
A BILL FOR AN ACT

RELATING TO THE HILO COMMUNITY ECONOMIC DISTRICT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the State has a
2 fiduciary duty to manage state lands in the best interests of
3 the public by enhancing state revenues and promoting the social,
4 environmental, and economic well-being of Hawaii's people. As
5 the majority landowner in East Hawaii, the State has an enormous
6 influence on the vision, economic development, and overall
7 success of the East Hawaii community.

8 The legislature further finds that, under current laws,
9 many public land lessees face uncertain futures following
10 expiration of their leases. The legislature further finds that
11 these lessees have little incentive to make major investments in
12 infrastructural improvements or to ensure the long-term
13 maintenance of facilities on the land. As a result, the
14 infrastructure and facilities on public lands in East Hawaii
15 have been deteriorating in many locations.

16 The legislature also finds that the Banyan Drive area on
17 the Waiakea Peninsula in East Hawaii, Wailoa State Park, Wailoa



1 Estuary, and the commercial leases in the Kanoelehua Industrial
 2 Area are currently facing this difficult challenge. Due to the
 3 uncertainty regarding continued tenancy, improvements have not
 4 been made and infrastructure has deteriorated. The improvement
 5 of these properties is important to creating and maintaining the
 6 economic vitality of East Hawaii.

7 The legislature further finds that Hilo has the potential
 8 for increased growth that can improve workforce and affordable
 9 housing, parks and open space, public facilities, and
 10 commercial, industrial, and hotel facilities.

11 The purpose of this Act is to establish the Hilo community
 12 economic district to facilitate efficient and effective
 13 improvement, and economic opportunity, in the area.

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

17 "PART . HILO COMMUNITY ECONOMIC DISTRICT

18 §206E-A Definitions. As used in this part:

19 "District" means the Hilo community economic district.

20 "Fund" means the Hilo community economic revolving fund.



1 §206E-B Hilo community economic district; established;
2 boundaries. (a) There is established a community development
3 district pursuant to section 206E-5 named the Hilo community
4 economic district. The district shall include the area
5 beginning at the intersection of Manono Street and Kamehameha
6 Avenue, extending south to Piilani Street, east from Piilani
7 Street to Kalanikoa Street to include Hoolulu Park, and west
8 from the intersection of Manono Street and Piilani Street to tax
9 map key 3-2-2-031-001, inclusive along the coastline to Maile
10 Street until its intersection with Kilauea Avenue and then to
11 Aupuni Street and beyond to include the following tax map keys
12 until intersection with Ponahawai Street: 3-2-2-013-003, 3-2-2-
13 012-001, 3-2-2-012-016, 3-2-2-011-01, and 3-2-2-007-018;
14 extending makai to tax map key 3-2-3-002-016, along the
15 coastline and including tax map key 3-2-2-001-006 until
16 intersection with Lihiwai Street; those lands bounded or
17 abutting Lihiwai Street, inclusive through Banyan Drive until
18 its intersection with Kamehameha Avenue; from Kamehameha Avenue
19 at its intersection with Kalanianaʻole Avenue and extending east
20 on Kalanianaʻole Avenue to include those abutting lands until tax
21 map key 3-2-1-010-033 on the mauka side of the road and tax map



1 key 3-2-1-01-1010 on the makai side of Kalaniana'ole Avenue, to
2 include also any of those lands on Ocean View Drive makai of
3 Kalaniana'ole Avenue and the lands mauka on Silva Street and Keaa
4 Street; the lands within the Hilo airport area managed by the
5 department of land and natural resources as identified on tax
6 map key 3-2-1-12; and the lands abutting or bounded by
7 Kanoelehua Avenue extending south to Makaala Street, then east
8 on Makaala Street to Railroad Avenue then north on Railroad
9 Avenue until Leilani Street and east on Leilani Street until tax
10 map key 3-2-2-037-144, then west on Leilani Street until its
11 intersection with Kanoelehua Avenue; and all those lands
12 abutting or bounded by Pohaku Street, Kukila Street, Halekauila
13 Street, and Lanikaula Street as identified on tax map key 3-2-2-
14 58; on Kanoelehua Avenue heading north from Makaala Street those
15 lands mauka including those lands on Makaala Street, Holumua
16 Street, Pookela Street, Wiwoole Street, and Kawili Street as
17 identified on tax map key 3-2-2-049 and 3-2-2-050; then on
18 Kanoelehua Avenue North from Kawili Street and Kalanikoa Street
19 from Piilani Street until they intersect with Kamehameha Avenue.
20 (b) The authority shall serve as the local redevelopment
21 authority of the district. In addition to any of its other



1 duties under this chapter, the authority's duties relating to
2 this district shall include:

- 3 (1) Providing leases in accordance with section 206E-C;
- 4 (2) Working with federal, state, county, and other
5 agencies to ensure infrastructural support is provided
6 for the district; and
- 7 (3) Improving the infrastructure necessary to support the
8 implementation of the district.

