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**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-1101

COMMITTEE ON  
ARMED SERVICES  
SUBCOMMITTEES:  
READINESS  
SEAPOWERS AND PROJECTION FORCES  
COMMITTEE ON  
NATURAL RESOURCES  
SUBCOMMITTEES:  
INDIAN AND ALASKA NATIVE AFFAIRS  
(RANKING MEMBER)  
ENERGY AND MINERAL RESOURCES  
PUBLIC LANDS AND  
ENVIRONMENTAL REGULATION

**Committee on Finance**  
**Testimony in support of HB2580**

**Tuesday, February 25, 2014**  
**2:00 p.m.**

Chair Luke, Vice-Chairs Nishimoto and Johanson, and Members of the Committee,

Thank you for the opportunity to submit this testimony in support of HB 2580, which would create step increases to the minimum wage in Hawaii from 2015 to 2017, and thereafter provide for annual adjustments based on the Honolulu region consumer price index.

As you are aware, on February 12, 2014, President Obama signed an executive order raising the minimum hourly wage for federal contract employees from \$7.25 to \$10.10. In doing so, President Obama explained that hundreds of thousands of Americans would directly benefit from the increase, as would the American economy as a whole. A study at the University of Massachusetts-Amherst calculated that the increase in the hourly minimum wage would produce a significant reduction in the poverty rate among Americans between ages 18 and 64. The same study estimated that approximately 4.6 million people would be lifted out of poverty as a result of the increase.

The minimum wage is more than an economic issue; it has deep and profound social impacts as well. Nearly two-thirds of minimum wage workers are women, the majority of whom receive no sick days. One in three women in America is living in poverty or teetering on its brink. That's 42 million women plus the 28 million children who depend on them. One in five of Hawaii's children under the age of six—22,000 keiki—now live in low-income working families.

A single parent with one child working at Hawaii's current minimum wage 40 hours per week, 52 weeks per year, earns \$2,770 or 16% below the federal poverty guidelines for a family

# Congress of the United States

Washington, DC 20515

of two. Hawaii's poverty rate of 17.3% makes Hawai'i the 9th poorest state in the nation. The National Women's Law Center estimates that raising the minimum wage to \$10.10 per hour would be enough to pull a family of three out of poverty.

The effects of poverty extend far into the future. The trauma and chronic stress of poverty are toxic to children, making them two and a half times more likely to suffer as adults from COPD, hepatitis, and depression.


Across the U.S. and in our own community, the fact that a family working full time and earning the minimum wage lives below the poverty line is a national tragedy. That it strikes so hard at Hawaii's keiki should drive us to immediate action.

While I leave it to your discretion as state legislators to determine the specifics of how to increase Hawaii's minimum wage, I respectfully submit that the policy is sound, the need is pressing, and the time is now. This measure warrants your support.

Congress is currently considering raising the hourly minimum wage for a broader spectrum of workers, but you currently have the opportunity to advance the issue in a faster and more efficient manner.

In closing, I would like to reiterate President Obama's statement that no American working a full-time job should have to live in poverty. I thank you for the opportunity to submit this testimony. Please feel free to contact me if I can provide more information or answer further questions.

Sincerely,



COLLEEN W. HANABUSA  
Member of Congress



NEIL ABERCROMBIE  
GOVERNOR



DWIGHT Y. TAKAMINE  
DIRECTOR

JADE T. BUTAY  
DEPUTY DIRECTOR

**STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813

<http://labor.hawaii.gov>

February 25, 2014

To: The Honorable Sylvia Luke, Chair,  
The Honorable Scott Y. Nishimoto, Vice Chair,  
The Honorable Aaron Ling Johanson, Vice Chair, and  
Members of the House Committee on Finance

Date: February 25, 2014

Time: 2:00 p.m.

Place: Conference Room 308, State Capitol

From: Dwight Y. Takamine, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: HB2580 RELATING TO LABOR**

**I. OVERVIEW OF PROPOSED LEGISLATION**

The purpose of the proposal is to raise the minimum wage to further the economic recovery of Hawaii and lift Hawaii's working poor out of poverty. An increase in the minimum wage will boost consumer demand and jobs because minimum and low-wage workers spend most if not all of their increased wages and therefore will generate economic activity.

