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# A BILL FOR AN ACT

RELATING TO THE EAST HAWAII 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 . EAST HAWAII COMMUNITY DEVELOPMENT DISTRICT

5           **§206E-A East Hawaii community development district;**

6 **purpose.** The legislature finds that:

7           (1) There is an area in east Hawaii that is in need of  
8 renewal, renovation, or improvement to enhance the  
9 economic and social value of the area to the State of  
10 Hawaii;

11           (2) The Banyan drive area contains approximately  
12 eighty-five per cent of the overnight visitor  
13 accommodations in east Hawaii;

14           (3) The Kanoelehua industrial area of east Hawaii is in  
15 need of improvement to alleviate conditions, including  
16 dilapidation, deterioration, and age;



1 (4) There has been little incentive for the lessees of the  
2 properties in the area to make major investments in  
3 improvements to their infrastructure, resulting in the  
4 deterioration of the area's infrastructure and  
5 facilities; and

6 (5) The State has a responsibility to ensure that the east  
7 Hawaii area does not deteriorate and have a harmful  
8 impact on the economy of the east Hawaii community as  
9 a whole.

10 The authority, through the east Hawaii community  
11 development district committee, shall plan a district where  
12 hotel and resort, industrial, commercial, residential, and  
13 public uses may coexist compatibly within the same area.

14 **§206E-B East Hawaii community development district**  
15 **committee, establishment; executive director.** (a) There is  
16 established an east Hawaii community development district  
17 committee that shall consist of eleven voting members; provided  
18 that:

19 (1) Ten public, voting members shall be appointed by the  
20 governor for staggered terms pursuant to section  
21 26-34;



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- 1           (2) The director of planning of the county of Hawaii shall  
2           be an ex officio voting member;
- 3           (3) The members shall be residents of the island of Hawaii  
4           and have knowledge, experience, and expertise in land  
5           economics, development, real estate, business,  
6           finance, marketing, management, and the visitor  
7           industry. At least two members shall be  
8           representatives of businesses located within the  
9           boundaries of the designated district; and
- 10          (4) Three members shall be appointed by the governor from  
11          a list of three names submitted for each appointment  
12          by the president of the senate, and three members  
13          shall be appointed by the governor from a list of  
14          three names submitted for each appointment by the  
15          speaker of the house of representatives; provided that  
16          if fewer than three names are submitted for each  
17          appointment, the governor may disregard the list.
- 18          (c) The members of the committee shall elect a chairperson  
19          from among its public members.
- 20          (d) Seven members shall constitute a quorum and a minimum  
21          of seven affirmative votes shall be necessary for all actions by



1 the committee. The members shall serve without compensation,  
2 but shall be reimbursed for expenses, including traveling  
3 expenses, necessary for the performance of their duties.

4 (e) The committee shall appoint an executive director  
5 exempt from chapters 76 and 78.

6 (f) As used in this part "committee" means the east Hawaii  
7 community development district committee.

8 **§206E-C Powers; generally.** Except as otherwise limited by  
9 this chapter, the committee shall through its executive  
10 director:

11 (1) Submit to the authority any contracts and all other  
12 instruments necessary or convenient for the exercise  
13 of its powers and functions under this part;

14 (2) Through its executive director appoint officers,  
15 agents, and employees, prescribe their duties and  
16 qualifications, and fix their salaries, without regard  
17 to chapter 76;

18 (3) Prepare or cause to be prepared a community  
19 development plan for the east Hawaii community  
20 development district;



- 1           (4) Exercise the powers of the Hawaii community  
2           development authority within the east Hawaii community  
3           development district;
- 4           (5) Acquire, reacquire, or contract to acquire or  
5           reacquire by grant or purchase real, personal, or  
6           mixed property or any interest therein; to own, hold,  
7           clear, improve, and rehabilitate, and to sell, assign,  
8           exchange, transfer, convey, lease, or otherwise  
9           dispose of or encumber the same;
- 10          (6) Acquire or reacquire by condemnation real, personal,  
11          or mixed property or any interest therein for public  
12          facilities, including but not limited to streets,  
13          sidewalks, parks, and other public improvements;
- 14          (7) By itself, or in partnership with qualified persons,  
15          acquire, reacquire, construct, reconstruct,  
16          rehabilitate, improve, alter, or repair or provide for  
17          the construction, reconstruction, improvement,  
18          alteration, or repair of any project; own, hold, sell,  
19          assign, transfer, convey, exchange, lease, or  
20          otherwise dispose of or encumber any project, and in  
21          the case of the sale of any project, accept a purchase



