

SCR90

Measure Title: REQUESTING THE INSURANCE COMMISSIONER TO CREATE A WORKING GROUP TO STUDY WAYS TO INCREASE COMPETITION IN HAWAII'S HEALTH INSURANCE MARKET.

Report Title: Insurance Commissioner; Working Group; Increase Competition in Hawaii's Health Insurance Market

Description:

Companion:

Package: None

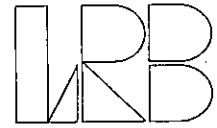
Current Referral: CPN

Introducer(s): TANIGUCHI (Introduced by request of another party)

<u>Sort by Date</u>		Status Text
3/12/2012	S	Offered.
3/16/2012	S	Referred to CPN.
4/5/2012	S	The committee(s) on CPN has scheduled a public hearing on 04-11-12 9:30AM in conference room 229.

Charlotte A. Carter-Yamauchi
Acting Director

Research (808) 587-0666
Revisor (808) 587-0670
Fax (808) 587-0681



LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol, Room 446
415 S. Beretania Street
Honolulu, Hawaii 96813

Written Testimony

SCR 90, SD 1 Proposed

REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO UPDATE THEIR 2003 REPORT ANALYZING THE MAJOR PROBLEMS STILL FACING COMMERCIAL AND OTHER LAND LESSEES

Testimony by the Legislative Reference Bureau
Charlotte A. Carter-Yamauchi, Acting Director

Presented to the Senate Committee on Commerce and Consumer Protection

Wednesday, April 11, 2012, 9:30 a.m.
Conference Room 229

Chair Baker and Members of the Committee:

I am Charlotte Carter-Yamauchi, Acting Director of the Legislative Reference Bureau.

Thank you for this opportunity to comment on S.C.R. No. 90, S.D. 1 Proposed.

Among other things, the Concurrent Resolution requests the Legislative Reference Bureau to:

- (1) Update its 2003 report analyzing the major problems still facing commercial and other land lessees;
- (2) Consult with the Economic Research Organization at the University of Hawaii at Manoa and the Department of Business, Economic Development, and Tourism for any reports or information that may be required for a thorough and complete analysis;
- (3) Consult with representatives of various lessees, lessors, and any individual or agency or organization representative with a direct interest in the issues to ensure that all stakeholders are represented;
- (4) Consult with the Governor's office, given the need for economic revitalization and support for small business, which the Governor's administration has been instrumental in supporting;

- (5) Consult with the Attorney General for legal issues, opinions, and advice relating to any constitutional issues related to the study; and
- (6) Submit a report of its findings and recommendations, including proposed legislation, to the Governor's office and the Legislature no later than twenty days prior to the convening of the Regular Session of 2013.

While the Bureau takes no position on the merits of the measure, we would like to note that as part of the 2003 report submitted to the Legislature, the Bureau stated that it had neither the personnel nor expertise to undertake a comprehensive empirical fact gathering analysis, nor was it equipped to undertake such a definitive economic study. This statement remains as accurate today as it was then.

With regard to component (2) of the requested study, the measure requests the Bureau to consult with the Economic Research Organization at the University of Hawaii at Manoa and the Department of Business, Economic Development, and Tourism for any reports or information that may be required for a thorough and complete analysis. However, while the measure states that the Bureau consult with these entities on what reports or information may be required to perform a thorough and complete analysis, it does not request that these entities assist in the gathering of such information, development of the economic models to complete the study, or analysis of the data gathered. Nor does this measure, or any other measure, provide sufficient funds for the Bureau to contract with such entities to produce this information.

With regard to components (3) and (4) of the requested study, as drafted, these components seem to be overly broad and provide no direction on what information the Bureau is to gather from the consultations.

The Bureau would like to also note that with regard to the measure's request that the Bureau "consult with the Attorney General for legal issues, opinions, and advice relating to any constitutional issues related to the study," according to the 2003 Bureau report, the Attorney General has already opined on this issue not less than three times since 2000 and has concluded that legislation introduced during the 2000, 2001, and 2002 legislative sessions that sought to alter lease contract provisions to provide lessees with a lower lease rent would probably be deemed an unconstitutional impairment of contractual obligations and relationships.

