



# DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE  
GOVERNOR

MIKE MCCARTNEY  
DIRECTOR

CHUNG I. CHANG  
DEPUTY DIRECTOR

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Statement of  
**MIKE MCCARTNEY**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Tuesday, March 30, 2021  
9:05 AM  
State Capitol, Conference Room 211 & Videoconference

In consideration of  
**HB1324, HD2**  
**RELATING TO COMMERCIAL PROPERTY RENT RELIEF.**

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) offers comments on HB1324, HD2, which creates a commercial rent relief grant program to be funded by federal funds. Under this measure applications are submitted to and reviewed by DBEDT. The counties, in cooperation with DBEDT, are responsible for administering the grant program.

The proposed grant program allows owners of property classified as commercial, hotel and resort, or industrial under county real property tax classifications to be eligible for a grant not to exceed 3 percent of taxable revenue derived from the property in 2019; annualized taxable revenue for tenants established before March 30, 2020, and with less than twelve months operating history; or three months of full rent, whichever is less.

Our comments are as follows:

- DBEDT recognizes the difficult position of commercial landlords to balance the need to support their small business tenants struggling with rent because of the COVID-19 pandemic, with the viability of their own operations including keeping their own employees employed. To underscore this issue, the most recent

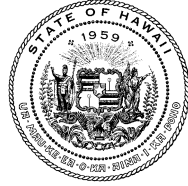
statewide commercial rent survey results for the 2020 Q4 period, which DBEDT's Research & Economic Analysis Division (READ) helped design, revealed that nearly 50 percent of Hawaii's businesses did not pay their full rent expense and this figure has steadily increased since the first survey issued for the 2020 Q2 period.

- DBEDT further acknowledges the efforts undertaken by many commercial landlords to ease the burden placed upon their small business tenants including lease renegotiation, rent deferment, and rent reduction; however, survey results indicate that only 5 percent, 26 percent, and 15 percent of businesses, respectively, received such assistance. Uncertainty about the duration and desire of tourism's return amid the ongoing pandemic exacerbate the issue of mounting rent expenses.
- The proposed measure allocates federal funds for a grant program for landowners to provide rental relief to their commercial tenants. This will help streamline grants since there are fewer landowners than businesses and reduce the burden of requiring small businesses to apply directly for relief.
- If the intent of this measure is to help businesses survive, DBEDT recommends adding language to prevent tenant evictions or other retributive action in exchange for the grants received by landowners under this program.

Thank you for the opportunity to testify.

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



ISAAC W. CHOY  
DIRECTOR OF TAXATION

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
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To: The Honorable Donovan M. Dela Cruz, Chair;  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair;  
and Members of the Senate Committee on Ways and Means

From: Isaac W. Choy, Director  
Department of Taxation

Date: March 30, 2021  
Time: 9:05 A.M.  
Place: Via Video Conference, Hawaii State Capitol

**Re: H.B. 1324, H.D. 2, Relating to Commercial Property Rent Relief**

The Department of Taxation (Department) offers the following comments regarding H.B. 1324, H.D. 2, for your consideration.

H.B. 1324, H.D. 2, creates a commercial rent relief grant program to be funded by federal funds. The proposed grant program allows owners of property classified as commercial, hotel and resort, or industrial under county real property tax classifications to be eligible for a grant not to exceed 3% of taxable revenue derived from the property in 2019; annualized taxable revenue for tenants established before March 30, 2020 and with less than twelve months operating history; or three months of full rent, whichever is less. H.B. 1324, H.D. 2, has a defective effective date of July 1, 2050.

As written in H.D. 2, the Department of Business, Economic Development, and Tourism (DBEDT) is the administering agency of the program. Similarly, DBEDT is granted authority to audit or investigate all grant applications under this measure. An unspecified amount of general fund revenues will be appropriated to the emergency and budget reserve fund for fiscal years 2022 and 2023 to be expended by DBEDT pursuant to this measure (provided that no funds shall be made available unless the federal government provides funds via stimulus payments to the State).

Finally, Section 2(f) of H.D. 2, allows the Department to provide DBEDT with confidential tax information for the purpose of determining the eligibility for a grant pursuant to this measure. With this authority, the Department will be able to share otherwise confidential tax information with DBEDT for the purpose of verifying eligibility for the grant program established by this measure.

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

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

ROBERT YU  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
HOUSE BILL NO. 1324, H.D. 2

**March 30, 2021**  
**9:05 a.m.**  
**Room 211 and Videoconference**

**LATE**

RELATING TO COMMERCIAL PROPERTY RENT RELIEF

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 1324, H.D. 2.

H.B. No. 1324, H.D. 2, establishes a commercial rent relief grant program to be administered by the Department of Business, Economic Development and Tourism (DBEDT); requires that commercial rent relief grants provided by the program be given priority for moneys received through federal funding; appropriates an unspecified amount of general funds for deposit into the Emergency and Budget Reserve Fund (EBRF); and appropriates an unspecified amount out of the EBRF to fund grants for the commercial rent relief grant program.

The measure further provides qualifications of grant applicants; sets a grant award limit of three percent of taxable revenue derived from the property in 2019 per property owner; and establishes criteria for grant recipients.

B&F has concerns with Sections 4 and 5 of H.B. No. 1324, H.D. 2, which appropriates funds into and out of the EBRF. Rather than using the EBRF as a

pass-through for these funds, B&F recommends directly appropriating funds to DBEDT for the purposes of this measure. B&F further recommends that the language of H.B. No. 1324, H.D. 2, be amended to specify that funds to be used for this program are funds from the Coronavirus State Fiscal Relief Fund received from the American Rescue Plan Act of 2021. Appropriating funds through the EBRF, rather than directly to DBEDT, would create tracking and reporting issues.

B&F defers to DBEDT on matters of implementation and administration of the program proposed in this measure.

Thank you for your consideration of our comments.



**Testimony to the Senate Committee on Ways and Means  
Tuesday, March 30, 2021 at 9:05 A.M.  
Written Testimony**

**RE: HB 1324, HD 2, RELATING TO COMMERCIAL PROPERTY RENT RELIEF**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 1324, HD 2, which establishes a commercial rent relief grant program and requires that the commercial rent relief grants be given priority for moneys received through federal funding.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

In August 2020, the Chamber, in partnership with UHERO and other organizations released findings to a survey<sup>1</sup> about the ongoing impacts of the COVID-19 pandemic within the business community. It was found that despite the slow reopening of the kama'aina economy, business revenue has remained significantly depressed with nearly 20% of businesses having no revenue and another 20% reported earning less than half of their baseline monthly revenue. The survey further found that nearly 51% of businesses surveyed indicated either additional cuts would be needed, or their business would not survive if the restrictions remained in place.

Since the survey, subsequent restrictions, government proclamations and orders continue to exacerbate Hawaii's economic recovery efforts, especially in the commercial rental environment. We recognize that both lessors and lessees have absorbed much of unpaid rents but that cannot last. Restaurant and bar restrictions, capacity limitations, and shortage of tourists have plagued the commercial rental community that struggle to pay rent with no customers, or revenue, coming in.

This program will help to serve as an essential catalyst for businesses and landlords to work together during the pandemic through the assistance of enabling legislation.

Thank you for this opportunity to provide testimony.

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<sup>1</sup> Survey update shows widespread hardship for local businesses

<https://uhero.hawaii.edu/survey-update-shows-widespread-hardship-for-local-businesses/>

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March 30, 2021

**The Honorable Donovan Dela Cruz, Chair**

Senate Committee on Ways and Means

Via Videoconference

**RE: H.B. 1324, HD2, Relating to Commercial Property Rent Relief**

**HEARING: Tuesday, March 30, 2021, at 9:05 a.m.**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

I am Ken Hiraki, Director of Government Affairs, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its over 10,000 members. HAR **supports** House Bill 1324, HD2, which establishes a commercial rent relief grant program. Requires that the commercial rent relief grants be given priority for moneys received through federal funding. Appropriated funds.

Due to the devastating global COVID-19 pandemic, through no fault of their own, businesses have been severely impacted. Reduced visitor arrivals has also caused significant decline in revenue and has devastated our local economy. Unfortunately, we have seen our favorite local restaurants or local small retail stores and business have to close their doors and more are at the brink of closing or unable to pay their rent.

Rent remains one of the largest fixed costs for a business. As such, HAR believes that the commercial rent relief grant will help landlords and our local businesses who are struggling to make ends meet.

Mahalo for the opportunity to testify.

**HB-1324-HD-2**

Submitted on: 3/28/2021 5:04:47 PM

Testimony for WAM on 3/30/2021 9:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jacqui Hoover	Testifying for Hawaii Island Economic Development Board	Support	No

Comments:

Aloha,

On behalf of the Hawaii Island Economic Development Board incorporated in 1984 in support of strengthening and diversifying Hawaii Island's economy, we strongly support HB1324 and the opportunity to assist businesses in Hawaii as we navigate out of the pandemic and towards rebuilding our economy.

Mahalo for this opportunity to speak in support of HB1324.



**HB-1324-HD-2**

Submitted on: 3/28/2021 5:07:09 PM

Testimony for WAM on 3/30/2021 9:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jacqui Hoover	Testifying for Hawaii Leeward Planning Conference	Support	No

Comments:

Hawaii Leeward Planning Conference strongly supports HB1324 and humbly requests your approval of HB1324 to assist businesses in their efforts to rebuild Hawaii's post-pandemic economy.

Mahalo for the opportunity to voice our support.



Eggs 'n Things Hawaii Inc. DBA Eggs 'n Things  
339 Saratoga Road,  
Honolulu, HI 96815  
www.eggsthings.com

March 31, 2021

Senator Donovan M. Dela Cruz, Chair

Senator Gilbert S.C. Keith-Agaran, Vice Chair

Committee on Ways and Means (WAM)

**Re: House Bill 1324 to Establish a Commercial Rent Relief Grant Program**

To Whom it may concern,

Thank you for the opportunity to submit testimony. I am **STRONGLY IN SUPPORT** of House Bill 1324.

My name is Yuka Nawano, and I have been the owner of restaurant Eggs 'n Things since 2008. We have 4 locations on Oahu. Due to the Stay at Home orders, travel restrictions and reduced capacity resulting from the decisions made by our government leaders in reaction to the COVID-19, our 2020 annual sales have decreased by almost 90% compared to 2019. Although our sales dropped significantly, our rent obligations remain the same, making it extremely difficult to emerge out of this pandemic financially.

The minimal financial relief in 2020 and even the second round of PPP are just not enough for many of us to survive in 2021, without additional government-funded aid such as this commercial rent relief.

Needless to say, the Hawaii economy is heavily reliant on tourism and without the international visitors, for instance, tourists from Japan who on an average are said to spend 3 times as much per day compared to the tourists from the U.S mainland, it is impossible for businesses, especially restaurants and the rest of the hospitality/service industry to stay afloat and recover carrying on the heavy burden of rents, which are based on pre-COVID19 market conditions.