9 (c) Three additional voting members shall, except as
10 otherwise provided in this subsection, be appointed to the
11 authority by the governor pursuant to section 26-34 to represent
12 the district. These three members shall be considered in
13 determining quorum and majority only on issues relating to the
14 district and may vote only on issues related to the district.

15 **§206E-C District guidance policies; lease restrictions;**
16 **revenue, income, and receipts.** (a) The district shall be used
17 for economic purposes including hotel, resort, commercial, and
18 industrial uses on lands that are currently under lease,
19 available to lease, or able to be improved for lease. Lease
20 restrictions pursuant to section 171-36 shall apply to leases
21 negotiated by the authority for land within the district.



1 (b) Notwithstanding any law to the contrary, including
2 section 206E-14, the authority may grant leases to any person if
3 the authority finds that the lease is in conformity with the
4 community improvement plan, provided that the authority shall
5 not grant any leases for lands covered by the Hawaiian Homes
6 Commission Act, 1920, or lands under the control, management, or
7 ownership of the department of Hawaiian home lands within the
8 district. Leases issued by the authority shall contain:

9 (1) The specific use or uses to which the land is to be
10 employed;

11 (2) The improvements required; provided that a minimum
12 reasonable time shall be allowed for the completion of
13 the improvements;

14 (3) The rent, as established by the authority or at public
15 auction, which shall be payable not more than one year
16 in advance in monthly, quarterly, semiannual, or
17 annual payments;

18 (4) Adequate protection of forests, watershed areas, game
19 management areas, wildlife sanctuaries, and public
20 hunting areas, where applicable;



1 (5) Reservation of rights-of-way and access to other
 2 public lands, public hunting areas, game management
 3 areas, or public beaches, where applicable, and
 4 prevention of nuisance and waste; and

5 (6) Other terms and conditions as the authority deems
 6 necessary to effectuate the purposes of this part.

7 (c) All revenue, income, and receipts of the authority for
 8 the district shall be deposited into the Hilo community economic
 9 revolving fund.

10 §206E-D Hilo community economic revolving fund. (a)

11 There is established in the state treasury the Hilo community
 12 economic revolving fund, into which shall be deposited:

13 (1) Notwithstanding any law to the contrary, including
 14 section 206E-16, and except as provided in subsection
 15 (b), all revenue, income, and receipts of the
 16 authority for the district;

17 (2) Moneys directed, allocated, or disbursed to the
 18 district from government agencies or private
 19 individuals or organizations, including grants, gifts,
 20 awards, donations, and assessments of landowners for
 21 costs to administer and operate the district; and



1 (3) Moneys appropriated by the legislature.

2 (b) Moneys in the fund shall be used only for the purpose
3 of this part; provided that per cent of all revenue,
4 income, and receipts of the authority for the district shall be
5 transferred to the special land and development fund.

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

8 **§206E-E Office of Hawaiian affairs; public land trust.**

9 Notwithstanding any provision of this chapter to the contrary,
10 every provision of this chapter shall be subject to Act 178,
11 Session Laws of Hawaii 2006, or any other law that provides for
12 the office of Hawaiian affairs' pro rata portion of the public
13 land trust, pursuant to article XII, section 6 of the Hawaii
14 State constitution, and section 10-3.

15 **§206E-F Rules; adoption.** The authority shall adopt rules
16 in accordance with chapter 91 to carry out the purpose of this
17 part."

18 SECTION 3. Section 171-19, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "(a) There is created in the department a special fund to
21 be designated as the "special land and development fund".



