



Testimony to the Senate Committee on Judiciary and Labor
Thursday, January 26, 2012
2:30 p.m.
State Capitol - Conference Room 229

RE: SENATE BILL 2203 RELATING TO LABOR

Chair Hee, Vice Chair Shimabukuro, and members of the committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber does not support Senate Bill No. 2203 relating to Labor at this time.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 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 its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure increases the minimum wage to \$7.75 for 2012 and \$8.25 from 7/1/2013. Effective 7/21/2012. The concept of this measure is to ensure that workers earning a minimum wage can make ends meet and we truly understand and emphasize especially given this current economic situation.

The enactment of a minimum wage increase at this time, however, will undermine efforts made to turn Hawaii's economy around. Hawaii's business community is at a critical point -- where any additional mandates could mean the difference between continued existence, or bankruptcy. As evidenced by recent media accounts, many local establishments, some of which have faithfully served consumers for generations, are going out of business.

The real cost to business includes all of the other employee benefits and taxes that are tied to the employee's wages. Those basic costs include, but not limited to:

- Social Security tax
- Unemployment tax
 - The unemployment insurance fund is 100% employer funded.
- Pre-paid Health Care
- Workers Compensation premiums
 - Employers pay the full cost of the premium.

LATE TESTIMONY



DEMOCRATIC PARTY OF HAWAII

Labor Caucus

January 25, 2011

Senator Clayton Hee
Hawaii State Capital
Judiciary and Labor
415 South Beretania Street, Room 229
Honolulu, Hawaii 96813

Subject: S.B. No.2203 Hearing January 26, 2012 Testimony in Support

To: Senator Clayton Hee and the Judiciary and Labor Committee.

Aloha, my name is Steve Canales. I strongly support S.B. 2203; increase in the minimum wage.

Increasing the minimum wage will help families in our state, who lost their jobs in 2011. There are those who contemplate between taking a minimum wage job, or collecting unemployment insurance. The reason is, unemployment insurance pays a higher weekly amount; many of these workers are older workers optimistic about finding a higher paying job.

I strongly support S.B. 2203. I would like to thank Senator Clayton Hee and the Judiciary and Labor committee for this opportunity to testify.

Sincerely,

Steve Canales
Labor Caucus Chair
Democratic Party of Hawaii
1050 Ala Moana Blvd. Ste. #2150
Honolulu, Hawaii 96814



The Hawaii Business League

1188 Bishop St., Ste. 1003, Honolulu, Hawaii 96813
Phone: (808) 533-6819 Facsimile: (808) 533-2739

January 26, 2012

Testimony To: Senate Committee on Judiciary and Labor
Senator Clayton Hee, Chair

Presented By: Tim Lyons
Executive Vice President

Subject: S.B. 2203 – RELATING TO LABOR

Chair Hee and Members of the Committee:

I am Tim Lyons, Executive Vice President of the Hawaii Business League, a small business organization. We are mostly in opposition to this bill.

For some reason it seems difficult to get across the concept that when there is only so much of the pie to cut into wages, pension, health benefits, annuity benefits, sick leave, holiday pay, etc. that by dictating how much the employer will pay in one area, automatically means an increase in other areas.

We understand the problem of individuals feeling that they are not making enough money and, in a lot of cases, employers that are forced to pay minimum wage also feel like they do not make enough money. The problem is exacerbated since the employee sees their net pay, after all the taxes have been deducted. What the employer sees however is the gross cost which includes workers' compensation premiums, temporary

Lastly, we note that while the bill provides for annual increases in the minimum wage, potentially forever, the UI savings provisions extend only for three years.

Based on the above, we cannot recommend any increase in the minimum wage at this time.

Thank you.

