

JAN 21 2026

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## 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 Kalanianaole street on the south;  
19 Kalanianaole street, inclusive, from Kamehameha avenue to its  
20 intersection with Banyan way on the southeast; Banyan way,  
21 inclusive, from Kalanianaole 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;



- 1       (2) Hawaiian archaeological, historic, and cultural sites
- 2               shall be preserved and protected;
- 3       (3) Land use and redevelopment activities within the
- 4               district shall be coordinated with and, to the extent
- 5               possible, complement existing state and county
- 6               policies, plans, and programs affecting the district;
- 7       (4) Public facilities within the district shall be
- 8               planned, located, and developed so as to support their
- 9               development policies for the district established by
- 10               this chapter and plans and rules adopted pursuant to
- 11               this chapter;
- 12       (5) The design and siting of buildings shall consider the
- 13               impacts of climate change, sea level rise, inundation
- 14               risk, and climate-resilient development; and
- 15       (6) Development shall consider the inclusion of mobility
- 16               solutions.

17               (b) The authority may engage in planning, design, and

18               construction activities within and outside the district;

19               provided that activities outside the district relate to

20               infrastructure development, area-wide drainage improvements,

21               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;





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;



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

8 (2) For matters affecting the Kalaeloa community  
9 development district, the following members shall be  
10 considered in determining quorum and majority and  
11 shall be eligible to vote:  
12 (A) The director of finance or the director's  
13 designee;  
14 (B) The director of transportation or the director's  
15 designee;  
16 (C) The director of business, economic development,  
17 and tourism or the director's designee;  
18 (D) The director of planning and permitting for the  
19 county in which the Kalaeloa community  
20 development district is located or the director's  
21 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:  
5 (A) The director of finance or the director's  
6 designee;  
7 (B) The director of transportation or the director's  
8 designee;  
9 (C) The director of business, economic development,  
10 and tourism or the director's designee;  
11 (D) The director of planning for the county in which  
12 the Pulehunui community development district is  
13 located or the director's designee;  
14 (E) The chairperson of the board of land and natural  
15 resources or the chairperson's designee;  
16 (F) The cultural specialist;  
17 (G) The two at-large members; and  
18 (H) The two representatives of the Pulehunui  
19 community development district; [and]



1 (5) For matters affecting part X of this chapter only, the  
2 following members shall be considered in determining  
3 quorum and majority and shall be eligible to vote:  
4 (A) The director of finance or the director's  
5 designee;  
6 (B) The director of transportation or the director's  
7 designee;  
8 (C) The director of business, economic development,  
9 and tourism or the director's designee;  
10 (D) The chairperson of the board of land and natural  
11 resources or the chairperson's designee;  
12 (E) The director of planning for the county in which  
13 the program area is located or the director's  
14 designee;  
15 (F) The cultural specialist;  
16 (G) The two at-large members; and  
17 (H) The two experts on transit-oriented development  
18 appointed by the president of the senate and the  
19 speaker of the house of representatives[.]; and  
20 (6) For matters affecting the Banyan Drive community  
21 development district, the following members shall be



1       considered in determining quorum and majority and  
2       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 community development district  
13               is located or the director's designee;

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

16       (G)   The cultural specialist;

17       (H)   The two at-large members; and

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

20               provided that for all matters involving the  
21               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."



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

6 (1) Adopt rules under chapter 91, Hawaii Revised Statutes,  
7 for purposes of this Act; and  
8 (2) Prepare an environmental assessment or environmental  
9 impact statement under chapter 343, Hawaii Revised  
10 Statutes, for any property within the Banyan Drive  
11 community development district.

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

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

19 SECTION 5. There is appropriated out of the Banyan Drive  
20 community development district special fund the sum of \$  
21 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.*