1 Subject to the Hawaiian Homes Commission Act of 1920, as
2 amended, and section 5(f) of the Admission Act of 1959, all
3 proceeds of sale of public lands, including interest on deferred
4 payments; all moneys collected under section 171-58 for mineral
5 and water rights; all rents from leases, licenses, and permits
6 derived from public lands; all moneys collected from lessees of
7 public lands within industrial parks; all fees, fines, and other
8 administrative charges collected under this chapter and chapter
9 183C; the portion of revenue, income, and receipts of the Hawaii
10 community development authority for the Hilo community economic
11 district designated in section 206E-D(b); a portion of the
12 highway fuel tax collected under chapter 243; all moneys
13 collected by the department for the commercial use of public
14 trails and trail accesses under the jurisdiction of the
15 department; transient accommodations tax revenues collected
16 pursuant to section 237D-6.5(b)(5); and private contributions
17 for the management, maintenance, and development of trails and
18 accesses shall be set apart in the fund and shall be used only
19 as authorized by the legislature for the following purposes:

20 (1) To reimburse the general fund of the State for
21 advances made that are required to be reimbursed from



- 1 the proceeds derived from sales, leases, licenses, or
2 permits of public lands;
- 3 (2) For the planning, development, management, operations,
4 or maintenance of all lands and improvements under the
5 control and management of the board pursuant to title
6 12, including but not limited to permanent or
7 temporary staff positions who may be appointed without
8 regard to chapter 76; provided that transient
9 accommodations tax revenues allocated to the fund
10 shall be expended as provided in section 237D-
11 6.5(b)(5);
- 12 (3) To repurchase any land, including improvements, in the
13 exercise by the board of any right of repurchase
14 specifically reserved in any patent, deed, lease, or
15 other documents or as provided by law;
- 16 (4) For the payment of all appraisal fees; provided that
17 all fees reimbursed to the board shall be deposited in
18 the fund;
- 19 (5) For the payment of publication notices as required
20 under this chapter; provided that all or a portion of
21 the expenditures may be charged to the purchaser or



- 1 lessee of public lands or any interest therein under
2 rules adopted by the board;
- 3 (6) For the management, maintenance, and development of
4 trails and trail accesses under the jurisdiction of
5 the department;
- 6 (7) For the payment to private land developers who have
7 contracted with the board for development of public
8 lands under section 171-60;
- 9 (8) For the payment of debt service on revenue bonds
10 issued by the department, and the establishment of
11 debt service and other reserves deemed necessary by
12 the board;
- 13 (9) To reimburse the general fund for debt service on
14 general obligation bonds issued to finance
15 departmental projects, where the bonds are designated
16 to be reimbursed from the special land and development
17 fund;
- 18 (10) For the protection, planning, management, and
19 regulation of water resources under chapter 174C; and
20 (11) For other purposes of this chapter."



1 SECTION 4. Section 206E-3, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:
3 "(b) The authority shall consist of the director of
4 finance or the director's designee; the director of
5 transportation or the director's designee; a cultural
6 specialist; an at-large member; an at-large member nominated by
7 the senate president; an at-large member nominated by the
8 speaker of the house; three representatives of the Heeia
9 community development district, comprising two residents of that
10 district or the Koolaupoko district, which consists of sections
11 1 through 9 of zone 4 of the first tax map key division, and one
12 owner of a small business or one officer or director of a
13 nonprofit organization in the Heeia community development
14 district or Koolaupoko district, nominated by the county council
15 of the county in which the Heeia community development district
16 is located; three representatives of the Kalaeloa community
17 development district, comprising two residents of the Ewa zone
18 (zone 9, sections 1 through 2) or the Waianae zone (zone 8,
19 sections 1 through 9) of the first tax map key division, and one
20 owner of a small business or one officer or director of a
21 nonprofit organization in the Ewa or Waianae zone, nominated by



1 the county council of the county in which the Kalaeloa community
2 development district is located; three representatives of the
3 Kakaako community development district, comprising two residents
4 of the district and one owner of a small business or one officer
5 or director of a nonprofit organization in the district,
6 nominated by the county council of the county in which the
7 Kakaako community development district is located; three
8 representatives of the Hilo community economic district,
9 comprising two residents of the district and one owner of a
10 small business or one officer or director of a nonprofit
11 organization in the district, nominated by the county council of
12 the county in which the Hilo community economic district is
13 located; the director of planning and permitting of each county
14 in which a community development district is located or the
15 director's designee, who shall serve in an ex officio, nonvoting
16 capacity; and the chairperson of the Hawaiian homes commission
17 or the chairperson's designee, who shall serve in an ex officio,
18 nonvoting capacity.