This is why we/I believe the Commercial Rent Relief Grant Program will play a huge role for small businesses and landlords to work together as we migrate into the new normal.

The Program is designed to pass rent relief forward. Using federal money, the State would allow eligible business tenants to qualify for the lesser of 3% of 2019 taxable revenue or three months of full rent. Money would be paid directly to landowners to ensure the money is used for its intended purpose. We believe a bi-product of the goodwill developed from the landlord-tenant dialogue is that landowners will be more inclined to set new and reasonable expectations going forward and to start renegotiating or at least amending the leases in a sustainable manner.

This would become an important process to kick start the economic recovery and one of many vital ways we can emerge out of the pandemic together, protect the banking system, preserve jobs, generate tax revenue, and sustain government budgets.

Although we were able to move into Tier 3, the capacity for restaurants like us has not really changed from Tier 2. In order to put the health and safety of our employees, customers and community as a whole the priority, we are making sure that the 6 ft social distancing are achieved, which means the capacity is still at 50%. This is another big toll on our already suffering business. For those of us who are still hanging on, it is clear that we still have a long long way to go before we can get back to the state we were in before March 2020, and we just cannot without more assistance from the city and state.

Eggs 'n Things has been around since 1974, founded by local couple late Jerry and Jan Fukunaga. I fell in love with the restaurant and this Island during my first trip to Hawaii 30 years ago. When the founder decided to retire, I promised them that we would do everything we can to carry on the legacy, to continue "Serving Quality Food in the Spirit of Aloha ". Earlier this month, we were fortunate to somehow mark our Dozen's (12<sup>th</sup>) Anniversary for our Saratoga Flagship right across from the Waikiki Post Office. However, half the neighboring businesses have closed their doors permanently. It's really a nightmare seeing all those vacant spaces, because eventually, at this rate, it could be us.

I sincerely hope that our desperate plea for help is heard, and this [House Bill 1324 to Establish a Commercial Rent Relief Grant Program](#) is approved, and business owners could somehow survive so that the employees who have been furloughed and the many visitors /customers would still have all these places to come back to.

Thank you again for the opportunity to submit testimony and for all of your efforts to serve the people of Hawaii as our elected leaders. Please stay safe.

Sincerely,



Yuka Nawano

President & CEO / Eggs 'n Things Hawaii Inc.

[yucanfbih@gmail.com](mailto:yucanfbih@gmail.com)



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March 30, 2021

HEARING BEFORE THE  
SENATE COMMITTEE ON WAYS AND MEANS

**TESTIMONY ON HB 1324, HD2**  
RELATING TO COMMERCIAL PROPERTY RENT RELIEF

Conference Room 211  
9:05 AM

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawaii Farm Bureau supports HB 1324, HD2**, which recognizes that due to the ongoing COVID-19 pandemic, commercial landowners need financial support to continue their efforts to keep small businesses open and people in Hawaii employed. The measure provides for a rental relief program using federal funds to help commercial property owners who are experiencing significant financial hardship to provide rent forgiveness to their tenants.

HFB greatly appreciates the concern for Hawaii's farmers, expressed on page 7, lines 5 through 8 of the bill, regarding the expansion of the program to benefit farmers by including agricultural properties, as additional federal funding becomes available. The closures of restaurants, schools, hotels, and other businesses over the last eleven months have drastically decreased demand for local agricultural products. Although support for local agriculture is strong, and everyone seems to agree that Hawaii should be more self-sufficient, many farmers have lost their customers and their cash flow. They have had to lay off workers and are struggling to make ends meet. Some may be forced to shut down entirely. We hope that funds will be available soon to prevent this tragedy.

Thank you for considering our concerns and for your continued support of Hawaii agriculture.

Tuesday, March 30, 2021

Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Committee on Ways and Means (WAM)

### **Strong Support for House Bill 1324 Relating to a Commercial Rent Relief Program**

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means (WAM):

Thank you for the opportunity to submit testimony for House Bill 1324. I'm part of a broad group of representatives from the business community that believes this **Commercial Rent Relief Program** (the "Program") will serve as an essential catalyst for small businesses and landlords to work together as we migrate into the new normal. Without help, the burden of old lease rents (based on pre-COVID-19 market conditions) during a post-coronavirus economic recovery are unbearable for small businesses.

I see the impacts firsthand: my financial consulting company specializes in real estate and corporate finance, with clients that include employee-owned companies with diversified land and business holdings. And, I am personally vested in the issue as a born-and-raised local person who cares about his community and wants to alleviate the suffering caused by COVID-19.

Our group has been helping develop this Legislative Proposal since April 2020. The Program is designed to pass rent relief forward. Once the State of Hawaii receives additional funding from the federal government, House Bill 1324 proposes to carve out financial support to commercial landlords and their business tenants to provide a vital bridge so they can get to voluntary resolution and negotiate out any lingering issues. Using federal money, the State would allow eligible business tenants to qualify for the lesser of 3% of 2019 taxable revenue or three months of full rent. Money would be paid directly to landowners to ensure the money is used for its intended purpose.

Despite financial relief in 2020 and even with the second round of PPP, businesses hardest hit by COVID-19 will not survive in 2021 without additional government-funded commercial rent relief. From October 15 to Thanksgiving 2020, there was optimism on increasing visitor arrivals; however, the nationwide surge in infections and mortality caused people to stay at home. Although January 2021 tourism numbers remain low, we're entering a phase where vaccination could eventually become sufficiently widespread and the light at the end of the economic tunnel is apparent. House Bill 1324 creates a way to identify businesses that are being hardest hit by the ongoing pandemic and reduce the uncertainty of accumulating back rent. Key aspects of eligibility to this Program include:

- Operate in a physical commercial space.
- > 40% decline in taxable revenue between two comparative periods.
- Majority owner(s) must attest to be:
  - o (1) A Hawai'i resident(s) and business must be located in the State of Hawai'i.
  - o (2) Are not publicly traded or a national and international chain unless they are a locally-owned franchise location(s).
- Currently open or if business is unable to open due to government restrictions, owner attests they plan to re-open.

While the Program cannot require landowners to renegotiate leases, we believe a bi-product of the goodwill developed from the landlord-tenant dialogue is that landowners will be more inclined to set new and reasonable expectations going forward and to start renegotiating or at least amending leases in a sustainable manner.

COVID-19 is a tremendous pandemic with no end yet in sight. Policymakers in Hawaii remain focused on lowering the number of new, daily COVID-19 cases in an effort to keep the contagion curve flat for public safety, while the economic impact of government-imposed restrictions is secondary. To better understand the economic impact, our coalition, with the expertise of DBEDT's Chief State Economist Dr. Eugene Tian, conducted the third quarterly Hawaii Commercial Rent Survey in December. The full report can be downloaded at [www.tinyurl.com/hcrs3](http://www.tinyurl.com/hcrs3). Some of the survey highlights include but are not limited to:

- Among our 1,126 respondents – most of which were restaurant and retail business owners – monthly unpaid rent was calculated at \$57 million. This back rent is piling up at a staggering pace and with the 14-day travel quarantine extended for seven months and the new travel restriction requiring a negative test in hand upon arrival, tourism-facing businesses that were fighting to survive and reopen multiple times will need some kind of lifeline to survive.
- We also surveyed the time period from January to June 2021, and the survey showed 4 in 10 businesses expect to miss between 3 to 6 months of full rent. The survey was to help determine whether current financial aid programs are enough for the universe of businesses and to diagnose the outstanding need after these various programs are accounted for. This means 40% of businesses may not be able to pay any rent for the first half of this year per their current lease agreement. This is because compared to 2019, 39% of businesses reported that they saw > 50% revenue decline in 2020, and 27% expect > 50% revenue decline in 2021. Back rent for disproportionately impacted businesses will continue to accumulate going forward.

- We then looked at new lease terms, and only 5% were able to restructure their lease. This rent restructuring allows businesses and landlords to redefine parameters and set new expectations to accommodate for ever changing market conditions. In many cases, businesses, especially restaurants and entertainment venues are facing ½ to 2/3 reduced capacity in the new normal with the same or an even higher rent caused by rent deferral. Even if business capacity is not a factor, the deteriorating economic climate due to job losses and reduced visitor arrivals is causing significant decline in business revenue. This unbearable burden of back rent piling up along with an unrealistic future rent obligation is why so many businesses are closing.
- In the third survey, we learned from a new question that without government-funded commercial rent relief, 64% of businesses do not expect to survive in 2021. Despite financial relief in 2020 and even with the second round of PPP, businesses hardest hit by COVID-19 will not survive in 2021 without additional government-funded commercial rent relief. The impact of losing these hardest hit businesses could result in the loss of thousands of jobs and keep tax revenue low for many years.

Small businesses employ over half of the private sector, supporting hundreds of thousands of jobs and households on Oahu. They drive innovation and are the backbone of our economy. There is an even more profound and long-term positive impact of House Bill 1324. On average, small businesses generate \$1.1 million in annual revenue. Implementing the Program, in combination with other innovative policy, if the State of Hawaii could protect over 7,000 of its eligible employer establishments from permanently closing, it would rescue 62,000 jobs and save ~\$330 million in GE and income tax revenue along with similar savings in annual unemployment insurance benefit payouts. This would allow more discretionary spending from jobs surviving to circulate in the economy.

Thank you again for the opportunity to submit testimony and for all of your efforts to serve the people of Hawaii as our elected leaders.

Sincerely,

Ryan Tanaka  
President  
Island Business Management, LLC  
[ryan@ibmhawaii.com](mailto:ryan@ibmhawaii.com)



**3<sup>RD</sup>** HAWAI‘I  
COMMERCIAL  
RENT SURVEY

IBMHAWAII 

**JANUARY 2021**

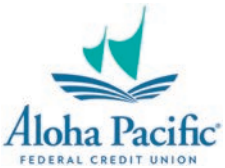


# Mahalo

to our partners for making this survey possible



HAWAII EXECUTIVE collaborative





*Aloha,*

As we move into 2021 with cautious optimism, we can reflect on last year's economic devastation caused by COVID-19. How bad is it out there? Which areas of our economy were hit the hardest? Will people have jobs to return to? The Third Hawai'i Commercial Rent Survey answers these questions and continues to diagnose how businesses are faring with commercial rent. 1,126 Hawai'i business owners shared their feedback; as we expected, the commercial rent situation continues to worsen.

Survey findings:

- From April through December 2020, 50% of businesses did not pay rent in full.
- Only 5% of businesses have restructured their lease, and only 14% received rent reduction.
- Over half expect to miss at least one full rent payment between January and June 2021.
- More than 80% of businesses saw revenue decline in 2020, and more than 80% expect their annual revenue to decline in 2021.
- 2 in 3 businesses were significantly impacted or closed by government restrictions in 2020. Nearly the same number of businesses do not expect to survive in 2021 without government-funded commercial rent relief.

