

JAN 21 2026

A BILL FOR AN ACT

RELATING TO THE BANYAN DRIVE COMMUNITY DEVELOPMENT DISTRICT.

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 . BANYAN DRIVE COMMUNITY DEVELOPMENT DISTRICT**

5 **\$206E- Banyan Drive community development district;**

6 **findings; purpose.** The legislature finds that the Waiakea
7 peninsula area in east Hawaii island, which includes Banyan
8 Drive, is underutilized. The area lacks a sense of safety and
9 security due to a lack of landscaping, the conditions of the
10 banyan trees, the poor lighting, and other blight conditions
11 that make for an unpleasant pedestrian experience. In addition,
12 the area is deficient in basic public facilities that support
13 residents and visitors, including recreational, educational, and
14 entertainment facilities. Despite the current condition, the
15 area has exceptional potential for revitalization. The close
16 proximity to the cruise ship terminal, Merrie Monarch Festival
17 sites, and Hilo town makes the area suitable for economic and



1 tourism development activities that foster community, promote
2 cultural activities, and support economic sustainability.
3 Regaining state control over lands in the district in the near
4 term is essential and necessary to revitalize the area. Through
5 the Hawaii community development authority, the area can be
6 revitalized in such a way that hotel, commercial, public, and
7 cultural uses can coexist while providing value to the island of
8 Hawaii and the State.

9 **§206E- Definitions.** As used in this part:

10 "District" means the Banyan Drive community development
11 district.

12 "Fund" means the Banyan Drive community development
13 district special fund.

14 **§206E- District established; boundaries.** The Banyan
15 Drive community development district is hereby established. The
16 district shall include the area bounded by the Wailoa river on
17 the west; Kamehameha avenue, inclusive, from its intersection
18 with the Wailoa river to Kalanianaʻole street on the south;
19 Kalanianaʻole street, inclusive, from Kamehameha avenue to its
20 intersection with Banyan way on the southeast; Banyan way,
21 inclusive, from Kalanianaʻole street to Reeds bay on the east;



1 and all lands from any parcel in those boundaries makai to the
2 ocean in addition to Moku Ola, also known as Coconut island, on
3 the north.

4 **§206E- Banyan Drive redevelopment agency; chairperson;**
5 **established.** (a) The Banyan Drive redevelopment agency is
6 hereby established. The Banyan Drive redevelopment agency shall
7 be an entity of the authority and responsible for implementing
8 this part.

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

14 **§206E- Development guidance policies.** (a) The
15 following development guidance policies shall generally govern
16 the authority's actions in the district:

- 17 (1) Development shall seek to promote cultural activities,
18 provide community facilities, and foster sustainable
19 economic growth by encouraging diverse land uses and
20 private sector investments;



(2) Hawaiian archaeological, historic, and cultural sites shall be preserved and protected;

(3) Land use and redevelopment activities within the district shall be coordinated with and, to the extent possible, complement existing state and county policies, plans, and programs affecting the district;

(4) Public facilities within the district shall be planned, located, and developed so as to support their development policies for the district established by this chapter and plans and rules adopted pursuant to this chapter;

(5) The design and siting of buildings shall consider the impacts of climate change, sea level rise, inundation risk, and climate-resilient development; and

(6) Development shall consider the inclusion of mobility solutions.

(b) The authority may engage in planning, design, and construction activities within and outside the district; provided that activities outside the district relate to infrastructure development, area-wide drainage improvements, roadway realignments and improvements, business and industrial



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

8 **§206E- Financial aid from the federal government;**

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

14 (b) In addition, and supplemental to the powers granted to
15 the authority under section 206E-4, the authority may:

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



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

(3) Repay any indebtedness, including any interest incurred thereon by the authority pursuant to this part;

(4) Procure insurance or loan guarantees from the federal government for the payment of any debts or parts thereof secured by mortgages made or held by the authority;

(5) Execute contracts with the federal government in accordance with this part; and

(6) Comply with terms and conditions required by the federal government in any contract or grant for federal assistance.

(c) It is the purpose and intent of this section to authorize the authority to do all things necessary to secure the cooperation of and financial aid from the federal government for any planning, design, development, construction, and maintenance work that the authority is authorized to undertake pursuant to this part.



1 **§206E- Additional powers.** In addition, and
2 supplemental to the powers granted to the authority by law, the
3 authority may establish a district improvement and maintenance
4 program to establish a mechanism to improve and maintain the
5 district and do all things necessary to effectuate the
6 establishment and operation of the district improvement and
7 maintenance program, including but not limited to determining
8 and assessing a service or regulatory fee in accordance with
9 applicable law. The authority may also adopt rules pursuant to
10 chapter 91 to implement the program.

