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

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



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

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

15 Therefore, the purpose of this Act is to:

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



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

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

6 "PART . BANYAN DRIVE COMMUNITY DEVELOPMENT DISTRICT

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

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

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

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

- 15 (1) The western boundary is the Wailoa river;
- 16 (2) The southern boundary begins at the Wailoa river and
17 follows Kamehameha avenue to its intersection with
18 Kalaniana'ole street and then follows Kalaniana'ole
19 street to Banyan way; and
- 20 (3) The eastern boundary is Reeds bay.



1 The district shall also include Moku Ola, also known as Coconut
2 island on the north, and rights-of-ways.

3 **§206E- Development guidance policies.** (a) The
4 following general development guidance policies shall govern the
5 authority's actions in the district:

6 (1) Development shall seek to promote cultural activities,
7 provide community facilities, and foster sustainable
8 economic growth by encouraging diverse land uses and
9 private sector investments;

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

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

16 (4) Public facilities within the district shall be
17 planned, located, and developed so as to support the
18 redevelopment policies for the district established by
19 this part and plans and rules adopted pursuant to this
20 part;



1 (5) Development shall consider the impacts of climate
2 change, sea level rise, inundation risk, and
3 climate-resilient development in the design and siting
4 of buildings; and

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

7 (b) The authority may engage in planning, design, and
8 construction activities within and outside the district;
9 provided that activities outside the district shall relate to
10 infrastructure development, area-wide drainage improvements,
11 roadway realignments and improvements, business and industrial
12 relocation, and any other activities the authority deems
13 necessary to carry out redevelopment of the district and
14 implement this part. Studies or coordinating activities may be
15 undertaken by the authority in conjunction with the county and
16 appropriate state agencies and may address, without limitation,
17 facility systems, industrial relocation, and other activities.

18 **§206E- Federal government; financial aid; contracts.**

19 (a) The authority may secure financial aid from the federal
20 government for any planning, design, development, construction,



1 and maintenance work that the authority is authorized to
2 undertake pursuant to this part.

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

5 (1) Borrow moneys or accept grants from the federal
6 government in aid of or for any development project
7 the authority is authorized to undertake pursuant to
8 this part;

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

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

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

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



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

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

10 **§206E- District improvement and maintenance program.**

11 Supplemental to the powers granted to the authority under
12 section 206E-4, the authority may establish a district
13 improvement and maintenance program to establish a mechanism to
14 improve and maintain the district and do all things necessary to
15 effectuate the establishment and operation of the district
16 improvement and maintenance program, including but not limited
17 to determining and assessing a service or regulatory fee in
18 accordance with applicable law. The authority may adopt rules
19 pursuant to chapter 91 to implement the program.

20 **§206E- Banyan Drive community development district**

21 **special fund.** (a) There is established in the state treasury



1 the Banyan Drive community development district special fund
2 into which shall be deposited:

3 (1) All revenues, income, and receipts of the authority
4 for the district, notwithstanding any other law to the
5 contrary, including section 206E-16; provided that
6 revenues, income, and receipts derived from leases
7 shall be paid to the agency that owns or manages the
8 property;

9 (2) Moneys directed, allocated, or disbursed to the
10 district from government agencies or private
11 individuals or organizations, including grants, gifts,
12 awards, donations, and moneys collected from the
13 district improvement and maintenance program, for
14 costs to administer and operate the district; and

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

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

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

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



1 "(b) The authority shall consist of the director of
2 finance or the director's designee; the director of
3 transportation or the director's designee; the director of
4 business, economic development, and tourism or the director's
5 designee; the chairperson of the board of land and natural
6 resources; the director of planning or planning and permitting
7 of each county in which a community development district is
8 located or the director's designee; a cultural specialist; an
9 at-large member nominated by the president of the senate; an
10 at-large member nominated by the speaker of the house of
11 representatives; two representatives of the Heeia community
12 development district, comprising one resident of that district
13 or the Koolaupoko district, which consists of sections 1 through
14 9 of zone 4 of the first tax map key division, and one owner of
15 a small business or one officer or director of a nonprofit
16 organization in the Heeia community development district or
17 Koolaupoko district; two representatives of the Kalaeloa
18 community development district, comprising one resident of the
19 Ewa zone (zone 9, sections 1 through 2) or the Waianae zone
20 (zone 8, sections 1 through 9) of the first tax map key
21 division, and one owner of a small business or one officer or



1 director of a nonprofit organization in the Ewa or Waianae zone;
2 two representatives of the Kakaako community development
3 district, comprising one resident of the district and one owner
4 of a small business or one officer or director of a nonprofit
5 organization in the district; two representatives of the
6 Pulehunui community development district, consisting of one
7 resident of the island of Maui, and one owner of a small
8 business or one officer or director of a nonprofit organization
9 on the island of Maui; ~~and,~~ the chairperson of the Banyan
10 Drive Hawaii redevelopment agency; two representatives of the
11 Banyan Drive community development district, consisting of one
12 resident of the Waiakea ahupuaa (zone 2, section 1, 2, or 4 of
13 the third tax map key division), and one owner of a small
14 business or an officer or director of a nonprofit organization
15 located in the town of Hilo (zone 2, sections 1 through 5 of the
16 third tax map key division); for the purposes of part of
17 this chapter only, a lineal descendant of the Waiakea ahupuaa;
18 and for the purposes of part X of this chapter only, two experts
19 on transit-oriented development, to be appointed one each by the
20 president of the senate and the speaker of the house of
21 representatives; and the following ex officio, nonvoting



1 members: the chairpersons of the respective senate and house of
2 representatives standing committees having jurisdiction over
3 transportation, and the chairpersons of the respective senate
4 and house of representatives standing committees having
5 jurisdiction over housing.