However, the 2003 report stated that the Attorney General's opinion issued on April 20, 2000, which the Governor relied upon in vetoing a lease renegotiation bill, opined that the prohibition in the Contracts Clause is not absolute and that there had to be some limits on the power of the State to abridge existing contractual obligations. In its opinion, the Attorney General quoted from the decision of the Hawaii Supreme Court in *Applications of Herrick & Irish* as follows:

In deciding whether a state law has violated the federal constitutional prohibition against impairment of contracts, U.S. Const., art. I, §10, cl.1, we must assay the following three criteria: (1) whether the state law operated as a substantial impairment of a contractual relationship; (2) whether the state law was designed

to promote a significant and legitimate public purpose; and (3) whether the state law was a reasonable and narrowly drawn means of promoting the significant and legitimate public purpose.

The 2003 report went on to note in its recommendations that "[w]hile it is clear that certain lessees are experiencing significant difficulties under their present leases, there is no indication at this time of a broad based compelling need for the Legislature to pass legislation to mandate the alteration of existing lease agreements." As such, it seems that a more useful objective of the Proposed S.D. 1 would be to amass economic and statistical information in order to establish a nexus between the existence of high lease rents and the stagnation of Hawaii's economy, thus establishing a basis for the Legislature to enact a law to impair an existing contractual relationship that could possibly withstand a constitutional challenge. If this is the intent, then the more appropriate entities to gather and report such economic and statistical information would probably be the Economic Research Organization at the University of Hawaii at Manoa or the Department of Business, Economic Development, and Tourism's Research and Economic Analysis Division.

Furthermore, the 2003 report determined that a persistent problem that limits the ability of lessees to renegotiate a lease rent that is lower than the previous lease term's rent is the existence of a "not less than" clause in many lease contracts. This "not less than" clause generally states that the renegotiated lease rent could not be less than the lease rent of the previous period. As such, a subsequent lease rent remains higher than it would have been regardless of whether land values have diminished during the intervening time period between lease negotiations.

Consequently, since no legislative or other effort has been successful in mandating the removal of "not less than" clause in lease rent contracts, it seems that the recommendations made in the 2003 report would still be applicable and, thus, that an update by the Bureau would not add any new, additional useful information to inform the Legislature on this issue.

Thank you for the opportunity to provide written testimony on this measure.

CITIZENS FOR FAIR VALUATION

1001 Bishop Street, Suite 710
Honolulu, HI 96813

ROBERT M. CREPS, PRESIDENT
CAROL LAM, VICE PRESIDENT
CONNIE SMALES, SECRETARY
PHILLIP J. SILICH, TREASURER

CULLY JUDD, DIRECTOR
OSWALD STENDER, DIRECTOR
MICHAEL STEINER, EXEC. DIRECTOR

April 9, 2012

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair
Senator Brian t. Taniguchi, Vice Chair
Members of the Committee

Hearing: Wednesday, April 11, 2012, 9:30 am, Conference Room 229

RE: SCR90 SD1 Proposed – TESTIMONY in SUPPORT of Requesting the Legislative Reference Bureau to Update their 2003 Report Analyzing the Major Problems Still Facing Commercial and Other Land Lessees.

Aloha Chair Baker, Vice-Chair Taniguchi and Members of the Committee:

My name is Michael Steiner and I am the Executive Director of Citizens for Fair Valuation (CFV), a non-profit coalition of lessees. I support passage of Senate Concurrent Resolution 90, SD1 Proposed which requests the LRB to update their 2003 report on issues concerning commercial and industrial long-term ground leases.

Over the past few years, the issue of long-term ground lease rents has sparked considerable debate. Lessees contend the system no longer functions as lessors rent demands skyrocket even in recessionary times. Space rents have **dropped** 25% to 30% and yet, lessors are demanding ground rent **increases** of 50% to 75%. This creates a situation where the lessee can no longer derive a profit from operations.

