

STAND. COM. REP. NO. **401**

Honolulu, Hawaii

FEB 15 2013

RE: S.B. No. 331
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 331 entitled:

"A BILL FOR AN ACT RELATING TO LABOR,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the
minimum wage in accordance with the cost of inflation on an annual
basis. Specifically, this measure:

- (1) Increases the minimum wage to \$8.25 per hour starting on
July 1, 2013;
- (2) Increases the minimum wage to \$8.75 per hour starting on
July 1, 2014, and ending on June 30, 2015; and
- (3) Authorizes the Department of Labor and Industrial
Relations to adjust the minimum hourly wage in
accordance with the consumer price index starting on
July 1, 2015.

Prior to the hearing on this measure, your Committee posted a
proposed S.D. 1 for review and comment. The proposed S.D. 1
amends this measure by increasing the minimum wage in increments
of fifty cents over a three year period. Specifically, the
proposed S.D. 1:

- (1) Increases the minimum wage to \$8.25 per hour starting on
July 1, 2013;

2013-1317 SSCR SMA.doc



- (2) Increases the minimum wage to \$8.75 per hour starting on July 1, 2014;
- (3) Increases the minimum wage to \$9.25 starting on July 1, 2015, and ending on June 30, 2016; and
- (4) Authorizes the Department of Labor and Industrial Relations to adjust the minimum hourly wage in accordance with the consumer price index starting on July 1, 2016.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations; Department of Human Services; American Civil Liberties Union of Hawaii; Hawaii Appleseed Center for Law and Economic Justice; United Public Workers, AFSCME Local 646, AFL-CIO; Pride At Work Hawaii; Hawaii Catholic Conference; Hawaii State AFL-CIO; The Pacific Resource Partnership; International Longshore and Warehouse Union, Local 142; American Income Life Insurance Company; Unite Here Local 5; and two private individuals. Testimony in opposition to this measure was submitted by the Retail Merchants of Hawaii; Ito En (USA) Inc.; Dole Food Co. Hawaii; The Hawaii Business League; Foodland Supermarket Ltd.; The Libertarian Party of Hawaii; Pacific Quest; The Chamber of Commerce of Hawaii; NFIB Hawaii; Hawaii Restaurant Association; and two private individuals. The Department of Human Resources Development submitted comments.

Your Committee finds that the last time the minimum wage was increased was in 2007 and has not been raised in accordance with cost of living increases. According to the Department of Labor and Industrial Relations, as of January 1, 2013, twenty states or jurisdictions had a higher minimum wage than Hawaii, with ten of these states indexing their minimum wage to inflation so that the real value of the minimum wage does not fall below the rate of inflation every year.

The proposed S.D. 1 increases the State's minimum wage in an increment of fifty cents per hour over a three year period. Furthermore, authorizing the Department of Labor and Industrial Relations to adjust the minimum hourly wage in accordance with the consumer price index starting on July 1, 2016, provides a mechanism to ensure that the minimum wage keeps up with the cost of inflation.



Your Committee has amended this measure by adopting the proposed S.D. 1 and further amending the measure by:

- (1) Specifying that the Department of Labor and Industrial Relations is authorized to adjust the minimum hourly wage in accordance with the consumer price index beginning on September 30, 2015, rather than September 30, 2016;
- (2) Adopting the suggestion made by the Department of Labor and Industrial Relations to delete language regarding the calculation of an adjusted minimum wage that the Department believes is unnecessary; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 331, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 331, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,


CLAYTON LEE, Chair



