
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 as \$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 in the majority of other states;
- 10 (3) It is counterproductive to increasing the wages of the
11 lowest paid workers in businesses when tipped
12 employees earn two to six times the minimum wage in
13 tips per hour, as employers are mandated to increase
14 the wages of the highest wage earners when tip income
15 is taken into account;
- 16 (4) It does not take into consideration the investment the
17 employer makes to create the conditions that enable
18 tipped 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)~~] \$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 employer
17 and the combined amount the employee receives from the
18 employee's employer and in tips is at least 50 cents
19 more than the applicable minimum wage;

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



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

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

8 SECTION 3. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

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

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INTRODUCED BY:

Frisanne Chun Cleveland
Numan Sakamoto
Carrie Fukunaga
Rosalyn H Baker



SB. NO 2614

Report Title:

Minimum Wage; Tip Credit; Increase

Description:

Incrementally increases minimum wage tip credit for tipped employees over the next two fiscal years.