In 2012, roughly 70 leases are due for rent resets in the Mapunapuna area alone. With 10 years remaining on the lease, lessors are demanding tremendous increases. However, lessees are unable to secure bank financing as the banks understand that ground leases with fewer than 15 years remaining on the lease are more of a liability than an asset. Without loans to maintain and update buildings, Mapunapuna will continue to slide into disrepair and squalor.

In contrast, Adam D. Portnoy, Managing Director of HRPT (now Commonwealth REIT) in August of 2008, made clear his company's plans when he declared,

We are pushing rates very hard especially in places like Hawaii. If you want to Google us and look at some of the articles written about us in Hawaii press, we've gotten a lot of flack in that market because we're pushing rates so hard and trying to push the rates so hard. In fact, there's been a little bit of backlash from a lot of the tenants. So rest assured that we're doing everything we can, as much as we can and as fast as we can to try to increase the rates there to push cash flow to HRPT.

Citizens for Fair Valuation

Testimony in Support of SCR 90 SD1 Proposed

CPN Hearing: Wednesday, April 11 10, 2012 at 9:30 AM, Conference Room 229

The true victims in this war of rent are the good people of the State of Hawaii. Prices are being raised to cover ever increasing rents, and for the owners of Mapunapuna and Campbell lands, that money is leaving the state. If leased land was held in fee by the tenants, local banks would be making loans, buildings would be fixed by local construction companies and all of that money would remain in our state for further circulation and investment. What a different place Hawaii could be.

The days where lessors cared for and worked with lessees to ensure mutual sustainability are gone. Mainland companies, which have become the largest holders of commercial and industrial land in Hawaii, do not understand the relationship instead forcing rents based solely on a bottom line. Further, the appraisal community refuses to value rents based on economic viability and feasibility. Highest and best use does not mean a hotel can be built on every lot. Highest and best must take into consideration the economic feasibility of the proposed use as well as the likelihood of sustainable cash flow in the remaining period of the lease.

It is time for the State to take another hard look at the status of commercial and industrial leasehold. Since the 2003 report, much has happened. Huge tracks of Campbell and Damon land have been sold to mainland entities. Economic conditions have fallen into a recession from which nothing will ever be the same. Foreclosures on properties have climbed to unprecedented rates. Unemployment is higher than ever in the island with food and fuel prices soaring past previous records. In the downtown core of Honolulu, occupancy rates have dropped with vacancies approaching 20% of our total office space.

How can land values, specifically long-term ground rents, be rising? How can the appraisal community continue to ignore the ability of the land to support their valuations?

On behalf of the many long-term ground lessees in Mapunapuna, we urge the Committee to pass this resolution to authorize a renewed study where in all parties will have a voice as to its outcome.

Please support and pass SCR 90 with SD1 proposed.

Mahalo

Michael Steiner

Michael Steiner

Executive Director

Citizens for Fair Valuation

Telephone: (808) 221-5955

Email: MSteiner@SteinerAssoc.com

Web Site: www.FairValuation.org

McCully Works

40 Kamehameha Ave.
Hilo, Hi. 96720

April 6, 2012

Committee on Commerce and Consumer Protection
Senator Rosalyn Baker, Chair
Senator Brian Taniguchi, Vice Chair

Aloha Senator Baker

I strongly support resolution SCR90 SD1. Issues surrounding leasehold lands continue to act as a detriment to our economic health and growth. We in Hawaii, alone of all the 50 states, live our lives and conduct our businesses on islands. With strong public concerns about the consequences of expansionary growth, specifically with rezoning property from Agricultural to Urban, and with a concentrated, fully developed urban core, it is past due time to be certain our limited lands are utilized fully and efficiently.

This resolution could encourage a better understanding of how leasehold tenure affects all of our citizens, but especially small and large businesses that are the core drivers of investment and employment in our economy. If there are ways to bring our lands to optimal use, while maintaining fair returns to the landowners, as is their right, it is in our interests, and is in fact our obligation, to do so.

Mahalo for your consideration of this resolution, which I fully support.