Congress' second stimulus package won't address the nine months of accumulating back rent many small businesses disproportionately suffer from. And vaccines are out now, but it won't be until mid to late 2021 that enough Americans are inoculated. Leading economists expect daily visitor arrivals and employment to recover deep into 2022 or later.

We need to keep tracking this issue so that we can provide lawmakers with hard data to back up our request for commercial rent relief. Thank you for once again taking a few minutes out of your day to fill out the survey. Also, mahalo to the contributors who helped us spotlight the need for commercial rent relief, including our partners who made this series of quarterly surveys possible. As Hawaiian scholar Mary Kawena Pukui said, *E kuahui like i ka hana. Let everybody pitch in and work together.*

Please contact me if you have any questions or concerns.

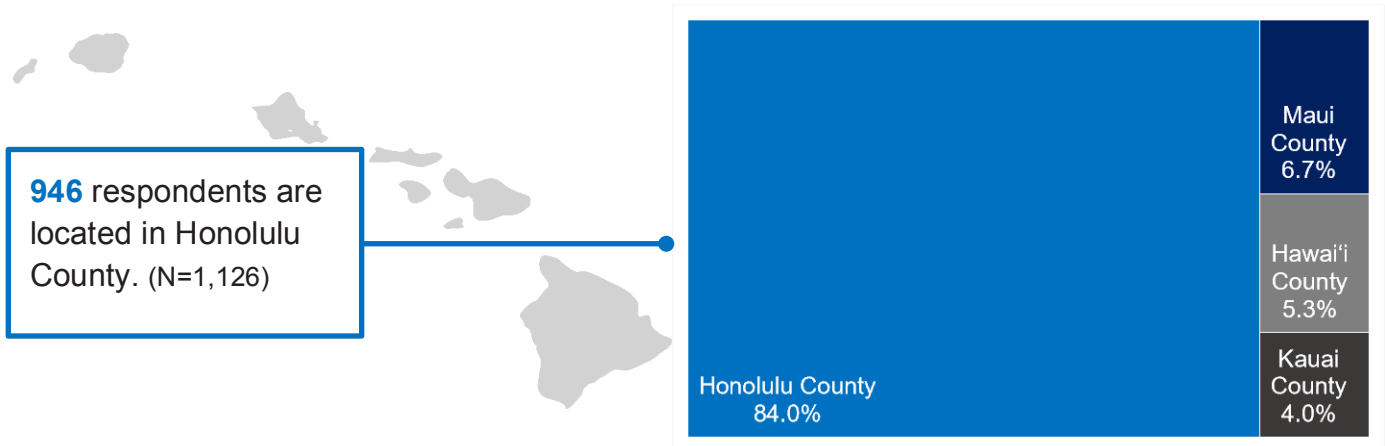
Sincerely,

Ryan Tanaka  
President  
Island Business Management, LLC  
ryan@ibmhawaii.com

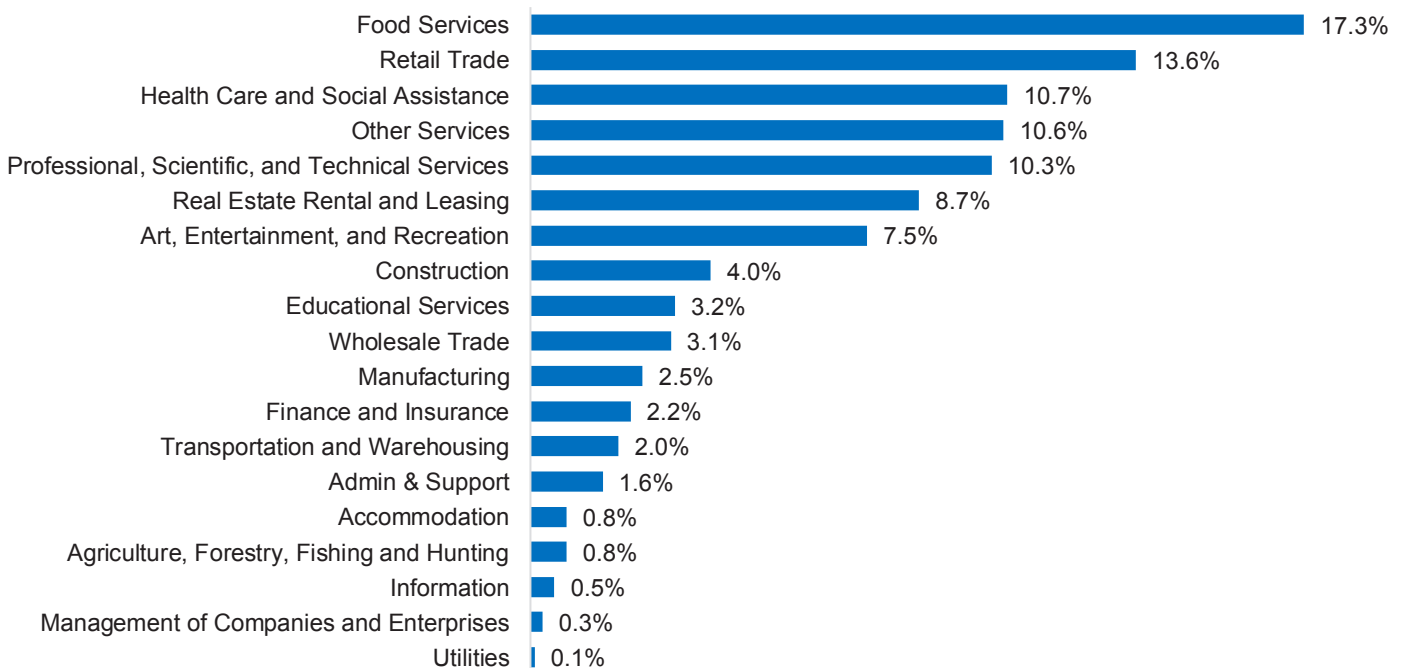


# Q4 Survey Respondents

**1,126** total business respondents over the **4** counties in Hawai'i broken down into **19** primary industries.



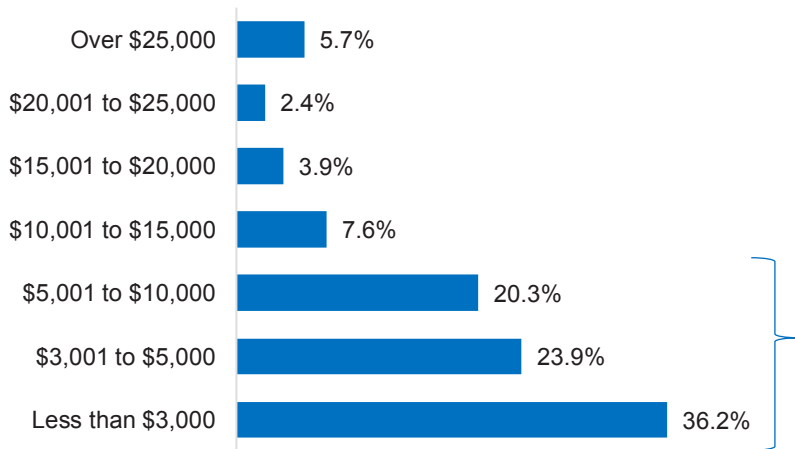
**30.9%** are in the Food Services and Retail Trade industries. (N=1,114)



**72.3%** earned less than \$1 million in estimated annual revenue in 2019. (N=1,063)

**94.7%** employed under 50 full-time equivalent employees as of the end of 2019. (N=1,090)

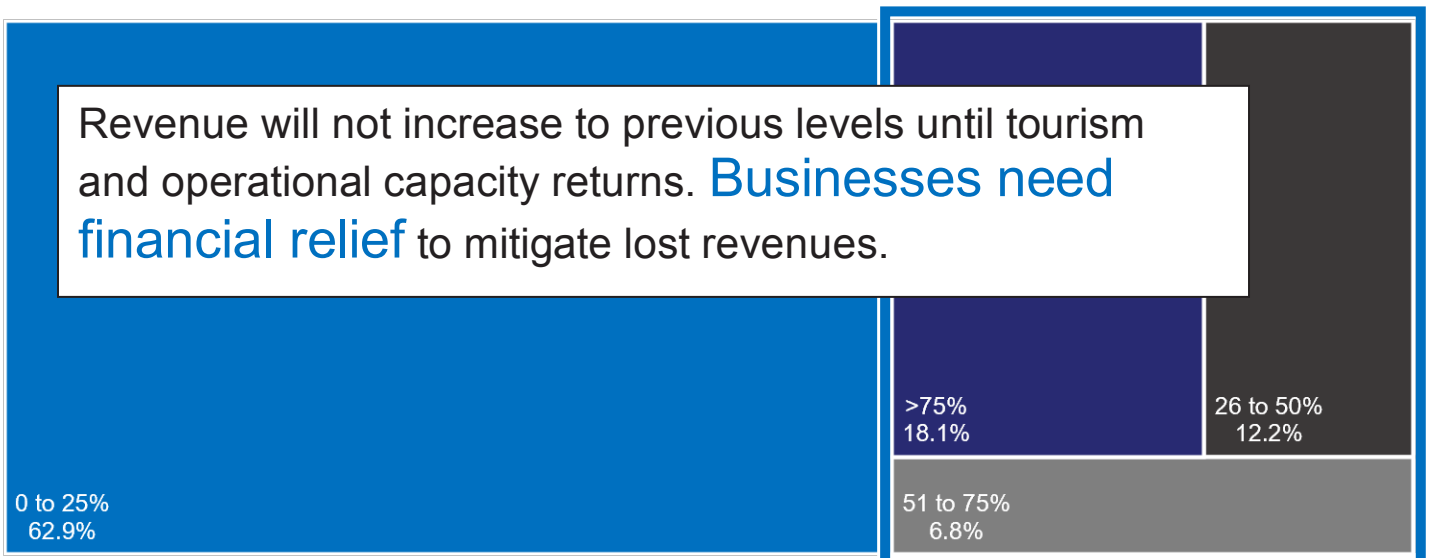
**78.8%** are tenants in buildings whose property owner is located within the State of Hawai'i. (N=1,001)



