13 plans, policies, and ordinances.

14 **§ -20 Annual report.** The partnership shall submit to
15 the governor and legislature a complete and detailed report of
16 its plans and activities no later than twenty days prior to the
17 convening of each regular session."

18 SECTION 3. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so
20 much thereof as may be necessary for fiscal year 2025-2026 and
21 the same sum or so much thereof as may be necessary for fiscal



1 year 2026-2027 to be deposited into the community improvement
2 special fund established under section -16.

3 SECTION 4. There is appropriated out of the community
4 improvement special fund the sum of \$ or so much
5 thereof as may be necessary for fiscal year 2025-2026 and the
6 same sum or so much thereof as may be necessary for fiscal year
7 2026-2027 for:

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

10 (2) The establishment of four positions as follows:

11 (A) One permanent full-time equivalent (1.0 FTE)
12 executive director position;

13 (B) One permanent full-time equivalent (1.0 FTE)
14 planner or licensed architect position;

15 (C) One permanent full-time equivalent (1.0 FTE)
16 project development specialist position; and

17 (D) One permanent full-time equivalent (1.0 FTE)
18 administrative assistant position.

19 The sums appropriated shall be expended by the transit-
20 oriented community improvement partnership for the purposes of
21 this Act.



1 SECTION 5. If any provision of this Act, or the
2 application thereof to any person or circumstance, is held
3 invalid, the invalidity does not affect other provisions or
4 applications of the Act that can be given effect without the
5 invalid provision or application, and to this end the provisions
6 of this Act are severable.

7 SECTION 6. This Act shall take effect on July 1, 2050.



S.B. NO. 1669
S.D. 2
H.D. 1

Report Title:

DOT; Transit-Oriented Community Improvement Partnership;
Community Improvement Special Fund; Exemptions; Reports;
Positions; Appropriation

Description:

Establishes the Transit-Oriented Community Improvement Partnership within the Department of Transportation. Establishes the Community Improvement Special Fund. Requires annual reports to the Legislature. Appropriates funds into and out of the special fund for the partnership and positions. Effective 7/1/2050. (HD1)

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