«GreetingLine»

McCully Works
40 Kamehameha Ave.
Hilo, Hi. 96720
808-933-7000

VIA FACSIMILE
586-6071

VIA EMAIL
CPNtestimony@capitol.hawaii.gov

Honorable Senator Rosalyn H. Baker, Chair
Honorable Senator Brian T. Taniguchi, Vice Chair
Senate Members of Commerce and Consumer Protection Committee

RE: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION SCR 90 – SD1 RELATING TO REQUESTING LRB TO UPDATE 2003 REPORT ANALYZING THE MAJOR PROBLEMS STILL FACING COMMERCIAL AND OTHER LAND LESSEES

Hearing Date: Idnesday, April 11, 2012 9:30AM, Conference Room 229

Dear Honorable Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Members of the Senate Committee of Commerce and Consumer Protection:

PETITION:

I support passage of Senate Concurrent Resolution SCR 90 SD1 requesting the Legislative Reference Bureau to update their 2003 report analyzing the major problems facing commercial and other land lessees. Many businesses continue to operate on leasehold properties that are owned by a few large landowners. Ground rents have been identified as a major expense for businesses and while Hawaii's economy has continued to remain weak similarly to the mainland, ground rents have continued to increase substantially. It has been nearly 10 years since the Legislative Reference Bureau had reported to the Legislature as to the major problems facing commercial and other land lessees and the data on which many government agencies have been relying upon in the effort to revitalize Hawaii's economy is outdated.

I urge your approval of this concurrent resolution.

Sincerely,

John Fielding

1731-A Nalani St.

Honolulu, HI 96819

John Fielding | Director of Risk Management

ALTRES | simplicity^{HR}

ALTRES

967 Kapiolani Boulevard, Honolulu, HI, 96814

Direct: (808) 591-4999 | Fax: (808) 597-8055

john.fielding@altres.com | ALTRES Staffing: altres.com | simplicityHR: simplicityHR.com

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Manya Vogrig, for the Small Landowners Association

Wednesday, April 11th, 2012 9:30a.m. Rm. 229

Testifier in opposition to SCR 90 Proposed SD1

Email to CPNtestimony@capitol.hawaii.gov

Committee on Commerce and Consumer Protection

Wed., April 11, 2012

Sen. Rosalyn H. Baker, Chair and Sen. Brian T. Taniguchi, Vice Chair 9:30 a.m. Conf. Rm. 229
State Capitol, 415 South Beretania Street, Honolulu, Hawaii

Honorable Members of the Committee:

Re: SCR 90 Proposed SD1 Requesting the Legislative Reference Bureau to Update Their
2003 Report Analyzing the Major Problems Still Facing Commercial and Other Land Lessees.

My name is Manya Vogrig, testifying for us as members of the Small Landowners Association who are in opposition to this type of legislation trying to break leasehold contracts for other private individuals for their own personal gain.

This proposal not only applies to commercial and industrial leasehold properties but to "other land lessees". We think most commercial and industrial property is leasehold, not only in Hawaii but worldwide. It seems to us, this could very well be turned against us small landowners again, as it has in past years.

The statements in this proposal, to justify wasting the tax payers' money, seem manipulated ... without specifics ... or mentioning that the lease contracts the lessees signed agreed to whatever they are accusing the lessors of doing.

Hawaii, being limited in land by our island topography, has benefited by the leasehold system. At Statehood time lawmakers created the Horizontal Property Regime Act to encourage multi-family developments to provide for the huge influx of people coming to Hawaii. Small landowners let developers lease their property (usually their only piece of property where their homes had been for generations had to be combined with their neighbors) to provide this more affordable housing where the more expensive land did not have to be purchased. The Developers built the buildings and then sold the units without ever sharing their profits or even compensating the landowners for their homes. These small landowners were given the promise of being able to retire, most still living on the same property and their children would be able to keep the property they had worked so hard for. Now some of us have mixed commercial uses in the building that was allowed to develop on our property.

Over 500 families in our group were then told some 10 years later that the legislature was going to require that they sell their property at "reasonable prices" to the lessees who bought those units from the developer & was only paying to rent the landowner's property. We found through studies done, that most properties under leasehold condos were owned by local small landowners who owned only one lot. And that most of the condo unit owners are not the original owners and had sold at big profits again. Also, a large percentage rent their units out to local people and are not even citizens of Hawaii. Therefore, they do not vote or pay income taxes here.