6 All members except the director of finance; director of
7 transportation; county directors of planning or planning and
8 permitting; director of business, economic development, and
9 tourism; chairperson of the board of land and natural resources;
10 the two experts on transit-oriented development appointed by the
11 president of the senate and speaker of the house of
12 representatives, respectively; the chairpersons of the
13 respective senate and house of representatives standing
14 committees having jurisdiction over transportation; the
15 chairpersons of the respective senate and house of
16 representatives standing committees having jurisdiction over
17 housing; the chairperson of the Banyan Drive Hawaii
18 redevelopment agency; or, where relevant, their respective
19 designees shall be appointed by the governor pursuant to section
20 26-34. The two at-large members nominated by the president of
21 the senate and speaker of the house of representatives shall



1 each be invited to serve and appointed by the governor from a
2 list of three nominees submitted for each position by the
3 nominating authority specified in this subsection.

4 The president of the senate and the speaker of the house of
5 representatives shall each submit a list of six nominees for
6 each district to the governor to fill the two district
7 representative positions for each community development
8 district. For each community development district, the governor
9 shall appoint one member from a list of nominees submitted by
10 the president of the senate and one member from a list of
11 nominees submitted by the speaker of the house of
12 representatives, and of the two appointees, one shall meet the
13 district residency requirement and one shall meet the district
14 small business owner or nonprofit organization officer or
15 director requirement.

16 The office of Hawaiian affairs shall submit a list of at
17 least three nominees to the governor to fill the lineal
18 descendant of the Waiakea ahupuaa position.

19 The president of the senate and the speaker of the house of
20 representatives shall each appoint a member having expertise and
21 experience in urban planning and community development to fill



1 the two positions designated for experts on transit-oriented
2 development.

3 The authority shall be organized and shall exercise
4 jurisdiction as follows:

5 (1) For matters affecting the Heeia community development
6 district, the following members shall be considered in
7 determining quorum and majority and shall be eligible
8 to vote:

- 9 (A) The director of finance or the director's
10 designee;
- 11 (B) The director of transportation or the director's
12 designee;
- 13 (C) The director of business, economic development,
14 and tourism or the director's designee;
- 15 (D) The director of planning and permitting for the
16 county in which the Heeia community development
17 district is located or the director's designee;
- 18 (E) The cultural specialist;
- 19 (F) The two at-large members; and
- 20 (G) The two representatives of the Heeia community
21 development district;



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



1 (B) The director of transportation or the director's
2 designee;

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

5 (D) The director of planning for the county in which
6 the Pulehunui community development district is
7 located or the director's designee;

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

10 (F) The cultural specialist;

11 (G) The two at-large members; and

12 (H) The two representatives of the Pulehunui
13 community development district; [~~and~~]

14 (5) For matters affecting part X of this chapter only, the
15 following members shall be considered in determining
16 quorum and majority and shall be eligible to vote:

17 (A) The director of finance or the director's
18 designee;

19 (B) The director of transportation or the director's
20 designee;



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



- 1 (C) The chairperson of the board of land and natural
- 2 resources or the chairperson's designee;
- 3 (D) The director of transportation or the director's
- 4 designee;
- 5 (E) The director of planning for the county in which
- 6 the Banyan Drive community development district
- 7 is located or the director's designee;
- 8 (F) The chairperson of the Banyan Drive Hawaii
- 9 redevelopment agency or the chairperson's
- 10 designee;
- 11 (G) The cultural specialist;
- 12 (H) The two at-large members;
- 13 (I) A lineal descendant of the Waiakea ahupuaa; and
- 14 (J) The two representatives of the Banyan Drive
- 15 community development district;

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



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



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

3 Notwithstanding section 92-15, a majority of all eligible
4 voting members as specified in this subsection shall constitute
5 a quorum to do business, and the concurrence of a majority of
6 all eligible voting members as specified in this subsection
7 shall be necessary to make any action of the authority valid.
8 All members shall continue in office until their respective
9 successors have been appointed and qualified. Except as herein
10 provided, no member appointed under this subsection shall be an
11 officer or employee of the State or its political subdivisions.

12 For the purposes of this section, "small business" means a
13 business that is independently owned and that is not dominant in
14 its field of operation."

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

20 (1) Draft and adopt rules under chapter 91, Hawaii Revised
21 Statutes; and



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

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

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

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

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

19 SECTION 7. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$125,000 or so much
21 thereof as may be necessary for fiscal year 2026-2027 for the



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

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

5 SECTION 8. 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 9. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

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



S.B. NO. 2001
S.D. 1
H.D. 2
C.D. 1

Report Title:

HCDA; Banyan Drive Hawaii Redevelopment Agency; Banyan Drive Community Development District; New Special Fund; Lineal Descendant; Powers and Duties; Appropriation

Description:

Establishes the Banyan Drive Community Development District within the Hawaii Community Development Authority. Establishes the Banyan Drive Community Development District Special Fund. Specifies the powers and duties of HCDA as it relates to the District. Amends the composition of HCDA to include representatives of the District, Chairperson of the Banyan Drive Hawaii Redevelopment Agency, and a lineal descendant of the Waiakea Ahupuaa. Appropriates funds. (CD1)

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

