

Honolulu, Hawaii
Feb 15, 2008

RE: H.B. No. 2930
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2930 entitled:

"A BILL FOR AN ACT RELATING TO THE STATE MINIMUM WAGE,"

begs leave to report as follows:

The purpose of this bill is to assist Hawaii's workers by increasing the minimum wage from:

- (1) \$7.25 per hour to \$8.00 per hour beginning July 1, 2008;
- (2) \$8.00 per hour to \$8.50 per hour beginning July 1, 2009;
and
- (3) \$8.50 per hour to \$9.00 per hour beginning July 1, 2010.

The Hawaii State AFL-CIO, ILWU Local 142, Hawaii Women's Political Caucus, Young Democrats of Hawaii, Hawaii Building and Construction Trades Council, AFL-CIO, and several concerned individuals testified in support of this bill. The National Federation of Independent Business Hawaii, The Chamber of Commerce of Hawaii, Retail Merchants of Hawaii, Hawaii Restaurant Association, LWD, Inc., Gyotaku Japanese Restaurant, Auntie Pasto's Kunia, Cinnamon's Restaurant, Cool Cat Café, Popeyes Chicken & Biscuits, Hawaii Hospitality Magazine, and a concerned individual opposed this measure. The Department of Labor and Industrial Relations commented on this bill.



While the concept of the minimum wage was established to allow working Americans the benefits of earning decent wages and living comfortable lives, inflation and increases in the cost of living have outpaced increases in the minimum wage. This has forced many people, especially those living in Hawaii, to work two or more jobs just to make ends meet. In turn, the family unit has been adversely impacted as more and more parents find it necessary to work multiple jobs, making it more difficult to spend time with their families.

Your Committee notes that in oral testimony, many testifiers opposed to this measure were restaurant owners who stated that they were not opposed to increases in minimum wage, but rather wanted to strike a balance by being afforded a larger tip credit. Many of these restaurant owners contended that without increasing the tip credit, they would be unable to increase significantly increase the wages of individuals working in the "back" of restaurants, including cooks and dishwashers. Furthermore, concerns were raised by various businesses providing employment to minors seeking their first job that increases in the minimum wage would hamper their ability to hire these individuals.

Further, your Committee understands the concerns raised by various businesses that an increase in the minimum wage impacts their ability to significantly increase their employment roles and is cognizant of the fact that increasing the minimum wage may have a detrimental affect on the business climate in Hawaii by increasing business costs. Nevertheless, increasing the minimum wage may also enhance the economy as individuals who receive increases in their incomes oftentimes tend to spend their additional income more freely.

While the increases in minimum wage in this measure are currently scheduled to begin on July 1 of this year, your Committee finds that this increase may be too soon as the last increase in the minimum wage was on January 1, 2007, and that businesses may not have the time to adequately prepare for these increases which could hinder their ability to estimate their annual budgets. Accordingly, your Committee has amended this measure by:

- (1) Providing that the initial increase in the minimum wage from \$7.25 to \$8.00 shall not begin until July 1, 2009, with the additional increases occurring in yearly increments thereafter; and



- (2) Changing the effective date to July 1, 2059, to encourage further discussion.

Other technical, nonsubstantive amendments were made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2930, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2930, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



ALEX M. SONSON, Chair