19 All members except the director of finance, director of
20 transportation, county directors of planning and permitting, and
21 chairperson of the Hawaiian homes commission or their designees



1 shall be appointed by the governor pursuant to section 26-34.
 2 The two at-large members nominated by the senate president and
 3 speaker of the house and the [~~nine~~] twelve representatives of
 4 the respective community development districts shall each be
 5 appointed by the governor from a list of three nominees
 6 submitted for each position by the nominating authority
 7 specified in this subsection.

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

10 (1) For matters affecting the Heeia community development
 11 district, the following members shall be considered in
 12 determining quorum and majority and shall be eligible
 13 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 cultural specialist;
- 19 (D) The three at-large members; and
- 20 (E) The three representatives of the Heeia community
 21 development district;



1 provided that the director of planning and permitting
2 of the relevant county or the director's designee
3 shall participate in these matters as an ex officio,
4 nonvoting member and shall not be considered in
5 determining quorum and majority;

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

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

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

14 (C) The cultural specialist;

15 (D) The three at-large members; and

16 (E) The three representatives of the Kalaeloa
17 community development district;

18 provided that the director of planning and permitting
19 of the relevant county and the chairperson of the
20 Hawaiian homes commission, or their respective
21 designees, shall participate in these matters as ex



1 officio, nonvoting members and shall not be considered
2 in determining quorum and majority;

3 (3) For matters affecting the Kakaako 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 cultural specialist;

12 (D) The three at-large members; and

13 (E) The three representatives of the Kakaako
14 community development district;

15 provided that the director of planning and permitting
16 of the relevant county or the director's designee
17 shall participate in these matters as an ex officio,
18 nonvoting member and shall not be considered in
19 determining quorum and majority[-]; and

20 (4) For matters affecting the Hilo community economic
21 district, the following members shall be considered in



1 determining quorum and majority and shall be eligible
2 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 cultural specialist;
8 (D) The three at-large members; and
9 (E) The three representatives of the Hilo community
10 economic district;
11 provided that the director of planning and permitting
12 of the relevant county or the director's designee
13 shall participate in these matters as an ex officio,
14 nonvoting member and shall not be considered in
15 determining quorum and majority.

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

20 The terms of the director of finance, director of
21 transportation, county directors of planning and permitting, and



1 chairperson of the Hawaiian homes commission or their respective
2 designees shall run concurrently with each official's term of
3 office. The terms of the appointed voting members shall be for
4 four years, commencing on July 1 and expiring on June 30;
5 provided that the initial terms of all voting members initially
6 appointed pursuant to Act 61, Session Laws of Hawaii 2014, shall
7 commence on March 1, 2015. The governor shall provide for
8 staggered terms of the initially appointed voting members so
9 that the initial terms of four members selected by lot shall be
10 for two years, the initial terms of four members selected by lot
11 shall be for three years, and the initial terms of the remaining
12 five members shall be for four years.

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

15 Notwithstanding section 92-15, a majority of all eligible
16 voting members as specified in this subsection shall constitute
17 a quorum to do business, and the concurrence of a majority of
18 all eligible voting members as specified in this subsection
19 shall be necessary to make any action of the authority valid.
20 All members shall continue in office until their respective
21 successors have been appointed and qualified. Except as herein



1 provided, no member appointed under this subsection shall be an
2 officer or employee of the State or its political subdivisions.

3 For purposes of this section, "small business" means a
4 business which is independently owned and which is not dominant
5 in its field of operation."

6 SECTION 5. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so much
8 thereof as may be necessary for fiscal year 2017-2018 and the
9 same sum or so much thereof as may be necessary for fiscal year
10 2018-2019 for the purpose of establishing and administering the
11 Hilo community economic district pursuant to this Act.

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

14 SECTION 6. In codifying the new sections added by section
15 2 of this Act, the revisor of statutes shall substitute
16 appropriate section numbers for the letters used in designating
17 the new sections in this Act.

18 SECTION 7. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 8. This Act shall take effect on July 1, 2038.



Report Title:

Hilo Community Economic District; HCDA; Appropriation

Description:

Establishes the Hilo community economic district located in East Hawaii under the Hawaii community development authority.

Establishes the Hilo community economic revolving fund for all revenue, income, and receipts of the district, except a portion transferred to the special land and development fund.

Appropriates funds. (HB1479 HD1)

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