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# SENATE CONCURRENT RESOLUTION

REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO STUDY THE IMPACT  
ON THE STATE ECONOMY CAUSED BY THE CONCENTRATION IN  
OWNERSHIP OF COMMERCIAL AND INDUSTRIAL LANDS.

1 WHEREAS, in certain areas of the State, a small handful of  
2 large landowners, in some cases including the State and City and  
3 County of Honolulu, control the fee simple ownership of a high  
4 percentage of commercial and industrial leasehold properties;  
5 and  
6

7 WHEREAS, this condition has caused a shortage of available  
8 commercial and industrial properties, fee simple and leasehold,  
9 for wholesale and retail businesses, particularly small  
10 businesses and family-owned businesses; and  
11

12 WHEREAS, this high concentration of ownership has also  
13 caused problems in renegotiating lease rents on leasehold  
14 properties due to the shortage of comparable fee simple  
15 transactions to use to establish fair market values; and  
16

17 WHEREAS, this problem, particularly for small businesses on  
18 leasehold properties, continued for many years and attempts by  
19 the Legislature to rectify it have been viewed by the Attorney  
20 General as an unconstitutional impairment of existing contracts;  
21 and  
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23 WHEREAS, it is illegal that other cities and regions in the  
24 west coast states of California, Oregon, and Washington may  
25 suffer this same problem; now, therefore,  
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27 BE IT RESOLVED by the Senate of the Twenty-third  
28 Legislature of the State of Hawaii, Regular Session of 2006, the  
29 House of Representatives concurring, that the Legislative  
30 Reference Bureau is requested to study the impact on the state  
31 economy caused by the concentration in ownership of commercial  
32 and industrial lands; and  
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1 BE IT FURTHER RESOLVED that each of the counties is  
2 requested to submit the following information for the respective  
3 county to the Legislative Reference Bureau, no later than  
4 August 31, 2006:

- 5
- 6 (1) The total number of acres in the county that is zoned  
7 for commercial use and for industrial use;
- 8
- 9 (2) The total number of acres in the county that is zoned  
10 for commercial use or industrial use and that is  
11 developed and used for those purposes;
- 12
- 13 (3) A list, with acreage owned, of the ten largest  
14 landowners, including the federal, state, and county  
15 governments, of commercial and industrial zoned land,  
16 developed and undeveloped, in the county;
- 17
- 18 (4) The total number of acres of commercial and industrial  
19 zoned land that is leased to lessees operating  
20 businesses on the zoned land, as opposed to landowners  
21 operating businesses on their own land;
- 22
- 23 (5) The types of businesses being operated on commercial  
24 and industrial zoned land that is leased, whether to  
25 single user or developed and sublet to multiple  
26 sublessees in a commercial shopping center;
- 27
- 28 (6) The total assessed value of all commercial and  
29 industrial zoned land in the county;
- 30
- 31 (7) The total assessed value of all improvements on the  
32 commercial and industrial zoned lands in the county;  
33 and
- 34
- 35 (8) The total assessed value of all commercial and  
36 industrial zoned land and improvements in the county  
37 that is leased to lessees operating businesses on the  
38 leased land; and
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40 BE IT FURTHER RESOLVED that the Department of Taxation is  
41 requested to submit the following information to the Legislative  
42 Reference Bureau, no later than August 31, 2006:

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- 1 (1) The total general excise taxes imposed upon and  
2 collected from lease rent payments for commercial and  
3 industrial zoned land in the State;
- 4
- 5 (2) The extent to which the taxpayers of general excise  
6 taxes imposed and collected on lease rent payments for  
7 the commercial and industrial zoned lands are state  
8 residents, and the extent to which they are foreign  
9 persons, such as multi-state fast food outlets or  
10 commercial chain stores;
- 11
- 12 (3) The percentage of income tax returns filed by  
13 commercial and industrial taxpayers that include  
14 deductions for lease rent payments and for mortgage  
15 payments to financial institutions for improvements  
16 made to leasehold properties; and
- 17
- 18 (4) Whether other states that have similar concentration  
19 of land ownership can furnish information or data that  
20 is similar to that being requested of the department;  
21 and
- 22

23 BE IT FURTHER RESOLVED that the Department of Business,  
24 Economic Development, and Tourism is requested to submit to the  
25 Legislative Reference Bureau, no later than August 31, 2006,  
26 information relating to the number of local small businesses, as  
27 opposed to foreign large business entities, that have commenced  
28 doing business in the State in the last five years; and

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30 BE IT FURTHER RESOLVED that the Legislative Reference  
31 Bureau is requested to seek the assistance of the National  
32 Conference of State Legislatures in making a comparative review  
33 of various cities and regions in the states of California,  
34 Oregon, and Washington to determine the following:

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- 36 (1) Whether any other cities or regions in California,  
37 Oregon, and Washington have similar situations in  
38 which a few large landowners control large  
39 concentrations of commercial and industrial lands;
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- 41 (2) Whether, if other cities or regions suffer this same  
42 situation, it has resulted in the same types of  
43 problems described in this concurrent resolution that  
44 businesses face in this State;



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- 2 (3) Whether there were factors or causes other than the
- 3 concentration of landownership that may have resulted
- 4 in the same problems that commercial and industrial
- 5 businesses face in this State;
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- 7 (4) What, if any, successful solution, including
- 8 legislation, has been tried to alleviate or eliminate
- 9 this problem in those other cities or regions, and its
- 10 result; and
- 11
- 12 (5) Whether those same solutions may be applicable in this
- 13 State; and
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15 BE IT FURTHER RESOLVED that the Legislative Reference  
 16 Bureau is requested to submit a report of its findings,  
 17 conclusions, and recommendations, including any proposed  
 18 legislation, to the Legislature no later than twenty days prior  
 19 to the convening of the Regular Session of 2007; and

20  
 21 BE IT FURTHER RESOLVED that certified copies of this  
 22 Concurrent Resolution be transmitted to the Director of  
 23 Taxation, the Director of Business, Economic Development, and  
 24 Tourism, the Acting Director of the Legislative Reference  
 25 Bureau, the Executive Director of the National Conference of  
 26 State Legislatures, and the Mayor and the Chairperson of the  
 27 Council of each county.

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 29  
 30 OFFERED BY: 