Respectfully, the State itself is one of the largest landowners and provides much of leasehold property for others to use, with the benefit of the property never being lost by the State. We have seen what has happened to areas where the land was forced to be sold to the lessees, such as Kahala, with the old homes torn down and newly constructed mansions which are now vacant after the bubble burst.

We ask that you do not pass this expensive legislation out of the Committee. If you do pass this on, at least enable us to give our input into this proposed study.

Mahalo, Small Landowners Association

contact Manya Vogrig: 922-6934

contact Phyllis Zerbe: 949-9998

JAMES W. Y. WONG

HONOLULU OFFICE
3737 Manoa Road
Honolulu Hawaii 96822
Phone: (808) 946-2966
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Anchorage, Alaska 99501
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FAX: (907) 222-4852

April 9, 2012

VIA FACSIMILE
586-6071

Honorable Senator Rosalyn H. Baker, Chair
Honorable Senator Brian T. Taniguchi, Vice Chair
Senate Members of Commerce and Consumer Protection Committee

**RE: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION SCR 90 – SD1
RELATING TO REQUESTING LRB TO UPDATE 2003 REPORT ANALYZING THE
MAJOR PROBLEMS STILL FACING COMMERCIAL AND OTHER LAND LESSEES
Hearing Date: Wednesday, April 11, 2012 9:30AM, Conference Room 229**

Dear Honorable Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Members of the Senate Committee of Commerce and Consumer Protection:

I support passage of Senate Concurrent Resolution SCR 90 – SD1 requesting the Legislative Reference Bureau to update their 2003 report analyzing the major problems facing commercial and other land lessees.

PROBLEM:

- Concentration of commercial/industrial land is held by few landowners.
- Ground rents have been identified as a major expense to businesses and have continued to increase at a greater rate and resulted in financial hardship for businesses on leasehold land and resulted in increased costs to consumers.
- Small businesses (many have been tenants on leasehold properties) have been the backbone of Hawaii's economy and they have suffered in Hawaii's poor economy.
- A number of bills have been introduced to address commercial and industrial leasehold issues and opponents to those bills have referenced the LRB 2003 report as the basis that there is not a problem facing commercial and other land lessees.
- It's been close to 10 years since the LRB 2003 report was prepared and ground rents have continued to rise well above market.
- It's necessary to find out what problems and issues many leasehold businesses have if the State seeks to revitalize Hawaii's fragile economy

This resolution if passed would request the LRB to update their 2003 report analyzing the major problems still facing commercial and other land lessee.

Please approve SCR90-SD1.

Aloha


JAMES W. Y. WONG

F:\data\l\m\45\LA586

RICHARD HENDERSON

P.O. BOX 655
HILO, HAWAII 96721-0655

April 10, 2012

Honorable Rosalyn H. Baker, Chair
Honorable Brian T. Taniguchi, Vice-Chair
Commerce and Consumer Protection Committee
Hawaii State Capitol
Honolulu, Hawaii 96813

Re: SCR 90 SD2 Requesting the Legislative Reference Bureau to Update Their 2003 Report Analyzing the Major Problems Facing Commercial and Other Land Leases.

Dear Senator Baker and Senator Taniguchi,

I write in support of the passage of SCR 90 SD2.

The last study of the problems facing commercial and other industrial land leases occurred in 2003. Since then, Hawaii and the nation have suffered through a major recession and the resulting economic hardship. Many of the commercial and industrial leases are nearing reopening dates and are approaching the ending term of their leases. Many of the problems identified in the 2003 study still remain and an update of the problems and suggested legislative solutions is warranted. The study should be done Statewide and not be limited to the Island of Oahu, as the problems identified in the 2003 study are even more manifest on the Neighbor Islands.

I urged you to pass SCR 90 SD2.

