
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-Makaokū community
17 development 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-MAKAOKŪ COMMUNITY DEVELOPMENT DISTRICT

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

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

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

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

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



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

3 **§206E- Banyan Drive-Makaokū redevelopment agency;**
4 **chairperson; established.** (a) The Banyan Drive-Makaokū
5 redevelopment agency is hereby established. The Banyan Drive-
6 Makaokū redevelopment agency shall be an entity of the authority
7 and responsible for implementing this part.

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

13 **§206E- Development guidance policies.** (a) The
14 following general development guidance policies shall govern the
15 authority's actions in the district:

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

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



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

5 (4) Public facilities within the district shall be
6 planned, located, and developed so as to support the
7 redevelopment policies for the district established by
8 this part and plans and rules adopted pursuant to this
9 part;

10 (5) Development shall consider the impacts of climate
11 change, sea level rise, inundation risk, and
12 climate-resilient development in the design and siting
13 of buildings; and

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

16 (b) The authority may engage in planning, design, and
17 construction activities within and outside the district;
18 provided that activities outside the district shall relate to
19 infrastructure development, area-wide drainage improvements,
20 roadway realignments and improvements, business and industrial
21 relocation, and any other activities the authority deems



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

7 **§206E- Federal government; financial aid; contracts.**

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

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

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

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



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

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

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

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

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

19 **§206E- District improvement and maintenance program.**

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



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

8 **§206E- Banyan Drive-Makaokū community development**

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

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

18 (2) Moneys directed, allocated, or disbursed to the
19 district from government agencies or private
20 individuals or organizations, including grants, gifts,
21 awards, donations, and moneys collected from the



1 district improvement and maintenance program, for
2 costs to administer and operate the district; and

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

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

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

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

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



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



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

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



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

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



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

3 The office of Hawaiian affairs shall submit a list of at
4 least three nominees to the governor to fill the lineal
5 descendant of the Makaokū area position.

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

11 The authority shall be organized and shall exercise
12 jurisdiction as follows:

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



1 development district is located or the director's
2 designee;

3 (E) The cultural specialist;

4 (F) The two at-large members; and

5 (G) The two representatives of the Kalaeloa community
6 development district;

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

11 (A) The director of finance or the director's
12 designee;

13 (B) The director of transportation or the director's
14 designee;

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

17 (D) The director of planning and permitting for the
18 county in which the Kakaako community development
19 district is located or the director's designee;

20 (E) The cultural specialist;

21 (F) The two at-large members; and



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



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



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

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



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

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

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

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

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



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

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

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

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

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



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

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

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

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

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

19 SECTION 10. This Act shall take effect on July 1, 3000.



Report Title:

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

Description:

Establishes the Banyan Drive-Makaokū Community Development District and Banyan Drive-Makaokū Redevelopment Agency within the Hawaii Community Development Authority. Establishes the Banyan Drive-Makaokū Community Development District Special Fund. Specifies the powers and duties of the Authority as it relates to the new development district and amends the composition of the Authority to include representatives of the new development district. Appropriates funds. Effective 7/1/3000. (HD2)

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