1 money mortgage in connection therewith; and repurchase  
2 or otherwise acquire any project which the authority  
3 has theretofore sold or otherwise conveyed,  
4 transferred, or disposed of;

5 (8) Arrange or contract for the planning, replanning,  
6 opening, grading, or closing of streets, roads,  
7 roadways, alleys, or other places, or for the  
8 furnishing of facilities or for the acquisition of  
9 property or property rights or for the furnishing of  
10 property or services in connection with a project;

11 (9) Prepare or cause to be prepared plans, specifications,  
12 designs, and estimates of costs for the construction,  
13 reconstruction, rehabilitation, improvement,  
14 alteration, or repair of any project, and from time to  
15 time to modify such plans, specifications, designs, or  
16 estimates;

17 (10) Provide advisory, consultative, training, and  
18 educational services, technical assistance, and advice  
19 to any person, partnership, or corporation, either  
20 public or private, to carry out the purposes of this  
21 chapter, and engage the services of consultants on a



1 contractual basis for rendering professional and  
2 technical assistance and advice;

3 (11) Procure insurance against any loss in connection with  
4 its property and other assets and operations in such  
5 amounts and from such insurers as it deems desirable;

6 (12) Contract for and accept gifts or grants in any form  
7 from any public agency or from any other source; and

8 (13) Do any and all things necessary to carry out its  
9 purposes and exercise the powers given and granted in  
10 this part.

11 **§206E-D Prohibitions.** Notwithstanding anything contained  
12 in this chapter to the contrary, the authority shall not sell or  
13 otherwise assign the fee simple interest in any lands in the  
14 east Hawaii community development district to which the  
15 authority in its corporate capacity holds title, except with  
16 respect to:

- 17 (1) Utility easements;
- 18 (2) Remnants as defined in section 171-52;
- 19 (3) Grants to any state or county department or agency; or
- 20 (4) Private entities for purposes of any easement,
- 21 roadway, or infrastructure improvements.



1           **§206E-E East Hawaii community development district;**  
2 **boundaries.** The East Hawaii community development district  
3 means the area beginning at the intersection of Manono street  
4 and Kamehameha avenue, extending south to Piilani street, east  
5 from Piilani street to Kalanikoa street to include Hoolulu Park,  
6 and west from the intersection of Manono street and Piilani  
7 street to tax map key 3-2-2-031-001, inclusive along the  
8 coastline to Maile street until its intersection with Kilauea  
9 avenue and then to Aupuni street and beyond to include the  
10 following tax map keys until intersection with Ponahawai street:  
11 3-2-2-013-003, 3-2-2-012-001, 3-2-2-012-016, 3-2-2-011-001, and  
12 3-2-2-007-018; extending makai to tax map key 3-2-3-002-016,  
13 along the coastline and including tax map key 3-2-2-001-006  
14 until intersection with Lihiwai street; those lands bounded or  
15 abutting Lihiwai street, inclusive through Banyan drive until  
16 its intersection with Kamehameha avenue; from Kamehameha avenue  
17 at its intersection with Kalaniana'ole avenue and extending east  
18 on Kalaniana'ole avenue to include those abutting lands until tax  
19 map key 3-2-1-010-033 on the mauka side of the road and tax map  
20 key 3-2-1-011-010 on the makai side of Kalaniana'ole avenue, to  
21 include also any of those lands on Ocean View drive makai of





1 Kalaniana'ole avenue and the lands mauka on Silva street and Keaa  
2 street; the lands within the Hilo airport area managed by the  
3 department of land and natural resources; and the lands abutting  
4 or bounded by Kanoelehua avenue extending south to Makaala  
5 street, then east on Makaala street to Railroad avenue then  
6 north on Railroad avenue until Leilani street and east on  
7 Leilani street until tax map key 3-2-2-037-144, then west on  
8 Leilani street until its intersection with Kanoelehua avenue;  
9 and all those lands abutting or bounded by Pohaku street, Kukila  
10 street, Halekauila street, and Lanikaula street; on Kanoelehua  
11 avenue heading north from Makaala street those lands mauka  
12 including those lands on Makaala street, Holumua street, Pookela  
13 street, Wiwoole street, and Kawili street; then on Kanoelehua  
14 avenue north from Kawili street and Kalanikoa street from  
15 Piilani street until they intersect with Kamehameha avenue.

