
HOUSE CONCURRENT RESOLUTION

URGING LANDLORDS TO HELP COMMERCIAL TENANTS MAINTAIN THEIR
LEASES IN ORDER TO CONTINUE THEIR BUSINESS DURING DIFFICULT
ECONOMIC TIMES.

1 WHEREAS, small businesses are the heart of Hawaii's
2 economy, comprising 96% of the state's employers, and 55% of
3 private sector employment; and
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5 WHEREAS, nationally, small businesses account for 99% of
6 all employer firms, pay nearly 45% of the country's private
7 payroll, and produce almost a third of the nation's export
8 value; and
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10 WHEREAS, due in part to the global economic downturn and
11 falling real estate values, Hawaii has entered into a recession
12 that the University of Hawaii Economic Research Organization
13 (UHERO) has called "deep and drawn-out" and has predicted it
14 will not end until 2010 at the earliest; and
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16 WHEREAS, Hawaii's unemployment has risen steadily from a
17 rate of 2.9% in November of 2007 to a rate of 5.5% in December
18 of 2008; and
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20 WHEREAS, in November of 2008, Hawaii's visitor arrivals
21 fell 15.9 percent, resulting in the State experiencing its worse
22 recorded 11-month drop in arrivals, and harming Hawaii's vital
23 tourist industry; and
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25 WHEREAS, the downturn in visitor arrivals and the increase
26 in unemployment result in smaller revenue for the state's small
27 businesses and endangers their survival; and
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29 WHEREAS, the closure of small businesses have a negative
30 effect on local communities where friends are co-workers and
31 customers, and result in store fronts sitting empty; and



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WHEREAS, many of Hawaii's small businesses are endangered from rising rents that have increases from an average of \$2.35 per square foot per month at the end of 2003 to an average \$3.47 per square foot per month at the end of 2008, a 45% increase in five years; and

WHEREAS, the rising rents have forced some businesses to close or relocate, as evidence by Silkwood Wholesale, a plant and flower retailer that was forced to move from its 20 year location near Nimitz Highway after its rent was raised from \$6,000 to \$7,000; and

WHEREAS, renegotiation of leases is a common practice in commercial leasing whereby tenants can negotiate lower rent payments in order to remain in business; and

WHEREAS, in many instances, it is advantageous for the landlords to lower their rent in difficult times as the value of the owner's property could drop due to an increase in vacant building space; now, therefore,

BE IT RESOLVED by the House of Representatives of the Twenty-fifth Legislature of the State of Hawaii, Regular Session of 2009, the Senate concurring, that landlords be urged to help commercial tenants maintain their leases in order to continue their business during these difficult economic times; and

BE IT FURTHER RESOLVED that the Department of Commerce and Consumer Affairs send a copy of this concurrent resolution to all property rental businesses in this state; and

BE IT FURTHER RESOLVED that the Department of Taxation send a copy of this concurrent resolution to all companies or individuals in the business of real estate rental for businesses in this state; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Director of the Department of Commerce and Consumer Affairs and the Director of the Department of Taxation.

H.C.R. NO. 308

The Ward

OFFERED BY:

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MAR 18 2009