The Waianae Store
85-863 Farrington Hwy., Waianae HI 96792
T(808)696-3131 / F(808)696-7411



Nanakuli Super
87-2090 Farrington Hwy., Waianae HI 96792
T(808)668-2055 / F(808)668-2223

1/24/12

To Whom It May Concern:

We understand that some time has passed since the last hourly minimum wage increase, however, raising the minimum by a whole dollar within a 12 month period may be too drastic. Hawaii has usually maintained a rate that exceeds the federal minimum, perhaps due to the higher cost of living. An increase may be necessary and possibly unavoidable, so our question is whether or not the implementation can be slowed down. Raising the minimum wage by \$.50 may not seem like a very big figure, but when you are a small business owner, every penny counts. If the minimum wage goes up, it is likely that we would bump everyone up by the same amount. Here's an example of how quickly an increase can escalate:

Average worker makes \$7.25/hr, working 40 hrs/week, grosses \$290/week or \$15,080/year(52weeks)

An increase of \$.50 per hour equates to \$20/week or \$1040 more per year.

If you take a \$.50 increase per hour across the board for 50 workers, that's \$52,000.

With this proposed measure, that number would increase to \$104,000 in 1 year with a \$1.00 increase.

The \$104,000 increase would result in either the need to increase sales or cut 7 of the 50 workers (7x\$15,000=\$105,000), which is a reduction of 14%.

We understand the intent behind such a measure, however the short term results may not be entirely positive. With an increase in the minimum wage, businesses are not likely to hire more workers. It would be more realistic to assume that more people will be unemployed after companies across the board cut labor.

Bigger companies with deeper pockets may be able to absorb such an increase, but there are many small businesses that would be greatly affected with such little time to adjust to a big hit on their bottom line.

If an increase in the minimum hourly wage is inevitable, we would suggest a moderate increase over a longer period of time. (e.g. raise to \$7.50 on 1/1/13, \$7.75 on 1/1/14, \$8.00 on 1/1/15, and \$8.25 on 1/1/16.

Thank you for your time and consideration,

Kyle Okimoto
Okimoto Corp, dba The Waianae Store & dba Nanakuli Super
CEO

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 25, 2012 2:46 PM
To: JDLTestimony
Cc: kyle@okimotocorp.com
Subject: Testimony for SB2203 on 1/26/2012 2:30:00 PM
Attachments: HFIA minimum wage increase.doc

Follow Up Flag: Follow up
Flag Status: Flagged

Testimony for JDL 1/26/2012 2:30:00 PM SB2203

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Kyle Okimoto

Organization: Okimoto Corp, dba The Waianae Store&Nanakuli Super

E-mail: kyle@okimotocorp.com

Submitted on: 1/25/2012

Comments:

The Waianae Store
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Thank you for your time and consideration,

Kyle Okimoto

Okimoto Corp, dba The Waianae Store & dba Nanakuli Super
CEO

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 25, 2012 3:04 PM
To: JDLTestimony
Cc: jkealoha@ilwulocal142.org
Subject: Testimony for SB2203 on 1/26/2012 2:30:00 PM
Attachments: 2012SB2203.rtf

LATE TESTIMONY

Testimony for JDL 1/26/2012 2:30:00 PM SB2203

Conference room: 229
Testifier position: Support
Testifier will be present: Yes
Submitted by: Joanne Kealoha
Organization: ILWU Local 142
E-mail: jkealoha@ilwulocal142.org
Submitted on: 1/25/2012

Comments:
Thank you for considering testimony from the ILWU Local 142 on S.B. 2203.

The Twenty-Sixth Legislature
Regular Session of 2012

THE SENATE

Committee on Judiciary and Labor
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair
State Capitol, Conference Room 229
Thursday, January 26, 2012; 2:30 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2203
RELATING TO LABOR**

The ILWU Local 142 strongly supports S.B. 2203, which increases the minimum wage to \$7.75 on July 1, 2012 and to \$8.25 on July 1, 2013.

Hawaii's minimum wage has been at \$7.25 an hour since January 1, 2007. Although Hawaii's minimum usually exceeded the federal minimum wage in the past, it is currently even with the federal minimum, despite the undisputed fact that Hawaii's cost of living is among the highest in the country.

Opponents of a minimum wage increase are quick to point out that those who earn a minimum wage are often young people who live with their parents and have no one else to support. While that may be true in part, it is also true that many adults work two or more minimum wage or near-minimum wage jobs to support their families.