**80.4%** have monthly base-rent payments less than or equal to \$10,000. (N=965)

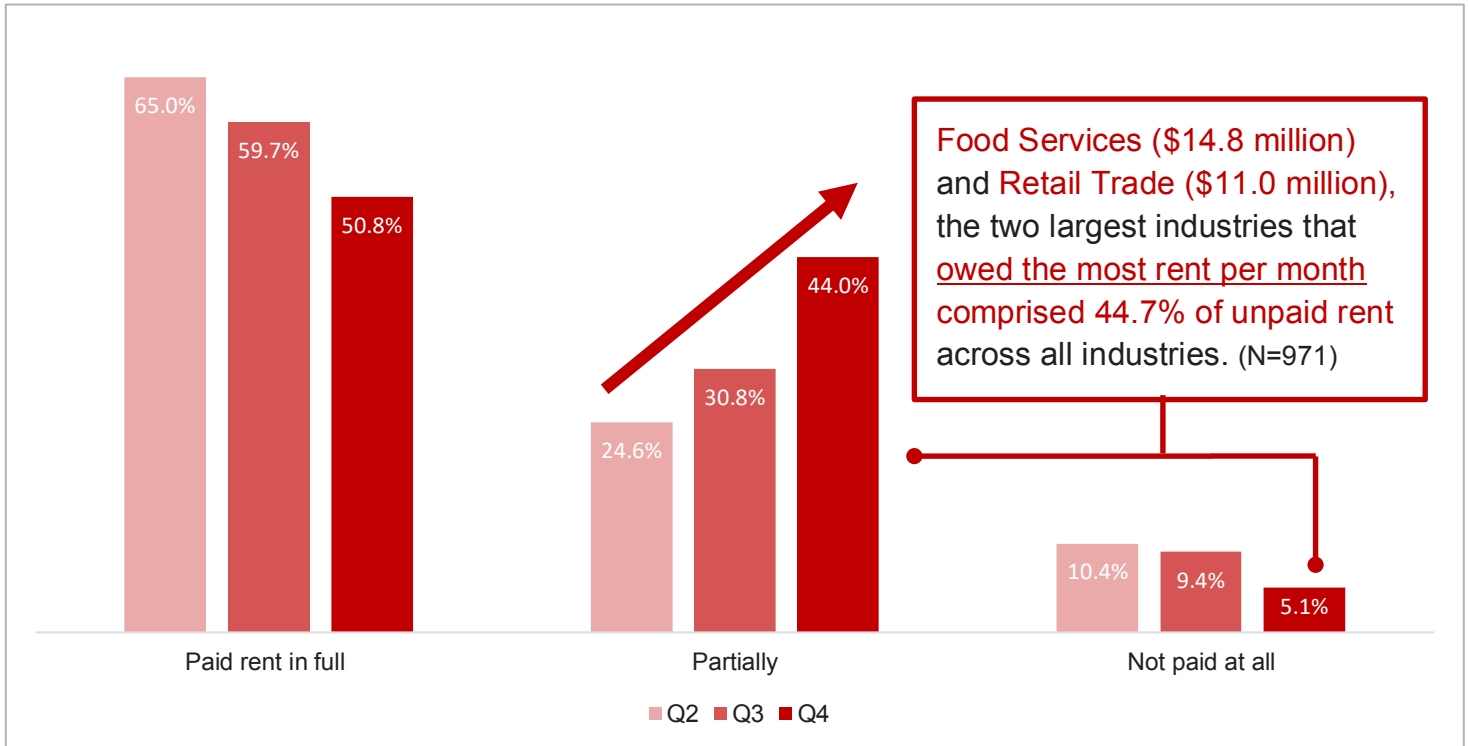
**77.4%** do not pay percentage rent above their base rent. (N=968)

**37.1%** report >25% of their revenue comes from tourism. (N=1,004)



# Q4 Rent: COVID-19 Impact & Relief

From April through December 2020, **49.1%** of businesses **did not pay rent in full**, and **5.1%** did not pay rent at all. (N=980)

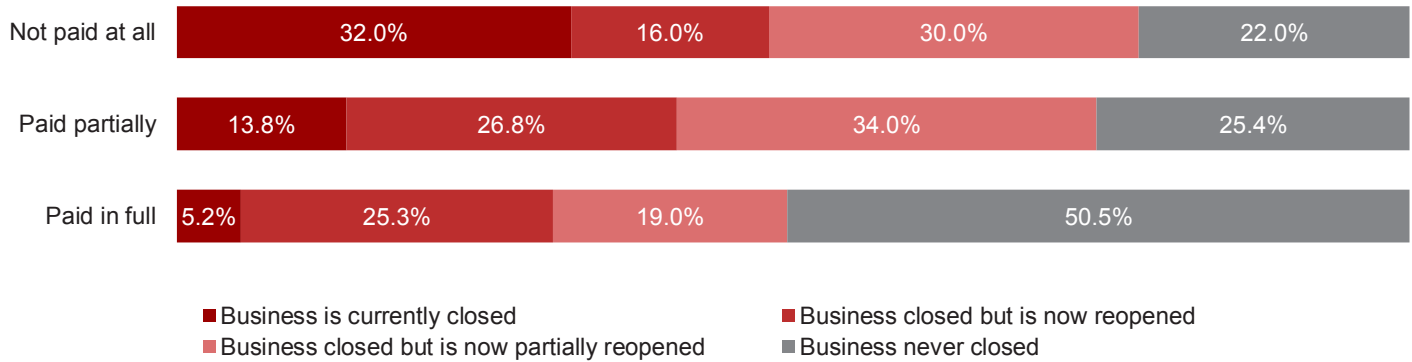


The statewide estimated total rent owed per month is **\$57 million in Q4 (vs. \$59 million in Q3)**. (N=971)

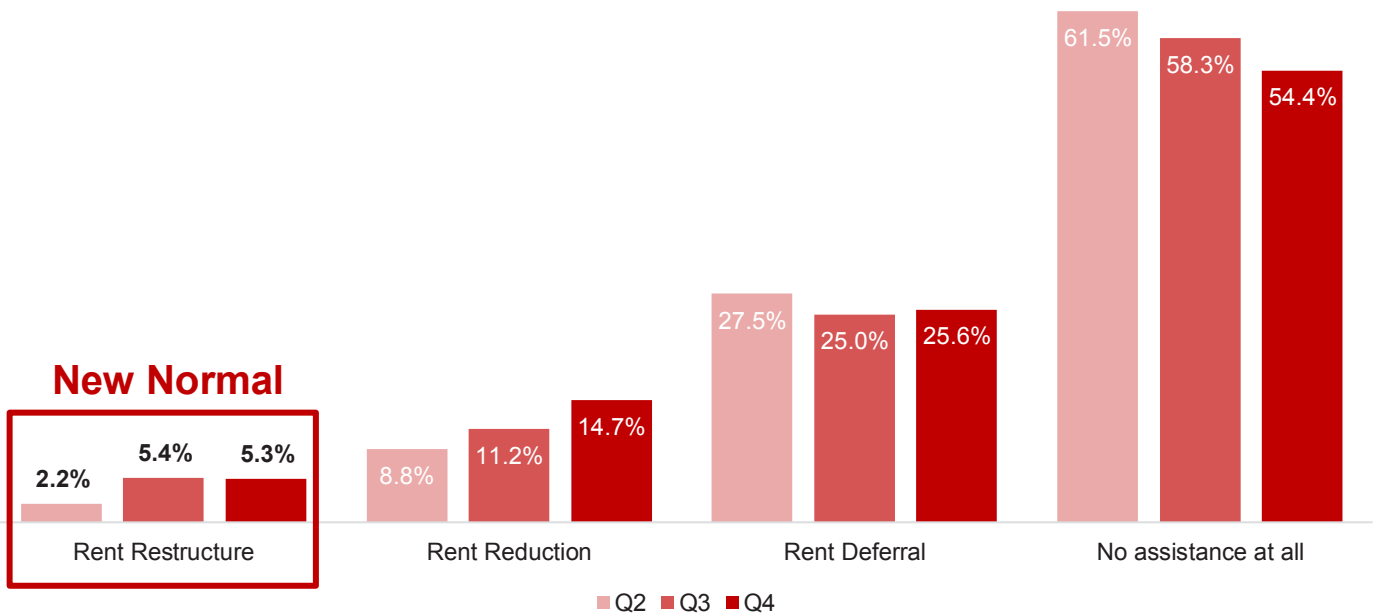
- **\$46 million** in partially unpaid rent (assuming 50% of rent was paid).
- **\$11 million** in fully unpaid rent.



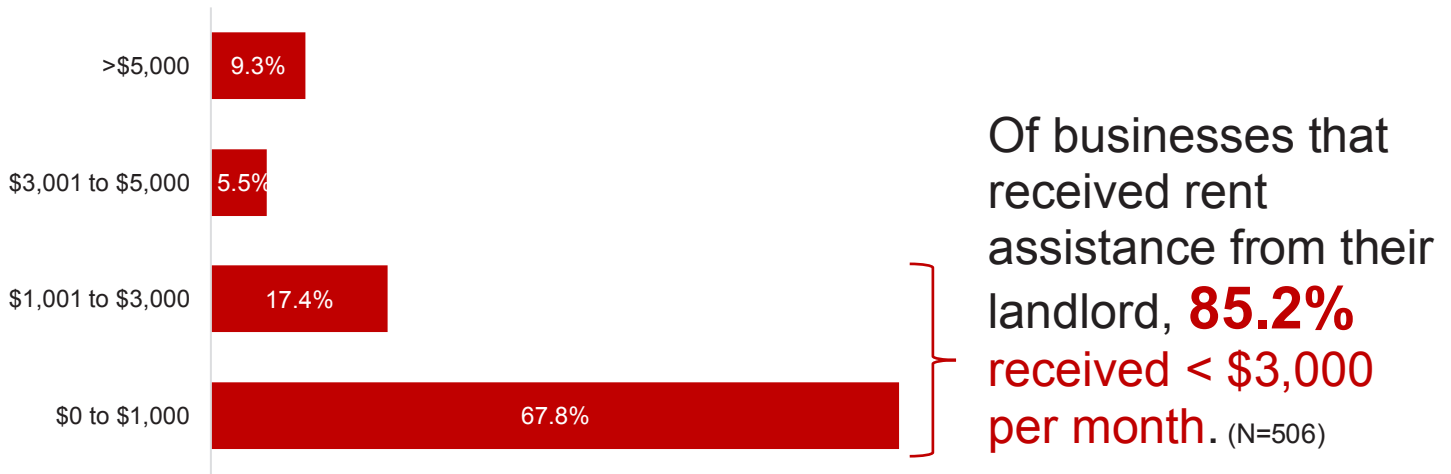
**32.0%** that have not paid rent at all are currently closed. (N=978)



**54.4%** have not received any rental assistance at all from their landlord. Rent deferral was the most common form of rental assistance over rent reduction and rent restructure. (N=1,059)



Only **5.3%** of rental agreements have been restructured as businesses enter the **new normal**. (N=1,059)



**Businesses expected to miss at least one full rent payment between January to June 2021:**

**2 in 3**  
Entertainment  


**6 in 10**  
Retail  


**2 in 3**  
Restaurants  


**Current Business Assistance**

**83.5%** received financial support from PPP and/or the Small Business Administration relief programs. (N=951)

**74.3%** received assistance from their counties' grant programs to small businesses. (N=950)

**18.6%** received loan deferrals from their bank. (N=944)

# Q4 Impact of COVID-19 on Revenue & Operations

COVID-19 continues to impact Hawai'i's economy as **61.2%** of businesses closed due to the pandemic, and as **36.3%** of businesses remain closed or have only partially reopened. (N=1,013)