16 **§206E-F Development guidance policies.** The following  
17 shall be the development guidance policies generally governing  
18 the committee's actions in the east Hawaii community development  
19 district:

- 20 (1) The committee may engage in planning, design, and  
21 construction activities relating to infrastructure



1 development and other activities the committee  
2 determines is necessary to carry out a mixed-use  
3 approach according to policies that provide guidelines  
4 for public and private development in the district.

5 The committee may also engage in any studies or  
6 activities which affect areas outside the district,  
7 where the committee in its discretion decides that  
8 those activities are necessary to implement the intent  
9 of this part;

10 (2) Existing and future commercial, industrial, resort and  
11 hotel, and business uses shall be permitted and  
12 encouraged in appropriate locations within the  
13 district. No plan or implementation strategy shall  
14 prevent continued activity or redevelopment of  
15 existing uses which meet reasonable performance  
16 standards;

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



1           (4) Public facilities within the district shall be  
2           planned, located, and developed to support the  
3           redevelopment policies established by this chapter for  
4           the district; and

5           (5) Historic sites and culturally significant facilities,  
6           settings, or locations shall be preserved.

7           **§206E-G East Hawaii community development revolving fund.**

8           (a) There is established in the state treasury the east Hawaii  
9           community development revolving fund, into which shall be  
10          deposited:

11          (1) Notwithstanding section 206E-16, all revenues, income,  
12          and receipts for the east Hawaii community development  
13          district;

14          (2) Moneys directed, allocated, or disbursed to the east  
15          Hawaii community development district from government  
16          agencies or private individuals or organizations,  
17          including grants, gifts, awards, donations, and  
18          assessments of landowners for costs to administer and  
19          operate the district; and

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



1 (b) Moneys in the east Hawaii community development  
2 revolving fund shall be used solely for the purposes of this  
3 part.

4 (c) All interest accruing from the investment of the  
5 moneys in the fund shall be credited to the east Hawaii  
6 community development revolving fund."

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

9 "(b) The authority shall consist of the director of  
10 finance or the director's designee; the director of  
11 transportation or the director's designee; the director of  
12 business, economic development, and tourism or the director's  
13 designee; the chairperson of the board of land and natural  
14 resources; the director of planning or planning and permitting  
15 of each county in which a community development district is  
16 located or the director's designee; a cultural specialist; an  
17 at-large member nominated by the president of the senate; an  
18 at-large member nominated by the speaker of the house of  
19 representatives; two representatives of the Heeia community  
20 development district, comprising one resident of that district  
21 or the Koolaupoko district, which consists of sections 1 through



1 9 of zone 4 of the first tax map key division, and one owner of  
2 a small business or one officer or director of a nonprofit  
3 organization in the Heeia community development district or  
4 Koolaupoko district; two representatives of the Kalaeloa  
5 community development district, comprising one resident of the  
6 Ewa zone (zone 9, sections 1 through 2) or the Waianae zone  
7 (zone 8, sections 1 through 9) of the first tax map key  
8 division, and one owner of a small business or one officer or  
9 director of a nonprofit organization in the Ewa or Waianae zone;  
10 two representatives of the Kakaako community development  
11 district, comprising one resident of the district and one owner  
12 of a small business or one officer or director of a nonprofit  
13 organization in the district; [~~and~~] two representatives of the  
14 Pulehunui community development district, consisting of one  
15 resident of the island of Maui, and one owner of a small  
16 business or one officer or director of a nonprofit organization  
17 on the island of Maui[-]; and two representatives of the east  
18 Hawaii community development district, who shall be residents of  
19 the island of Hawaii, one of whom shall be a business owner or a  
20 representative of a business in the district.