The minimum wage sets the floor for wages in Hawaii. By law, employers may not pay workers less than the minimum, but the fact remains that they often do not pay much more than the minimum either. However, if the wage floor is not increased, wages will continue to be depressed, furthering the disparity among wages in Hawaii.

Increasing the minimum wage will allow more people to move closer to a decent standard of living and allow them to support themselves and their families without having to turn to government for assistance. Indeed, every penny earned by a minimum wage earner, and even the worker earning just above the minimum, will be spent in the community for rent, food, health care, and other goods and services. This will inevitably aid in Hawaii's economic recovery.

It is also important to note that other jurisdictions have minimum wage levels far higher than the federal and Hawaii's minimum. In Washington state, the minimum wage was recently increased to \$9.04, thanks to an automatic adjustment for the cost of living. In San Francisco, starting January 1, 2012, the minimum is \$10.24, making San Francisco first in the nation to mandate a double-digit minimum.

Moving the minimum wage to \$8.25 next year will bring us at or close to the minimum wage in Connecticut, the District of Columbia, Nevada, Oregon, and Vermont--unless, of course, those states enact increases to their minimum wage. The longer we delay, the further behind we will be.

The ILWU strongly urges passage of S.B. 2203. Thank you for the opportunity to testify on this important measure.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 25, 2012 7:20 PM
To: JDLTestimony
Cc: roger.morey@restauranathi.com
Subject: Testimony for SB2203 on 1/26/2012 2:30:00 PM

LATE TESTIMONY

Testimony for JDL 1/26/2012 2:30:00 PM SB2203

Conference room: 229
Testifier position: Oppose
Testifier will be present: Yes
Submitted by: Roger Morey
Organization: Hawaii Restaurant Association
E-mail: roger.morey@restauranathi.com
Submitted on: 1/25/2012

Comments:



LATE TESTIMONY

Senate Committee on Judiciary and Labor
Thursday, January 26, 2012
2:30 p.m.

SB 2203, Relating to Labor.

Dear Chairmen Hee and Committee Members:

On behalf of the University of Hawaii Professional Assembly (UHPA), our union supports the passage of this bill to increase minimum wage to \$7.75 from July 1, 2012 and \$8.25 from July 1, 2013. This increase is both modest yet critical to those in our economy that must rely upon temporary, part-time, and even full-time employment wages set by the minimum wage.

Respectively submitted,

J.N. Musto, Ph.D.
Executive Director

UNIVERSITY OF HAWAII
PROFESSIONAL ASSEMBLY

1017 Palm Drive · Honolulu, Hawaii 96814-1928
Telephone: (808) 593-2157 · Facsimile: (808) 593-2160
Web Page: <http://www.uhpa.org>

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 25, 2012 11:32 PM
To: JDLTestimony
Cc: tomjones@reihawaii.com
Subject: Testimony for SB2203 on 1/26/2012 2:30:00 PM

LATE TESTIMONY

Testimony for JDL 1/26/2012 2:30:00 PM SB2203

Conference room: 229
Testifier position:
Testifier will be present: No
Submitted by: Thomas Jones
Organization: Individual
E-mail: tomjones@reihawaii.com
Submitted on: 1/25/2012

Comments:

I urge the committee to defer this bill. Increasing the minimum wage is inflationary. Most of the minimum wage earners in the state actually receive tips or are entry level and get raises soon after being hired. For restaurants with full service, a substantial increase in the tip credit would allow restaurants to increase the wages of those kitchen staff already earning above minimum wage but not allowed to receive tips due to federal legislation. I strongly urge the committee to defer this bill.

The Tip Credit needs to be increased significantly in order for restaurants to be able to increase the wages of non-tipped employees. Hawaii is way behind in helping restaurateurs be able to increase the wages of kitchen staff by legislating mandatory min wage increases to highly compensated tipped employees. The tip credit should be at least 25% of the hourly amount of tips an employee claims as income. That would guarantee they earn 3 times over the minimum wage the amount of the credit the employer can reduce their wages on account of tips.