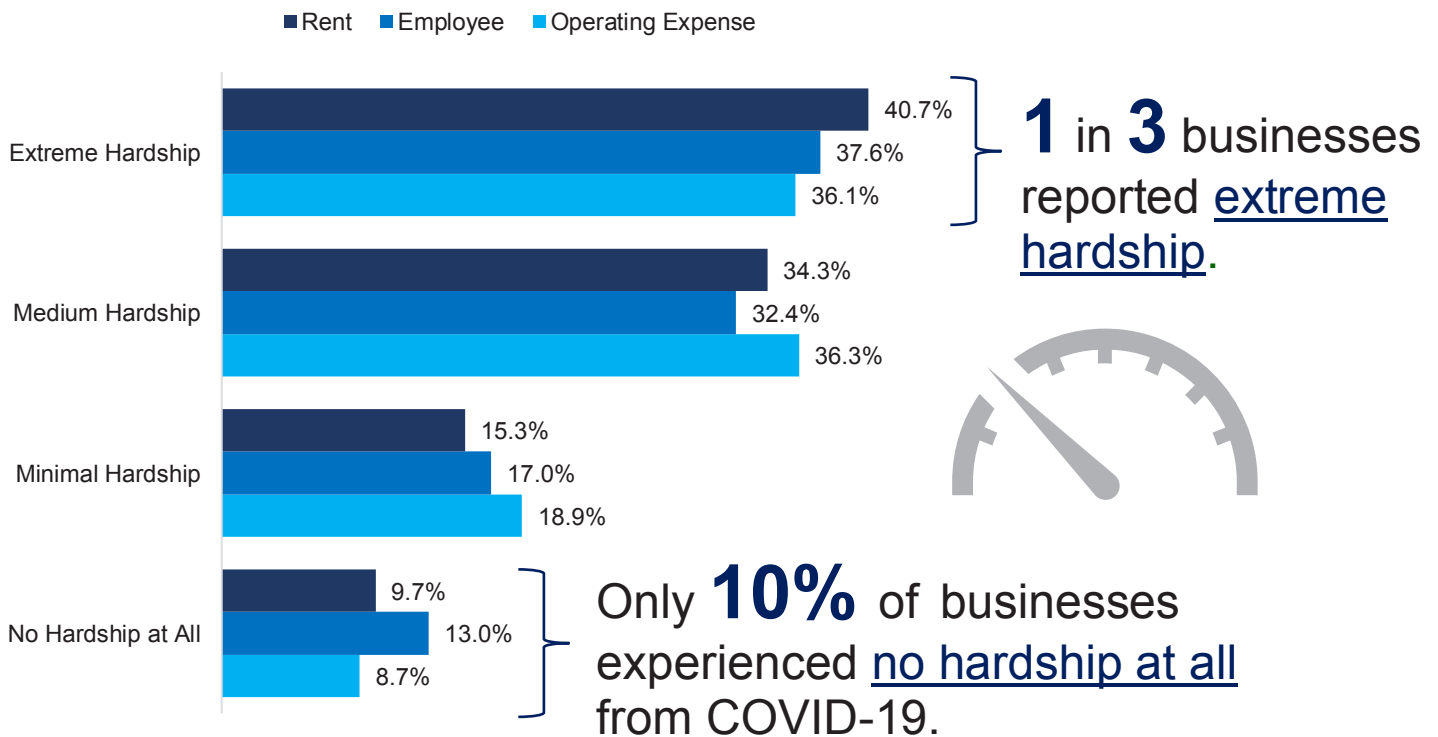
**38.8%** did not close.

**24.9%** closed but have now reopened.

**25.7%** closed but have now partially reopened.

**10.7%** closed and remain closed.

Majority of businesses reported some degree of hardship imposed by COVID-19 on their ability to pay rent (**90.3%**), employees (**87.0%**), and operating expenses (**91.3%**).

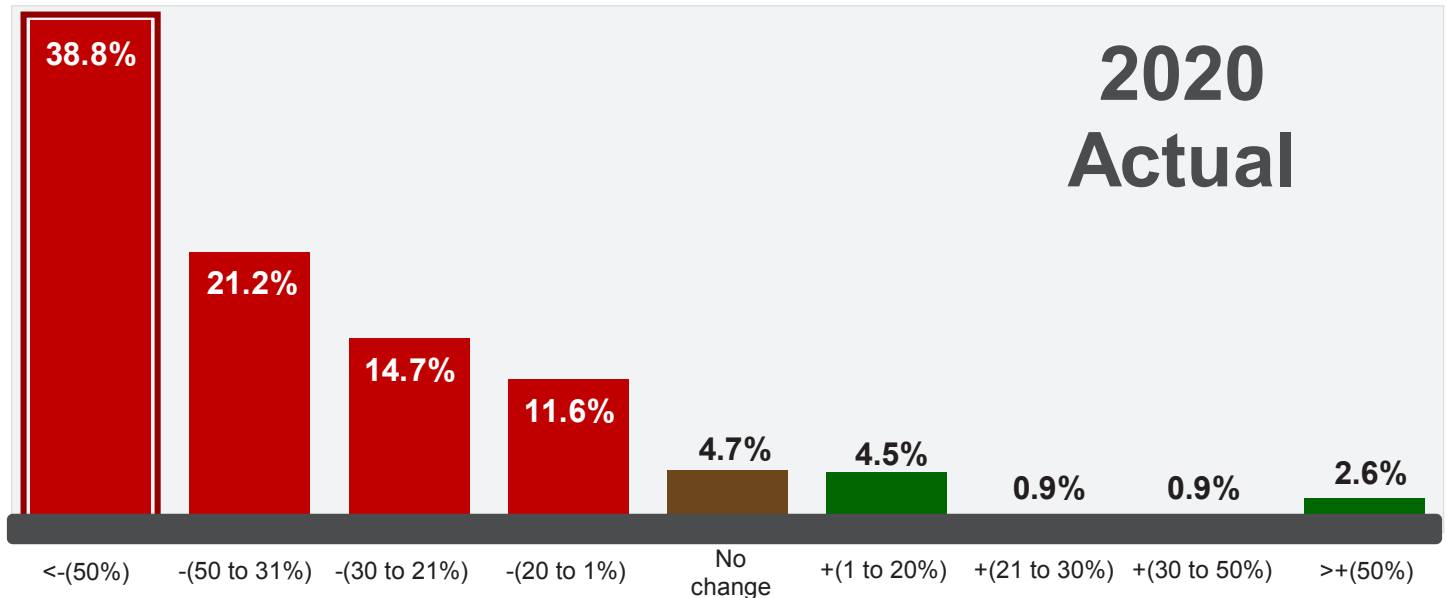
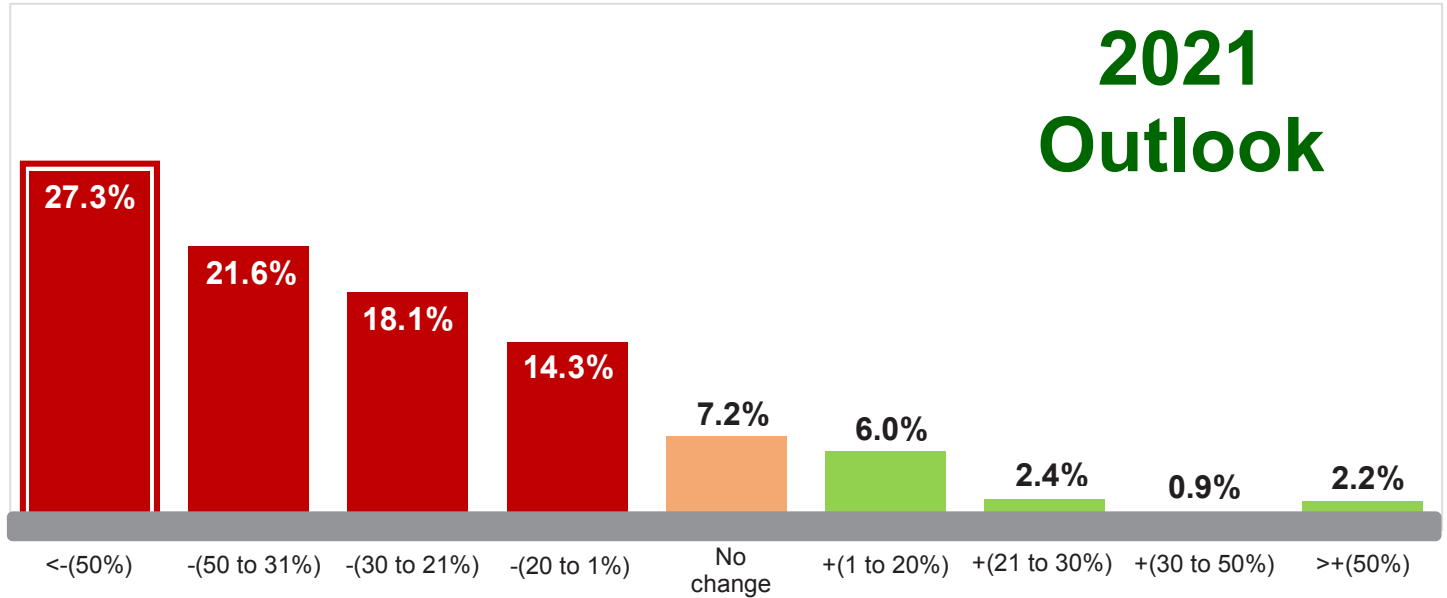


**No Hardship at All** = 100% able to pay; **Minimal Hardship** = greater than 90% probability of being able to pay; **Medium Hardship** = 75-89% probability of being able to pay; **Extreme Hardship** = less than 75% probability of being able to pay



# Q4 Business Outlook: New Normal

**81.3%** expect their annual revenue to **decline** in 2021 (N=851) vs. **86.4%** of businesses saw revenue **decline** in 2020. (N=1,017)



