
HOUSE 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
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7 WHEREAS, this condition and the resultant lack of
8 competition has caused a shortage of available commercial and
9 industrial properties, fee simple and leasehold, for wholesale
10 and retail businesses, particularly small businesses and family-
11 owned businesses; and
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13 WHEREAS, this high concentration of ownership has also
14 caused problems in renegotiating lease rents on leasehold
15 properties due to the shortage of comparable fee simple
16 transactions to use to establish fair market values; and
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18 WHEREAS, this problem, particularly for small businesses on
19 leasehold properties, has been lingering for a long time, and
20 attempts by the Legislature to rectify it have been viewed by
21 the Attorney General as an unconstitutional impairment of
22 existing contracts; and
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24 WHEREAS, it is conceivable that other cities and regions in
25 the west coast states of California, Oregon, and Washington may
26 suffer this same problem; now, therefore,
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28 BE IT RESOLVED by the House of Representatives of the
29 Twenty-fourth Legislature of the State of Hawaii, Regular
30 Session of 2007, that the Legislative Reference Bureau is
31 requested to study the impact on the State's economy caused by
32 the concentration in ownership of commercial and industrial
33 lands; and
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1 BE IT FURTHER RESOLVED that the Managing Director of each
2 county or if there is no Managing Director, an appropriate
3 alternate designated by the Mayor, is requested to submit the
4 following information for the respective county to the
5 Legislative Reference Bureau not later than August 1, 2007:

- 6
- 7 (1) The total number of acres in the county that are zoned
8 for commercial use and for industrial use,
9 respectively;
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- 11 (2) The total number of acres in the county that are zoned
12 for commercial use, or industrial use, respectively,
13 that are developed and used for those respective
14 purposes;
- 15
- 16 (3) A list, with acreage owned, of the ten largest
17 landowners, including the federal, state, and county
18 governments, of commercial and industrial zoned land,
19 developed and undeveloped, in the county;
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- 21 (4) The total number of acres of commercial and industrial
22 zoned land that is leased to lessees operating
23 businesses on the zoned land, as opposed to landowners
24 operating businesses on their own land;
- 25
- 26 (5) The types of businesses being operated on commercial
27 and industrial zoned land that is leased, whether
28 single user or developed and sublet to multiple
29 sublessees in a commercial shopping center;
- 30
- 31 (6) The total assessed value of all commercial and
32 industrial zoned land in the county;
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- 34 (7) The total assessed value of all improvements on the
35 commercial and industrial zoned lands in the county;
36 and
- 37
- 38 (8) The total assessed value of all commercial and
39 industrial zoned land and improvements in the county
40 that is leased to lessees operating businesses on the
41 leased land; and
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1 BE IT FURTHER RESOLVED that the Department of Taxation is
2 requested to submit the following information to the Legislative
3 Reference Bureau not later than August 1, 2007:

- 4
- 5 (1) The total general excise taxes imposed upon and
6 collected from lease rent payments for commercial and
7 industrial zoned land in the State;
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- 9 (2) The extent to which the taxpayers of general excise
10 taxes imposed and collected on lease rent payments for
11 the commercial and industrial zoned lands are owned by
12 state residents and the extent to which they are owned
13 by foreign persons, such as multi-state chain fast
14 food outlets or commercial chain stores;
- 15
- 16 (3) The percentage of income tax returns filed by
17 commercial and industrial taxpayers that include
18 deductions for lease rent payments and for mortgage
19 payments to financial institutions for improvements
20 made to leasehold properties; and
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- 22 (4) Whether other states that have similar concentration
23 of land ownership as identified by the Department of
24 Taxation may have and can furnish information or data
25 that is similar to that being requested of the
26 Department by this Resolution; and
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28 BE IT FURTHER RESOLVED that the Department of Business,
29 Economic Development, and Tourism is requested to submit to the
30 Legislative Reference Bureau not later than August 1, 2007,
31 information relating to the number of local small businesses, as
32 opposed to foreign large business entities, that have commenced
33 doing business in the State in the last five years; and

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35 BE IT FURTHER RESOLVED that the Legislative Reference
36 Bureau is requested to seek the assistance of the National
37 Conference of State Legislatures in making a comparative review
38 of various cities and regions in the states of California,
39 Oregon, and Washington to determine the following:

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- 41 (1) Whether any other cities or regions in California,
42 Oregon, and Washington have similar situations in
43 which a few large landowners control large
44 concentrations of commercial and industrial lands;

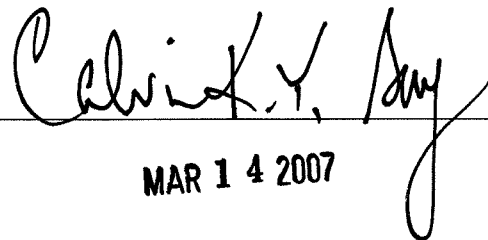


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2 (2) Whether, if other cities or regions suffer this same
3 situation, it has resulted in the same types of
4 problems businesses face in this State;
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6 (3) Whether there were factors or causes other than the
7 concentration of landownership that may have resulted
8 in the same problems commercial and industrial
9 businesses face in this State;
10
11 (4) What, if any, successful solution, including
12 legislation, helped to alleviate or eliminate this
13 problem in those other cities or regions; and
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15 (5) Whether those same solutions may be applicable in this
16 State; and
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18 BE IT FURTHER RESOLVED that the Legislative Reference
19 Bureau is requested to submit a report of its findings and
20 recommendations, including any proposed legislation, to the
21 Legislature not later than twenty days prior to the convening of
22 the Regular Session of 2008; and
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24 BE IT FURTHER RESOLVED that certified copies of this
25 Resolution be transmitted to the Director of Taxation, the
26 Director of Business, Economic Development, and Tourism, the
27 Director of the Legislative Reference Bureau, the Executive
28 Director of the National Conference of State Legislatures, and
29 the Mayor, the Managing Director, and the Chairperson of the
30 Council of each county.
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OFFERED BY:


MAR 14 2007