Sincerely,



Testimony for CPN 4/11/2012 9:30:00 AM SCR90

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: brian nakano

Organization: Chika Nakano Repair Shop

E-mail: cnrs@interpac.net

Submitted on: 4/7/2012

Comments:

Testimony for CPN 4/11/2012 9:30:00 AM SCR90

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: William S. Alexander

Organization: Central Park Community Association, Halawa Valley

E-mail: wsalema@aol.com

Submitted on: 4/10/2012

Comments:

Dear Senators,

I am the President of the Central Park Community Association in Halawa Valley which is a business association of the lessee owners within the Central Park industrial area. My company, Earle M. Alexander, Ltd., is a lessee in the park and has been since 1/1/1980. The land within Central Park is owned by Queen Emma Land Company and Kamehameha Schools/Bishop Estate. CPCA has been in negotiation or arbitration with the land owners since June 2009 attempting to reset our land rent for the ten year period from 1/1/2010 till 12/31/2019. This is the first reset of land rent under the terms of our leases; the rents for the first 30 years of the 55 year lease period were specified in the leases. Those lessees on KS/BE land received an arbitration award for new rent in January 2012 but we do not expect an award for the Queen Emma properties until early 2013. This protracted and extremely expensive process to reset rent is not good for our businesses. Any legislative relief, clarification, simplification, and/or assistance which could result from the studies and reports proposed by this resolution, would be helpful to our businesses and our situation as lessees of industrial land. I urge you to pass this resolution.

Sincerely,

William S. Alexander President, CPCA

Testimony for CPN 4/11/2012 9:30:00 AM SCR90

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: Maureen Duffy

Organization: Individual

E-mail: Maureenduffy808@gmail.com

Submitted on: 4/9/2012

Comments:

Although I am a proud parent of 3 Kamehameha Hawaii students and am so appreciative of what they provide for students, I also believe they need to conduct their business in a fair and equitable manner. As I understand SCR90SD1 and the current practices with lease hold commercial properties, this fairness and equity is currently lacking. Your consideration and support of this Bill is appreciated.

Testimony for CPN 4/11/2012 9:30:00 AM SCR90

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: Loren Tsugawa

Organization: Individual

E-mail: loren@hilofish.com

Submitted on: 4/7/2012

Comments:

VIA FACSIMILE
586-6071

VIA EMAIL
CPNtestimony@capitol.hawaii.gov

Honorable Senator Rosalyn H. Baker, Chair
Honorable Senator Brian T. Taniguchi, Vice Chair
Senate Members of Commerce and Consumer Protection Committee

RE: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION SCR 90 – SD1 RELATING TO REQUESTING LRB TO UPDATE 2003 REPORT ANALYZING THE MAJOR PROBLEMS STILL FACING COMMERCIAL AND OTHER LAND LESSEES

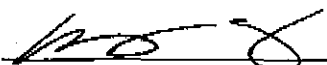
Hearing Date: Wednesday, April 11, 2012 9:30AM, Conference Room 229

Dear Honorable Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Members of the Senate Committee of Commerce and Consumer Protection:

I support passage of Senate Concurrent Resolution SCR90 SD1 requesting the Legislative Reference Bureau to update their 2003 report analyzing the major problems facing commercial and other land lessees. Hawaii continues to have many commercial and industrial businesses operate on leasehold properties that are owned by a few large landowners. There has not been a sufficient supply of fee simple properties within the Honolulu proper for businesses to operate on. Ground rents have been identified as a major expense for businesses and while Hawaii's economy has continued to remain weak similarly to the mainland, ground rents have continued to increase substantially. Nine years ago, the Legislative Reference Bureau reported to the Legislature the major problems facing commercial and other land lessees and many organizations including government agencies have been relying upon the data from the report, which may not accurately reflect conditions or the problems such lessees currently face. Simply put, the report is outdated.

I encourage you to pass this resolution and request that the Legislative Reference Bureau to update their 2003 report with the assistance from the University of Hawaii Economic Research Department and through the State Department of Business, Economic Development and Tourism.