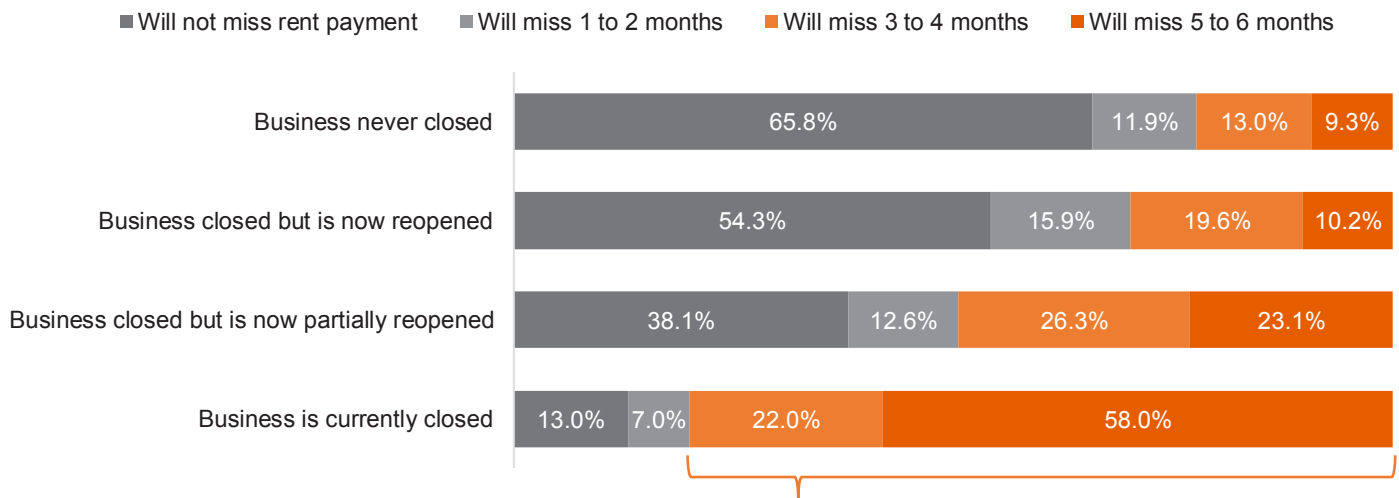
**27.3%** expect revenue to **decline > 50%** in 2021 (N=851) vs. **38.8%** of businesses saw revenue **decline of > 50%** in 2020. (N=1,017)

# Q4 Rent Outlook: New Normal

Comparing results between the three Hawai'i Commercial Rent Surveys illustrates the **increasing need for commercial rent assistance**. More businesses expect to miss increased amounts of commercial rent and for longer periods, including businesses previously able to pay rent. The percentage of businesses expecting to miss commercial rent payments increased significantly for all categories.

The approval of COVID-19 vaccines in December with plans for accelerated distribution to the general public in 2021 has improved economic forecasts. However, the recovery is expected to be slow and gradual until the latter part of 2021. Significant improvement of business conditions and commercial rent assistance can't come soon enough for those currently behind and expecting to miss more rent payments. Businesses have permanently closed their doors and laid off employees in 2020 due to the **commercial rent burden compounded with the realities of doing business in the new normal**.

**Over half (50.2%)** of businesses expect to miss at least one full rent payment between January and June 2021. (N=942)

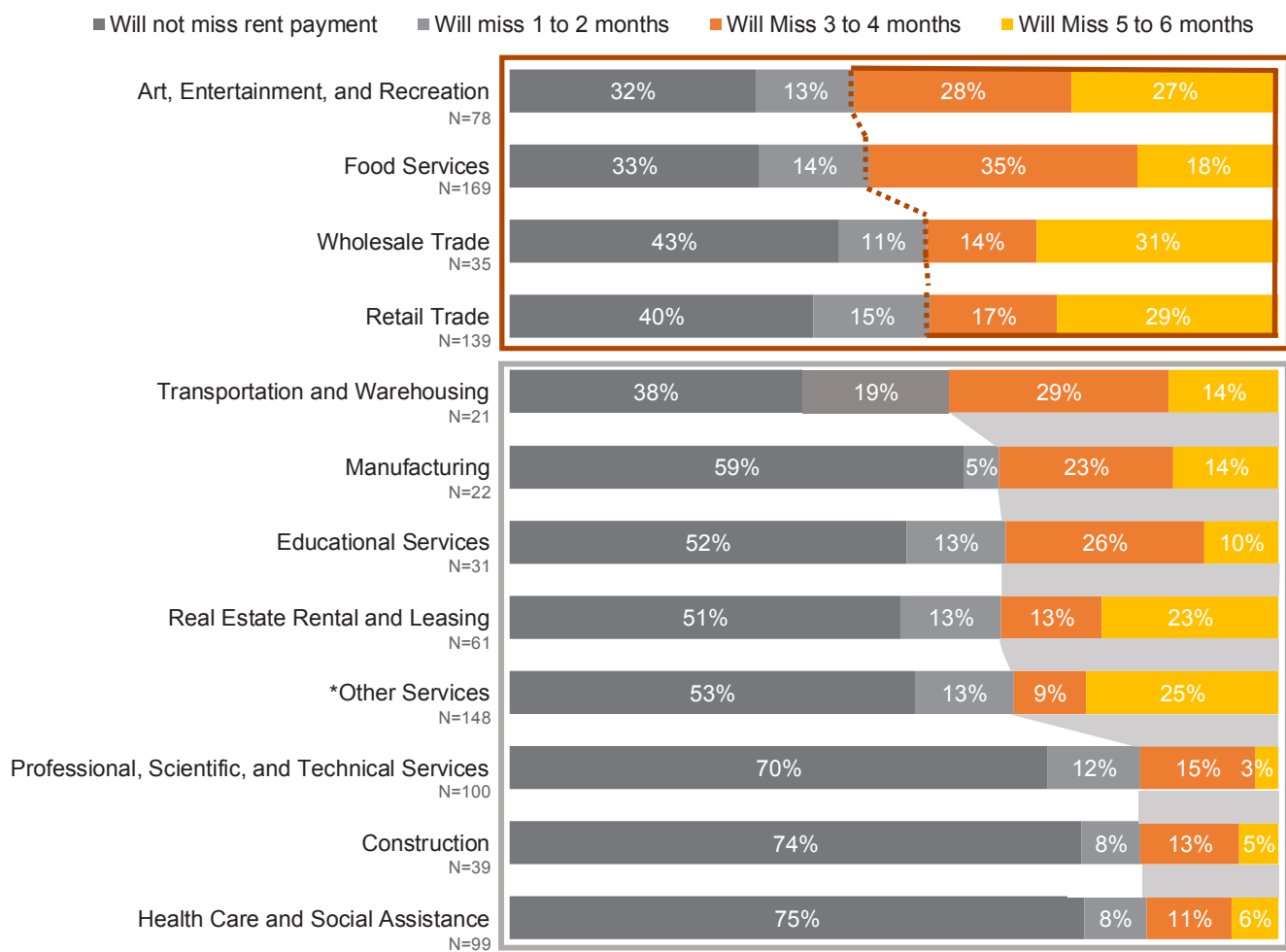


**8 in 10** businesses that are currently closed **expect to miss at least 3 to 6 months of full rent payments** between January and June 2021. (N=946)



**4 in 10** businesses expect to miss 3 to 6 months of full rent payments between January and June 2021. (N=942)

**4 of 19** primary industries expect half of their businesses to miss 3 to 6 months of full rent payments between January and June 2021. (N=942)



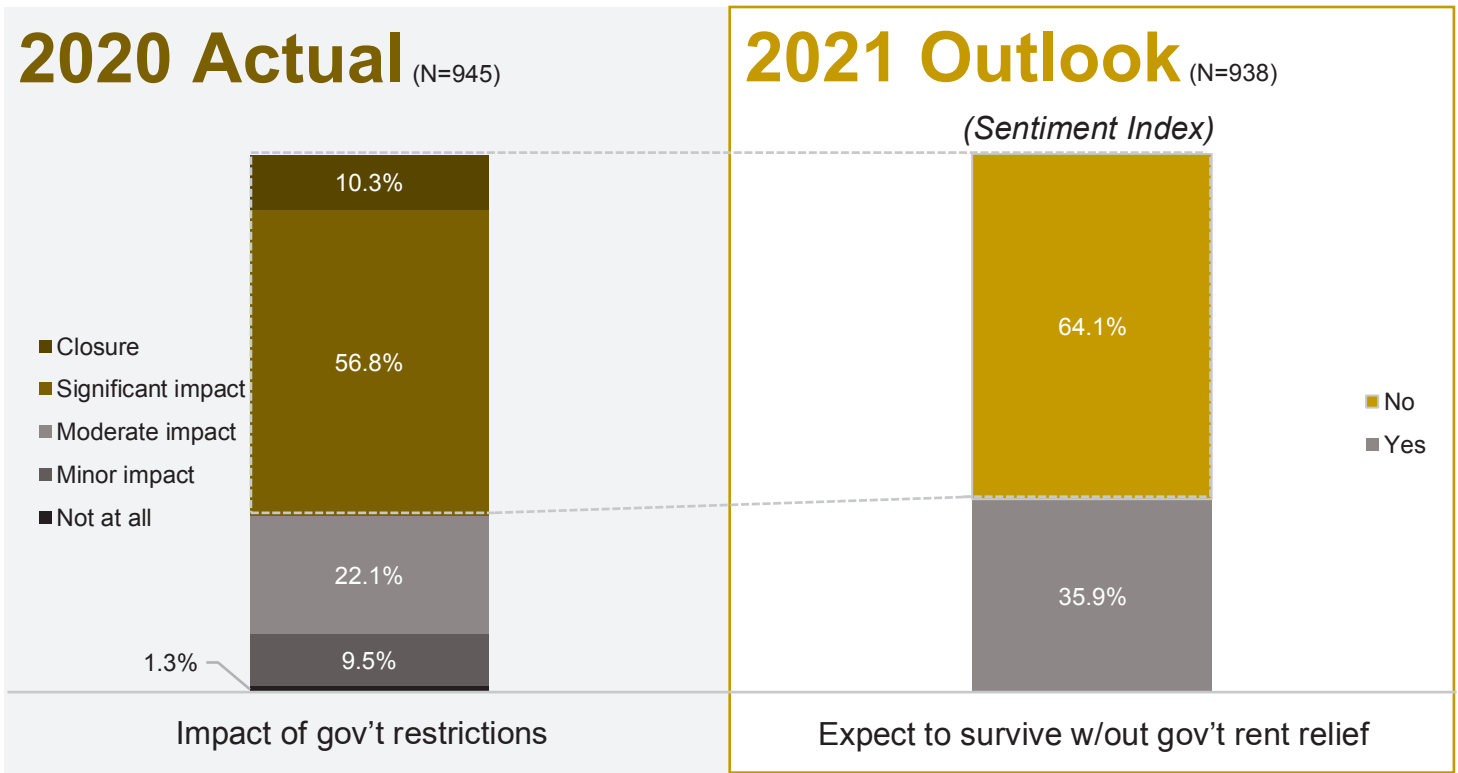
\*Other Services includes (Utilities, Management of Companies, Information, Agriculture, Accommodation, Admin & Support of Companies, Finance & Insurance)

**1 in 4** businesses in the remaining 15 industries expect to miss 3 to 6 months of full rent payments between January and June 2021. (N=942)