11 **§206E- Banyan Drive community development district**
12 **special fund.** (a) There is established in the state treasury
13 the Banyan Drive community development district special fund
14 into which shall be deposited:

15 (1) All revenues, income, and receipts of the authority
16 for the district, notwithstanding any other law to the
17 contrary, including section 206E-16; provided that
18 revenues, income, and receipts derived from leases are
19 paid to the agency that owns or manages the property;

20 (2) Moneys directed, allocated, or disbursed to the
21 district from government agencies or private



1 individuals or organizations, including grants, gifts,
2 awards, donations, and moneys collected from the
3 district improvement and maintenance program, for
4 costs to administer and operate the district; and

5 (3) Moneys appropriated to the fund by the legislature.

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

8 (c) Investment earnings credited to the assets of the fund
9 shall become assets of the fund."

10 SECTION 2. Section 206E-3, Hawaii Revised Statutes, is
11 amended by amending subsection (b) to read as follows:

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



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



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

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



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

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



1 district residency requirement and one shall meet the district
2 small business owner or nonprofit organization officer or
3 director requirement.

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

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

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

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

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

19 (C) The director of business, economic development,
20 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;



(4) For matters affecting the Pulehunui 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 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]



(5) For matters affecting part X of this chapter only, 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 chairperson of the board of land and natural resources or the chairperson's designee;

(E) The director of planning for the county in which the program area is located or the director's designee;

(F) The cultural specialist;

(G) The two at-large members; and

(H) The two experts on transit-oriented development appointed by the president of the senate and the speaker of the house of representatives[-]; and

(6) For matters affecting the Banyan Drive community development district, the following members shall be



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

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

(B) The director of finance or the director's
designee;

(C) The chairperson of the board of land and natural
resources or the chairperson's designee;

(D) The director of transportation or the director's
designee;

(E) The director of planning for the county in which
the Banyan Drive community development district
is located or the director's designee;

(F) The chairperson of the Banyan Drive redevelopment
agency;

(G) The cultural specialist;

(H) The two at-large members; and

(I) The two representatives of the Banyan Drive
community development district;

provided that for all matters involving the

appointment or termination of the chairperson of the



1 Banyan Drive Hawaii redevelopment agency, the member
2 under subparagraph (F) shall not be considered a
3 member.

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

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



1 members shall be for four years. The terms on the authority of
2 the chairpersons of the senate and house of representatives
3 standing committees having jurisdiction over housing and the
4 chairpersons of the senate and house of representatives standing
5 committees having jurisdiction over transportation shall run
6 concurrently with that respective legislator's term as the
7 chairperson of that respective committee.

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

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

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

19 For purposes of this section, "small business" means a
20 business that is independently owned and that is not dominant in
21 its field of operation."



SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$2,000,000 or so much thereof as may be necessary for fiscal year 2026-2027 for the Hawaii community development authority to implement this Act and to:

(1) Adopt rules under chapter 91, Hawaii Revised Statutes, for purposes of this Act; and

(2) Prepare an environmental assessment or environmental impact statement under chapter 343, Hawaii Revised Statutes, for any property within the Banyan Drive community development district.

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

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2026-2027 for deposit into the Banyan Drive community development district special fund.

SECTION 5. There is appropriated out of the Banyan Drive community development district special fund the sum of \$ or so much thereof as may be necessary for fiscal year 2026-2027



1 for the establishment of one full-time equivalent (1.0 FTE)
2 position within the Hawaii community development authority.

3 The sum appropriated shall be expended the Hawaii community
4 development authority for the purposes of this Act.

5 SECTION 6. This Act shall be liberally construed in order
6 to accomplish the purposes set forth herein. If any provision
7 of this Act, or the application thereof to any person or
8 circumstance is held invalid, the invalidity does not affect
9 other provisions or applications of the Act that can be given
10 effect without the invalid provision or application, and to this
11 end the provisions of this Act are severable.

12 SECTION 7. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 8. This Act shall take effect on July 1, 2026.

15
INTRODUCED BY:





S.B. NO. 2001

Report Title:

Banyan Drive; Establishment of the Banyan Drive Community Development District; HCDA; Special Fund.

Description:

Establishes the Banyan Drive Community Development District and the Banyan Drive Community Development District Special Fund. Specifies the powers and duties of the Hawaii Community Development Authority as it relates to the new development district.

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