Aloha,



Print Name: Kamea Wilson
Address: 1469 Kamea Dr
Kihei, HI 96754

VIA FACSIMILE/586-6071

Honorable Senator Rosalyn H. Baker, Chair
Honorable Senator Brian T. Taniguchi, Vice Chair
Senate Members of Commerce and Consumer Protection Committee

RE: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION SCR 90 - SD1 RELATING TO REQUESTING LRB TO UPDATE 2003 REPORT ANALYZING THE MAJOR PROBLEMS STILL FACING COMMERCIAL AND OTHER LAND LESSEES

Hearing Date: Wednesday, April 11, 2012 9:30AM, Conference Room 229

Dear Honorable Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Members of the Senate Committee of Commerce and Consumer Protection:

PETITION:

We support passage of Senate Concurrent Resolution SCR 90 SD1 requesting the Legislative Reference Bureau to update their 2003 report analyzing the major problems facing commercial and other land lessees. Many businesses continue to operate on leasehold properties that are owned by a few large landowners. Ground rents have been identified as a major expense for businesses and while Hawaii's economy has continued to remain weak similarly to the mainland, ground rents have continued to increase substantially. It has been nearly 10 years since the Legislative Reference Bureau had reported to the Legislature as to the major problems facing commercial and other land lessees and the data on which many government agencies have been relying upon in the effort to revitalize Hawaii's economy is outdated.

We urge your approval of this concurrent resolution.

Print Name	Signature	Address
<u>Koiv Lee</u>	<u>Koiv Lee</u>	<u>906 6th Avenue, Honolulu, HI 96816</u>
<u>ROSALIND MOORE</u>	<u>Rosalind Moore</u>	<u>3258 ALOHA AVE. HAW., HI 96816</u>
<u>Wisty Ferris</u>	<u>Wisty Ferris</u>	<u>PO Box 25845 Hon HI 96825</u>
<u>Grant Sugita</u>	<u>Grant Sugita</u>	<u>1044 12th Ave. Hm. HI. 96816</u>
<u>Feliciana Pina</u>	<u>Feliciana Pina</u>	<u>2202 Koloa Koloa HI 96819</u>
<u>Napuelani Wong</u>	<u>Napuelani Wong</u>	<u>1577 Nohu St. Honolulu HI 96822</u>
<u>Kani Wong</u>	<u>Kani Wong</u>	<u>146A Kamehameha Drive Kailua HI 96734</u>
<u>Darryl P. Wong</u>	<u>Darryl P. Wong</u>	<u>1836 Punahou Street, Honolulu 96822</u>

VIA FACSIMILE
586-6071

VIA EMAIL

Honorable Senator Rosalyn H. Baker, Chair
Honorable Senator Brian T. Taniguchi, Vice Chair
Senate Members of Commerce and Consumer Protection Committee

RE: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION SCR
90 - SD1 RELATING TO REQUESTING LRB TO UPDATE 2003 REPORT
ANALYZING THE MAJOR PROBLEMS STILL FACING COMMERCIAL AND
OTHER LAND LESSEES

Hearing Date: Wednesday, April 11, 2012 9:30AM, Conference Room 229

Dear Honorable Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Members of the
Senate Committee of Commerce and Consumer Protection:

PETITION:

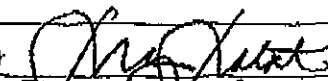
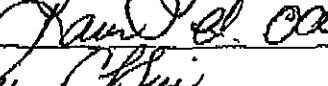
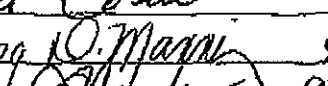
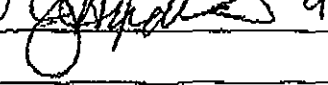

We support passage of Senate Concurrent Resolution SCR 90 SD1 requesting the Legislative
Reference Bureau to update their 2003 report analyzing the major problems facing commercial
and other land lessees. Many businesses continue to operate on leasehold properties that are
owned by a few large landowners. Ground rents have been identified as a major expense for
businesses and while Hawaii's economy has continued to remain weak similarly to the mainland,
ground rents have continued to increase substantially. It has been nearly 10 years since the
Legislative Reference Bureau had reported to the Legislature as to the major problems facing
commercial and other land lessees and the data on which many government agencies have been
relying upon in the effort to revitalize Hawaii's economy is outdated.

