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# HOUSE CONCURRENT RESOLUTION

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

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

7           WHEREAS, this condition and the resultant lack of  
8 competition has caused a shortage of available commercial and  
9 industrial properties, fee simple and leasehold, for wholesale  
10 and retail businesses, particularly small businesses and family-  
11 owned businesses; and  
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13           WHEREAS, this high concentration of ownership has also  
14 caused problems in renegotiating lease rents on leasehold  
15 properties due to the shortage of comparable fee simple  
16 transactions to use to establish fair market values; and  
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18           WHEREAS, this problem, particularly for small businesses on  
19 leasehold properties, has been lingering for a long time, and  
20 attempts by the Legislature to rectify it have been viewed by  
21 the Attorney General as an unconstitutional impairment of  
22 existing contracts; and  
23

24           WHEREAS, it is conceivable that other cities and regions in  
25 the west coast states of California, Oregon, and Washington may  
26 suffer this same problem; now, therefore,  
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28           BE IT RESOLVED by the House of Representatives of the  
29 Twenty-fourth Legislature of the State of Hawaii, Regular  
30 Session of 2007, the Senate concurring, that the Legislative  
31 Reference Bureau is requested to study the impact on the State's



1 economy caused by the concentration in ownership of commercial  
2 and industrial lands; and

3  
4 BE IT FURTHER RESOLVED that the Managing Director of each  
5 county or if there is no Managing Director, an appropriate  
6 alternate designated by the Mayor, is requested to submit the  
7 following information for the respective county to the  
8 Legislative Reference Bureau not later than August 1, 2007:

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- 10 (1) The total number of acres in the county that are zoned  
11 for commercial use and for industrial use,  
12 respectively;
  - 13  
14 (2) The total number of acres in the county that are zoned  
15 for commercial use, or industrial use, respectively,  
16 that are developed and used for those respective  
17 purposes;
  - 18  
19 (3) A list, with acreage owned, of the ten largest  
20 landowners, including the federal, state, and county  
21 governments, of commercial and industrial zoned land,  
22 developed and undeveloped, in the county;
  - 23  
24 (4) The total number of acres of commercial and industrial  
25 zoned land that is leased to lessees operating  
26 businesses on the zoned land, as opposed to landowners  
27 operating businesses on their own land;
  - 28  
29 (5) The types of businesses being operated on commercial  
30 and industrial zoned land that is leased, whether  
31 single user or developed and sublet to multiple  
32 sublessees in a commercial shopping center;
  - 33  
34 (6) The total assessed value of all commercial and  
35 industrial zoned land in the county;
  - 36  
37 (7) The total assessed value of all improvements on the  
38 commercial and industrial zoned lands in the county;  
39 and
  - 40  
41 (8) The total assessed value of all commercial and  
42 industrial zoned land and improvements in the county  
43 that is leased to lessees operating businesses on the  
44 leased land; and



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2 BE IT FURTHER RESOLVED that the Department of Taxation is  
3 requested to submit the following information to the Legislative  
4 Reference Bureau not later than August 1, 2007:

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

- 41  
42 (1) Whether any other cities or regions in California,  
43 Oregon, and Washington have similar situations in



- 1           which a few large landowners control large
- 2           concentrations of commercial and industrial lands;
- 3
- 4           (2) Whether, if other cities or regions suffer this same
- 5           situation, it has resulted in the same types of
- 6           problems businesses face in this State;
- 7
- 8           (3) Whether there were factors or causes other than the
- 9           concentration of landownership that may have resulted
- 10           in the same problems commercial and industrial
- 11           businesses face in this State;
- 12
- 13           (4) What, if any, successful solution, including
- 14           legislation, helped to alleviate or eliminate this
- 15           problem in those other cities or regions; and
- 16
- 17           (5) Whether those same solutions may be applicable in this
- 18           State; and

19

20           BE IT FURTHER RESOLVED that the Legislative Reference

21 Bureau is requested to submit a report of its findings and

22 recommendations, including any proposed legislation, to the

23 Legislature not later than twenty days prior to the convening of

24 the Regular Session of 2008; and

25

26           BE IT FURTHER RESOLVED that certified copies of this

27 Concurrent Resolution be transmitted to the Director of

28 Taxation, the Director of Business, Economic Development, and

29 Tourism, the Director of the Legislative Reference Bureau, the

30 Executive Director of the National Conference of State

31 Legislatures, and the Mayor, the Managing Director, and the

32 Chairperson of the Council of each county.

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OFFERED BY: Calvin K. Y. Ay

MAR 14 2007