1 All members except the director of finance, director of  
2 transportation, county directors of planning or planning and  
3 permitting, director of business, economic development, and  
4 tourism, chairperson of the board of land and natural resources,  
5 or their respective designees shall be appointed by the governor  
6 pursuant to section 26-34. The two at-large members nominated  
7 by the president of the senate and speaker of the house of  
8 representatives shall each be invited to serve and appointed by  
9 the governor from a list of three nominees submitted for each  
10 position by the nominating authority specified in this  
11 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 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





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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; [~~and~~]

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;



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- 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 the east Hawaii community
- 15 development district, the following members shall be
- 16 considered in determining quorum and majority and
- 17 shall be eligible to vote:
- 18 (A) The director of finance or the director's
- 19 designee;
- 20 (B) The director of transportation or the director's
- 21 designee;



- 1           (C) The director of business, economic development,  
2           and tourism or the director's designee;
- 3           (D) The director of planning for the county of Hawaii  
4           or the director's designee;
- 5           (E) The chairperson of the board of land and natural  
6           resources or the chairperson's designee;
- 7           (F) The cultural specialist;
- 8           (G) The two at-large members; and
- 9           (H) The two representatives of the East Hawaii  
10           community development district.

11           In the event of a vacancy, a member shall be appointed to  
12           fill the vacancy in the same manner as the original appointment  
13           within thirty days of the vacancy or within ten days of the  
14           senate's rejection of a previous appointment, as applicable.

15           The terms of the director of finance; director of  
16           transportation; county directors of planning and permitting;  
17           director of business, economic development, and tourism; and  
18           chairperson of the board of land and natural resources; or their  
19           respective designees shall run concurrently with each official's  
20           term of office. The terms of the appointed voting members shall  
21           be for four years, commencing on July 1 and expiring on June 30.



1 The governor shall provide for staggered terms of the initially  
2 appointed voting members so that the initial terms of four  
3 members selected by lot shall be for two years, the initial  
4 terms of four members selected by lot shall be for three years,  
5 and the initial terms of the remaining three members shall be  
6 for four years.

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

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

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



1 SECTION 3. Chapter 171, part X, Hawaii Revised Statutes is  
2 repealed.

3 SECTION 4. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so much  
5 thereof as may be necessary for fiscal year 2023-2024 and the  
6 same sum or so much thereof as may be necessary for fiscal year  
7 2024-2025 to carry out the purposes of this Act, including the  
8 hiring of necessary staff for the east Hawaii community  
9 development district.

10 The sums appropriated shall be expended by the Hawaii  
11 community development authority.

12 SECTION 5. To implement this Act, the department of land  
13 and natural resources shall transfer to the Hawaii community  
14 development authority the leases for the public lands within the  
15 east Hawaii community development district.

16 SECTION 6. (a) The powers, functions, and duties of the  
17 department of land and natural resources relating to the leases  
18 in the east Hawaii community development district are  
19 transferred to the Hawaii community development authority.

20 (b) All appropriations, records, deeds, leases, contracts,  
21 loans, agreements, permits, or other documents heretofore made,



1 used, acquired, or held by the department of land and natural  
2 resources pursuant to the provisions of the Hawaii Revised  
3 Statutes, which are reenacted or made applicable to the east  
4 Hawaii community development district by this Act shall remain  
5 in full force and effect. Effective July 1, 2023, every  
6 reference to the department of land and natural resources or the  
7 board of land and natural resources shall be construed as a  
8 reference to the Hawaii community development authority.

9 SECTION 7. In codifying the new sections added by  
10 section 1 of this Act, the revisor of statutes shall substitute  
11 appropriate section numbers for the letters used in designating  
12 the new sections in this Act

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

15 SECTION 9. This Act shall take effect on July 1, 2023.

16

INTRODUCED BY:   
JAN 24 2023



# H.B. NO. 1243

**Report Title:**

East Hawaii Community Development District; Established; Hawaii Community Development Authority; DLNR

**Description:**

Establishes the East Hawaii Community Development District and board. Requires the Department of Land and Natural Resources to transfer certain leases within the district to the board. Appropriates moneys.

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