We urge your approval of this concurrent resolution.

Print Name

Signature

Address

MYRON NAHATA		2033 Kelaikela Drive Honolulu HI 96817
JAMES ODA		95-439 KAHAKAHAI PL. MILILANI 96789
CHRISTOPHER P. SUI		512 KAPUKA PL. KAILUA, HI 96734
Deborah Manning		95-745 Makauwiliu St. Mililani 96789
Jennifer Hudson		92971 Makakilo Dr #10 Kapolei HI 96707

VIA FACSIMILE
586-6071

VIA EMAIL
CPNtestimony@capitol.hawaii.gov

Honorable Senator Rosalyn H. Baker, Chair
Honorable Senator Brian T. Taniguchi, Vice Chair
Senate Members of Commerce and Consumer Protection Committee

RE: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION SCR 90 – SD1 RELATING TO REQUESTING LRB TO UPDATE 2003 REPORT ANALYZING THE MAJOR PROBLEMS STILL FACING COMMERCIAL AND OTHER LAND LESSEES

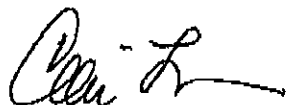
Hearing Date: Wednesday, April 11, 2012 9:30AM, Conference Room 229

Dear Honorable Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Members of the Senate Committee of Commerce and Consumer Protection:

I support passage of Senate Concurrent Resolution SCR90 SD1 requesting the Legislative Reference Bureau to update their 2003 report analyzing the major problems facing commercial and other land lessees. Hawaii continues to have many commercial and industrial businesses operate on leasehold properties that are owned by a few large landowners. There has not been a sufficient supply of fee simple properties within the Honolulu proper for businesses to operate on. Ground rents have been identified as a major expense for businesses and while Hawaii's economy has continued to remain weak similarly to the mainland, ground rents have continued to increase substantially. Nine years ago, the Legislative Reference Bureau reported to the Legislature the major problems facing commercial and other land lessees and many organizations including government agencies have been relying upon the data from the report, which may not accurately reflect conditions or the problems such lessees currently face. Simply put, the report is outdated.

I encourage you to pass this resolution and request that the Legislative Reference Bureau to update their 2003 report with the assistance from the University of Hawaii Economic Research Department and through the State Department of Business, Economic Development and Tourism.

Aloha,



Print Name: Colin Lau
Address: 47-695 Hui Ulili St
Kaneohe, HI 96744

VIA FACSIMILE
586-6071

VIA EMAIL

Honorable Senator Rosalyn H. Baker, Chair
Honorable Senator Brian T. Taniguchi, Vice Chair
Senate Members of Commerce and Consumer Protection Committee

RE: TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION SCR 90 – SD1 RELATING TO REQUESTING LRB TO UPDATE 2003 REPORT ANALYZING THE MAJOR PROBLEMS STILL FACING COMMERCIAL AND OTHER LAND LESSEES

Hearing Date: Wednesday, April 11, 2012 9:30AM, Conference Room 229

Dear Honorable Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Members of the Senate Committee of Commerce and Consumer Protection:

PETITION:

We support passage of Senate Concurrent Resolution SCR 90 SD1 requesting the Legislative Reference Bureau to update their 2003 report analyzing the major problems facing commercial and other land lessees. Many businesses continue to operate on leasehold properties that are owned by a few large landowners. Ground rents have been identified as a major expense for businesses and while Hawaii's economy has continued to remain weak similarly to the mainland, ground rents have continued to increase substantially. It has been nearly 10 years since the Legislative Reference Bureau had reported to the Legislature as to the major problems facing commercial and other land lessees and the data on which many government agencies have been relying upon in the effort to revitalize Hawaii's economy is outdated.

We urge your approval of this concurrent resolution.

Print Name

Signature

Address

MYRON NAKAMA	<i>[Signature]</i>	2033 KILAKILA DRIVE HONO, HI 96817
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Jennifer Hudson	<i>[Signature]</i>	92971 Makakilo Dr #10 Kapolei HI 90707