# Q4 Survivability Outlook: New Normal

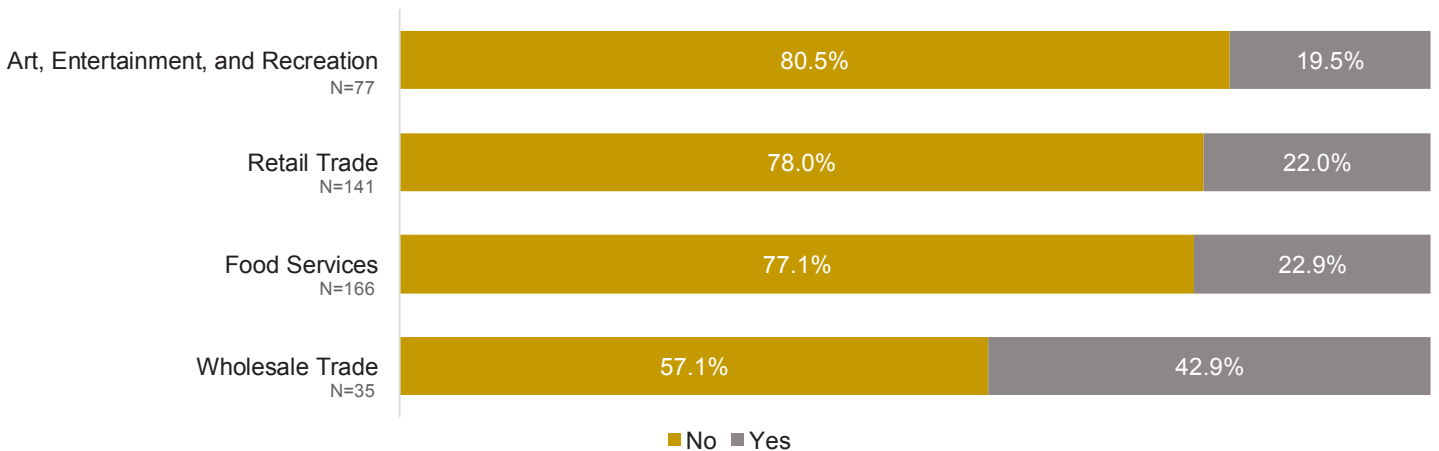
**2** in **3**

businesses were significantly impacted or closed due to government restrictions in 2020. Nearly the same number of businesses do not expect to survive in 2021 without government commercial rent relief.



Within the 4 most impacted industries, **3** in **4** do not expect to survive in 2021 without government commercial rent relief.

These 4 industries employ > 1/3 of our state's workforce. (N=938)



# Conclusion

Businesses used government stimulus funds to finance a portion of their expenses in 2020 but the amount and timing of financial support was too little, too late and many businesses have already closed their doors permanently. Businesses limping into Q4 2020 have started to see revenues increase, but are still significantly burdened by accumulating debt and expenses resulting from severe government restrictions considerably reducing generating capability.

**Businesses have not been able to pay rent, continue to add to their rent burden, and expect to miss further rent payments in 2021.** As tourism remains below pre-COVID-19 levels over the next three to five years<sup>1</sup> and with safety regulations affecting business capacity and service, businesses already operating with thin margins continue to struggle to break even before adding deferred payments of accumulating back rent.

**Commercial Rent relief will be necessary for many businesses to survive,** and lease restructuring would allow landlords and tenants to redefine lease terms that reflect market conditions in the new normal. Financial aid for commercial landowners would help incentivize them to do so.



<sup>1</sup> "UHERO Annual Hawai'i forecast with global outlook: Mainland COVID-19 surge means a bleak winter, but vaccines promise 2021 growth" UHERO, December 11, 2020





COMMERCIAL REAL ESTATE  
DEVELOPMENT ASSOCIATION  
HAWAII CHAPTER

March 29, 2021

The Honorable Senator Donovan Dela Cruz, Chair  
The Honorable Senator Gilbert Keith Agaran, Vice Chair  
Senate Committee on Ways and Means

RE: **HB 1324 HD2- Establish a Commercial Rent Relief Grant Program**  
**Hearing date: Wednesday, March 30, 2021 at 9:05AM**

Aloha Chair Dela Cruz, and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii to provide **SUPPORT** on HB 1324, HD2. NAIOP Hawaii is the local chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals. NAIOP Hawaii strongly supports the development of housing for Hawaii residents at all levels of income, especially affordable housing projects.

HB 1324, HD2 establishes a Commercial Rent Relief Grant Program (the "Program") and requires that the commercial rent relief grants be given priority for moneys received through federal funding. The grant program is designed for owners of property classified as commercial, hotel and resort, or industrial to be eligible for a grant not to exceed three per cent (3%) of taxable revenue for commercial tenants derived from the property in 2019. Further, owners of hotel and resort classified property shall only be eligible for a grant proportionate to the portion of the property that is leased to tenants operating a commercial business on the subject property. Any money from the Program would be paid directly to landowners to ensure the money is used for its intended purpose.

Hawaii commercial businesses are in dire need of additional financial relief. Despite financial support in 2020 including a second round of PPP, businesses hardest hit by COVID-19 will not survive in 2021 without additional government-funded commercial rent relief. Many businesses are still struggling with the deteriorating economic climate due to job losses and reduced visitor arrivals for an extended period causing significant decline in business revenue. The impact of losing these hardest hit businesses could result in the loss of thousands of jobs and keep tax revenue low for many years to come.

NAIOP believes the Program will serve as an essential catalyst for small businesses and landlords to work together as we begin to recover from the impacts of COVID-19. While the Program cannot require landowners to renegotiate leases, we

The Honorable Senator Donovan Dela Cruz, Chair  
The Honorable Senator Gilbert Keith Agaran, Vice Chair  
Senate Committee on Ways and Means  
March 29, 2021  
Page 2

believe it will encourage the landlord-tenant dialogue resulting in landowners being more inclined to set new and reasonable expectations going forward and to start renegotiating or amending leases in a reasonable manner. Without help, the burden of old lease rents during a post-coronavirus economic recovery are unbearable for small businesses.

HB 1324, HD2 would allow for the Program to serve as an important step in kick-starting Hawaii's economic recovery. The Program will enable our state to emerge out of the pandemic together, protect the banking system, preserve jobs, generate tax revenue, and sustain government budgets.

Mahalo for your consideration,



Catherine Camp, President  
NAIOP Hawaii





**TESTIMONY OF TINA YAMAKI, PRESIDENT  
RETAIL MERCHANTS OF HAWAII**

**March 31, 2021**

**Re: HB 1324 HD2 Relating to Commercial Property Rent Relief**

Good morning Chair Dela Cruz and members of the Senate Committee on Ways and Means. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901, RMH is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, local, national, and international retailers, chains and everyone in between.

We **STRONGLY SUPPORT** HB 1324 HD 2 Relating to Commercial Property Rent Relief. This measure establishes a commercial rent relief grant program to be administered by the department of business, economic development, and tourism. Requires that the commercial rent relief grants be given priority for moneys received through federal funding. Appropriates funds. Effective 7/1/2050.

The retail industry has been one of the hardest hit during the pandemic. Since the pandemic, those retailers who were deemed non-essential were forced to close their businesses for months due to government orders. Those on Oahu were forced to close their businesses a second time with no income from online sales unless they were fulfilling the orders from home. Retailers have also had to endure an almost 50% rate increase in interisland shipping. Many stores who rely directly on the visitors are not opening until the customer base returns – if they can hold on that long. They have also reduced their staff, taken pay-cuts and more to survive.

While many took advantage of the 1<sup>st</sup> round of PPP loans hoping that they will be able to turn it into a grant, they are finding that it is difficult to change the loan to a grant. As a result, they are not applying for the 2<sup>nd</sup> round of PPP financing. Many retailers are unable take on more debt. For some they have already used up their life savings as well as their children's college funds and some have even sold their home. For many their sales are down 70% or more compared to 2019. Those local retailers who made more than \$5 million in 2019 were not able to access local government grants.

The 3<sup>rd</sup> Commercial Lease Rent survey from data collected between December 1 and 31, 2020 revealed:

- One in 10 Hawaii businesses permanently closed over the course of the pandemic, and 67 percent were impacted significantly by government restrictions.
- From April through December 2020, 50 percent of businesses did not pay their rent in full.
- Three in 10 businesses expected to miss three full rent payments between October and December 2020, and more than half expected to miss at least one full rent payment between January and June 2021.
- Tourism accounts for at least one-quarter of the overall revenue of 37 percent of Hawaii businesses.
- 86 percent of businesses saw their annual revenue decrease in 2020, and 82 percent expect a decrease in 2021 as well.

Retailers like many businesses are struggling to survive and to keep their employees employed. This measure would help so many local businesses in need.

Mahalo again for this opportunity to testify.

**LATE**

**HB-1324-HD-2**

Submitted on: 3/29/2021 9:36:31 AM

Testimony for WAM on 3/30/2021 9:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Greg Maples	Testifying for Hawaii Restaurant Association	Support	No

Comments:

- Despite financial relief in 2020 and even with the second round of PPP, businesses hardest hit by COVID-19 will not survive in 2021 without additional government-funded commercial rent relief. The impact of losing these hardest hit businesses could result in the loss of thousands of jobs and keep tax revenue low for many years.
- In many cases, businesses, especially restaurants, retail, and entertainment venues are facing ½ to 2/3 reduced capacity in the new normal with the same or an even higher rent caused by rent deferral. Even if business capacity is not a factor, the deteriorating economic climate due to job losses and reduced visitor arrivals for an extended period is causing significant decline in business revenue.
- The Commercial Rent Relief Grant Program (the “Program”) is designed to pass rent relief forward. Using federal money, the State would allow eligible business tenants to qualify for the lesser of 3% of 2019 taxable revenue or three months of full rent. Money would be paid directly to landowners to ensure the money is used for its intended purpose.
- We believe the Program will serve as an essential catalyst for small businesses and landlords to work together as we migrate into the new normal.
- Without help, the burden of old lease rents (based on previous market conditions) during a post-coronavirus economic recovery are unbearable for small businesses.
- While the Program cannot require landowners to renegotiate leases, we believe a bi-product of the goodwill developed from the landlord-tenant dialogue is that landowners will be more inclined to set new and reasonable expectations going forward and to start renegotiating or at least amending leases in a sustainable manner.
- This would become an important process to kick start the economic recovery and one of many vitals way we can emerge out of the pandemic together, protect the banking system, preserve jobs, generate tax revenue, and sustain government budgets.

Thank you again for the opportunity to submit testimony and for all of your efforts to serve the people of Hawaii as our elected leaders.

Thank you,

**Gregory W Maples**

Greg Maples

Chairman Hawaii Restaurant Association

gregmaples@me.com

Cell: 615-293-1004



**March 29, 2021**

Senator Donovan M. Dela Cruz, Chair

Senator Gilbert S.C. Keith-Agaran, Vice Chair

Committee on Ways and Means (WAM)

**Re: House Bill 1324 to Establish a Commercial Rent Relief Grant Program**

To Whom It May Concern,

Thank you for the opportunity to submit testimony. As General Manager of The Kahala Hotel & Resort I am in support of House Bill 1324. The Kahala Hotel & Resort has been a part of the community for over 57 years, we have 338 luxury rooms, six food and beverage outlets, and in high season employ nearly 500 people.

