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# A BILL FOR AN ACT

RELATING TO THE MINIMUM WAGE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the state law  
2 relating to the 25-cent tip credit is undesirable for the  
3 following reasons:

4           (1) It has remained generally unchanged since enacted in  
5           1969, when the minimum wage was \$1.60, and has been  
6           eroded by inflation to 3.8 per cent of the present  
7           minimum wage;

8           (2) It is significantly less than the federal tip credit  
9           and the tip credit of a majority of other states;

10          (3) It impedes the increase in wages for the lowest-paid  
11          workers in businesses when tipped employees earn two  
12          to six times the minimum wage in tips per hour, as  
13          employers are mandated to increase the wages of the  
14          highest wage earners when tip income is taken into  
15          account;

16          (4) It does not take into consideration the investment the  
17          employer makes to create conditions that enable tipped  
18          employees to earn tips; and



1 (5) It creates a significant disparity in earning ability  
2 between tipped and non-tipped employees within a  
3 business.

4 SECTION 2. Section 387-2, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 "**§387-2 Minimum wages.** (a) Except as provided in section  
7 387-9 and this section, every employer shall pay to each  
8 employee employed by the employer, wages at the rate of not less  
9 than:

10 [~~(1)~~] ~~\$6.25 per hour beginning January 1, 2003;~~

11 ~~(2)~~] (1) \$6.75 per hour beginning January 1, 2006; and

12 [~~(3)~~] (2) \$7.25 per hour beginning January 1, 2007.

13 (b) The hourly wage of a tipped employee may be deemed to  
14 be increased on account of tips if the employee is paid:

15 (1) Prior to July 1, 2006, not less than 25 cents below  
16 the applicable minimum wage by the employee's  
17 employer, and the combined amount the employee  
18 receives from the employee's employer and in tips is  
19 at least 50 cents more than the applicable minimum  
20 wage;

21 (2) After June 30, 2006, not less than 75 cents below the  
22 applicable minimum wage by the employee's employer,



1           and the combined amount the employee receives from the  
2           employee's employer and in tips is at least \$1 more  
3           than the applicable minimum wage; or

4           (3) After December 31, 2006, not less than \$1.25 below the  
5           applicable minimum wage by the employee's employer,  
6           and the combined amount the employee receives from the  
7           employee's employer and in tips is at least \$1.50 more  
8           than the applicable minimum wage;

9           provided that the wages of non-salaried, non-tipped employees of  
10           employers allowed a credit under this subsection are increased  
11           by fifty per cent of the amount an employer is allowed to reduce  
12           the hourly wage below the applicable minimum wage of tipped  
13           employees."

14           SECTION 3. Statutory material to be repealed is bracketed  
15           and stricken. New statutory material is underscored.

16           SECTION 4. This Act shall take effect on July 1, 2006.



HB 3209

HD1

**Report Title:**

Minimum Wage; Tip Credit; Increase

**Description:**

Incrementally increases minimum-wage tip credit for tipped employees over the next two fiscal years. (HB3209 HD1)

HB3209 HD1 HMS 2006-2155