Despite financial relief in 2020 and even with the second round of PPP, businesses hardest hit by COVID-19 will not survive in 2021 without additional government-funded commercial rent relief. The impact of losing these hardest hit businesses could result in the loss of thousands of jobs and keep tax revenue low for many years.

As a resort property, there are several small business operations that operate within the resort and have been trusted partners for many years. These outlets have faced capacity issues, and have been tremendously impacted by the pandemic and recovery is slow.

The Commercial Rent Relief Grant Program is designed to pass rent relief forward. Using federal money, the State would allow eligible business tenants to qualify for the lesser of 3% of 2019 taxable revenue or three months of full rent. Money would be paid directly to landowners to ensure the money is used for its intended purpose. This program would help our long time partners better recover from this pandemic until the economy returns.

We believe the Program will serve as an essential catalyst for small businesses and landlords to work together as we migrate into the new normal. Without help, the burden of old lease rents (based on previous market conditions) during a post-coronavirus economic recovery are unbearable for small businesses.

Thank you again for the opportunity to submit testimony and for all of your efforts to serve the people of Hawaii as our elected leaders.

Malama Pono,

A handwritten signature in black ink that reads "Joe Ibarra". The signature is written in a cursive, flowing style.

**Joe Ibarra**

General Manager

**THE KAHALA HOTEL & RESORT**

5000 Kahala Avenue

Honolulu, HI 96816



1050 Bishop St. PMB 235 | Honolulu, HI 96813  
P: 808-533-1292 | e: info@hawaiiifood.com

#### Executive Officers

**Joe Carter**, Coca-Cola Bottling of Hawaii, *Chair*  
**Charlie Gustafson**, Tamura Super Market, *Vice Chair*  
**Eddie Asato**, The Pint Size Corp., *Secretary/Treas.*  
**Lauren Zirbel**, HFIA, *Executive Director*  
**John Schlif**, Rainbow Sales and Marketing, *Advisor*  
**Stan Brown**, Acosta Sales & Marketing, *Advisor*  
**Paul Kosasa**, ABC Stores, *Advisor*  
**Derek Kurisu**, KTA Superstores, *Advisor*  
**Beau Oshiro**, C&S Wholesale Grocers, *Advisor*  
**Toby Taniguchi**, KTA Superstores, *Advisor*

TO:  
Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

**LATE**

DATE: March 30, 2021  
TIME: 9:05am  
PLACE: Via Videoconference

RE: HB1324 HD2 Relating to Commercial Rent Relief

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

Hawaii's business community is facing unprecedented challenges, and the future remains uncertain. We have already seen dozens of local businesses close their doors for good, and hundreds more are under threat of having to close. Thousands of jobs have disappeared. All over our state businesses of all sizes are working tirelessly to try and meet these challenges, to keep their doors open, to continue to provide jobs, and to serve the people of Hawaii.

Establishing the Commercial Rent Relief Grant Program is an important investment in our economy. Evictions, business closures, and layoffs are outcomes that we all want to avoid. The Grant Program is designed to pass rent relief forward. Using federal money, the State would allow eligible business tenants to qualify for the lesser of 3% of 2019 taxable revenue or three months of full rent. Money would be paid directly to landowners to ensure the money is used for its intended purpose. We believe the Program will serve as an essential catalyst for small businesses and landlords to work together to set manageable expectations for the new normal.

We thank you for the opportunity to testify.

**LATE**

**HB-1324-HD-2**

Submitted on: 3/29/2021 11:54:17 AM

Testimony for WAM on 3/30/2021 9:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Blair Suzuki	Testifying for Suzuki Properties, LLC	Support	No

Comments:

To Chair Dela Cruz, Vice Chair Keith-Agaran and members of the committee,

Mahalo for allowing me to submit testimony on HB1324 relating to commercial property rent relief. I am in STONG SUPPORT of HB1324.

I have worked with Ryan Tanaka and members of the business community to assess the impact of the Covid-19 pandemic on our commercial business community for the last year. We have done 3 surveys of the business community and each continues to highlight the struggles that businesses are facing to pay rent. No relief has come from the federal government, State of Hawaii, or at the county level to help with this. Out of the billions and billions of dollars allocated to help with Covid-19 economic impacts, none has reached the business community in Hawaii in the form of commercial rent relief.

Despite financial relief in 2020 and even with the second round of PPP, businesses hardest hit by COVID-19 will not survive in 2021 without additional government-funded commercial rent relief. The impact of losing these hardest hit businesses could result in the loss of thousands of jobs and keep tax revenue low for many years.

There is a clear need for this money. Businesses are struggling and will continue to close unless you pass this bill. Please take action where the federal govt and counties have failed to do so. The business community relies on it.

Mahalo,

Blair Suzuki

Owner, Suzuki Properties, LLC

**HB-1324-HD-2**

Submitted on: 3/29/2021 2:19:19 PM

Testimony for WAM on 3/30/2021 9:05:00 AM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nicole Nakano	Testifying for BOMA Hawaii	Support	No

Comments:

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee,

BOMA Hawaii supports HB1324 HD2 which establishes a commercial rent relief grant program and requires that the commercial rent relief grants be given priority for moneys received through federal funding.

Mahalo for the opportunity to testify.



**HAWAI'I LODGING & TOURISM**  
**ASSOCIATION**

**LATE**

Testimony of  
Mufi Hannemann  
President & CEO  
Hawai'i Lodging & Tourism Association

Senate Committee on Ways & Means  
House Bill 1324, HD2: Relating to Commercial Property Rent Relief

Chair Dela Cruz and members of the Committee, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers—advocates for a diverse lodging industry that includes countless resort properties that serve as landlords to businesses of all types including eateries, small businesses, and retail outlets. UHERO estimates that more than 1,400 local businesses have closed their doors permanently due to the COVID-19 pandemic with another 2,000 suspending their operations at least temporarily. These businesses have suffered as a result of the pandemic and the ensuing stagnation of our local tourism economy. Many have been closed for months without any revenue stream with which to cover their rent payments. The inability to cover these payments is an additional source of stress on an already foundering sector of the economy.

This measure would provide both parties of the landlord-tenant relationship the necessary support for businesses to remain afloat long enough for our industry to revive itself in a meaningful way. **For this reason, HLTA supports House Bill 1324, HD2.**

Thank you for the opportunity to offer this testimony.



**LATE**

**HB-1324-HD-2**

Submitted on: 3/29/2021 5:16:32 PM

Testimony for WAM on 3/30/2021 9:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Becky Erickson	Testifying for Blue Ginger	Support	No

Comments:

**BLUE GINGER DESIGNS**

March 29, 2021

Senator Donovan M. Dela Cruz, Chair

Senator Gilbert S. C. Keith-Agaran, Vice Chair

Committee on Ways and Means (WAM)

**Re: House Bill 1324 to Establish a Commercial Rent Relief Grant Program**

To Whom It May Concern,

Thank you for the opportunity to submit testimony. I am the owner of Blue Ginger, a Hawaii company in business for 37 years with retail stores on 4 islands. I am in support of House Bill 1324.

We had to close our 8 stores for 7 months in 2020 and even with a PPP loan we have continued to struggle to keep our business alive. Even a second PPP loan is not going to be enough to keep our business going until visitors fully return again to Hawaii. We still have many employees that we have not been able to bring back to work.

We believe that the Commercial Rent Relief Grant Program will help to keep retail businesses alive by helping to pay some of our rents and therefore helping our landlords as well. If we are not able to stay in business it will be a loss of much tax revenue for the state, the loss of jobs for 50 employees, and the loss of rental income to our 8 landlords.

Without government help, the burden of the high rents for Hawaii businesses will put many small, privately owned retailers out of business.

We believe this Program will create a better relationship between our landlords and ourselves, and hopefully they will be more willing to negotiate better rents moving forward to keep us in their properties.

Thank you again for the opportunity to submit testimony and for all of your efforts to serve the people of Hawaii as our elected leaders.

Thank you,

Becky Erickson

Owner

Blue Ginger

808-446-8091



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308  
WEDNESDAY, FEBRUARY 24, 2021 AT 2:00 P.M.**

To The Honorable Sylvia Luke, Chair;  
The Honorable Ty J.K. Cullen, Vice Chair; and  
Members of the Committee on Finance,

**SUPPORT HB1324 HD2 RELATING TO COMMERCIAL PROPERTY RENT RELIEF**

Aloha, my name is Pamela Tumpap. I am the President of the Maui Chamber of Commerce, in the county most impacted by the COVID-19 pandemic in terms of our dependence on the visitor industry and corresponding rate of unemployment. I am writing share our support of HB1324 HD2.

When Maui County worked on distributing CARES Act funding, they partnered with the Maui Chamber of Commerce to assist impacted businesses who needed this type of relief. We know the need for commercial rent relief continues and recovery is projected to be slow. Therefore, we wholeheartedly support this program.

Mahalo for your consideration of our testimony and ask that you please pass this bill.

Sincerely,

*Pamela Tumpap*

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

**HB-1324-HD-2**

Submitted on: 3/29/2021 10:45:34 AM

Testimony for WAM on 3/30/2021 9:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Tanya Power	Individual	Support	No

Comments:

I support this bill.

**LATE**

**HB-1324-HD-2**

Submitted on: 3/29/2021 10:59:25 AM  
Testimony for WAM on 3/30/2021 9:05:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
John D. Smith	Individual	Support	No

Comments:

I support.

**HB-1324-HD-2**

Submitted on: 3/29/2021 1:09:37 PM

Testimony for WAM on 3/30/2021 9:05:00 AM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nancy Sakamoto	Individual	Support	No

Comments:

Dear Sirs;

I am in support of expanding the Rent Relief Program funding to include businesses that have been struggling to keep afloat during the past year and counting. Small business and most importantly, locally owned small businesses, are in need of further rent relief to be able to keep their places of business open after being closed and trying to reopen. For most businesses, they had relied on the visitor traffic for the majority of their income. Of no fault of their own, that customer base could not come to Hawaii leaving their business devastated by the pandemic.

As doors open slowly to allow for the visitors to come in again, it will take months, if not years, for most small businesses to catch up and be able to pay the rent to keep their doors open. By affording small business to participate in the rent relief program, will make the difference they need to keep afloat and survive.

Sincerely,

Nancy Sakamoto

**HB-1324-HD-2**

Submitted on: 3/29/2021 2:32:54 PM

Testimony for WAM on 3/30/2021 9:05:00 AM



<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lynn Rostau	Individual	Support	No

Comments:

Dear Sirs,

I am in support of HB1324. As a commercial landlord, we have felt the pinch from the effects of COVID. Tenants have been unable to pay full rent and in effect, the landlord struggles with making its obligations to the lender. Rent relief to tenants must be in partnership with relief to commercial property landlords as well. HB1324 offers this option.

As we begin to recover from this global pandemic, it is imperative that relief is in place to afford survival for both the Tenant and the Landlord.

Thank you for your consideration,

Lynn Rostau

General Manager, Kings' Shops