The department strongly supports an increase in the minimum wage and supports indexing the minimum wage to preserve the purchasing power of minimum wage workers. DLIR notes that the last four times that the minimum wage was increased the number of jobs increased by an average of 2.2% after twelve months while the other costs to businesses (Prepaid Health Care, Workers' Compensation Insurance, etc.) were present then as they are now. DLIR supports repealing the tip credit, but suggests that tying an employer's ability to use the tip credit to a federal poverty level to further the discussion from the previous committee.

President Obama recently addressed the issue of rising inequality and declining mobility in the United States in advocating for an increase in the federal minimum wage:

**"It was Adam Smith, the father of free-market economics, who once said, "They who feed, clothe, and lodge the whole body of the people should have such a share of the produce of their own labor as to be themselves tolerably well fed, clothed, and lodged. And for those of you who don't speak old-English let me translate. It means if you work hard, you should make a decent living. If you**

**work hard, you should be able to support a family.”**

**"Now, we all know the arguments that have been used against a higher minimum wage. Some say it actually hurts low-wage workers -- businesses will be less likely to hire them. But there's no solid evidence that a higher minimum wage costs jobs, and research shows it raises incomes for low-wage workers and boosts short-term economic growth. "**

## **II. CURRENT LAW**

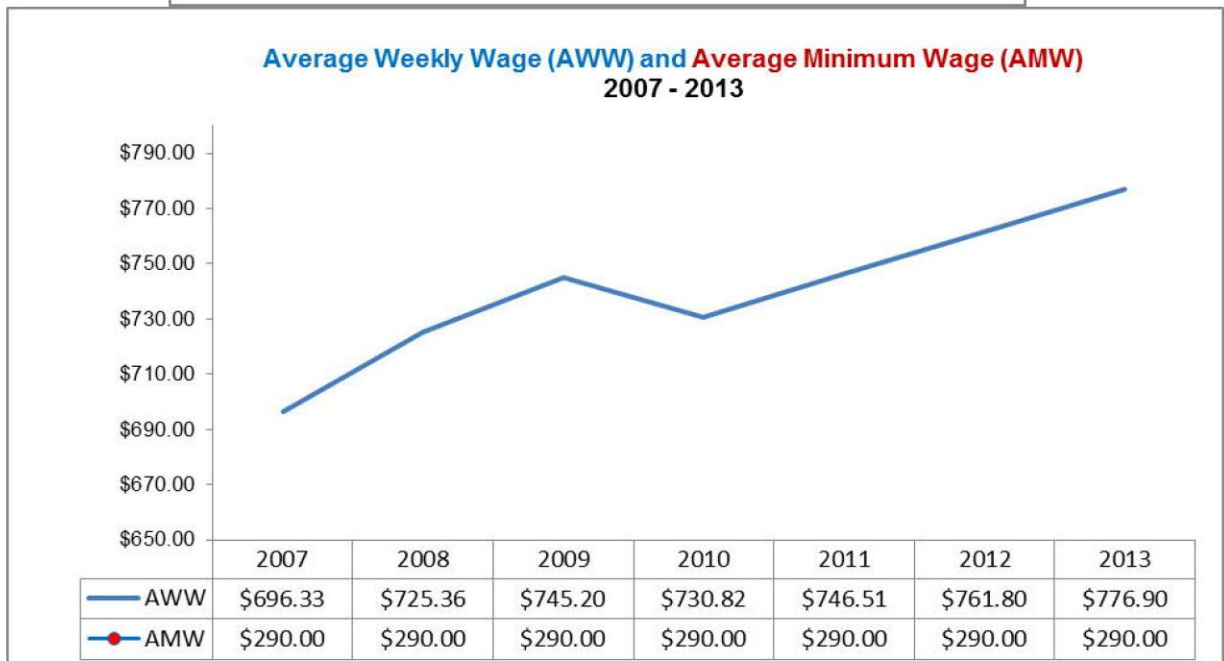
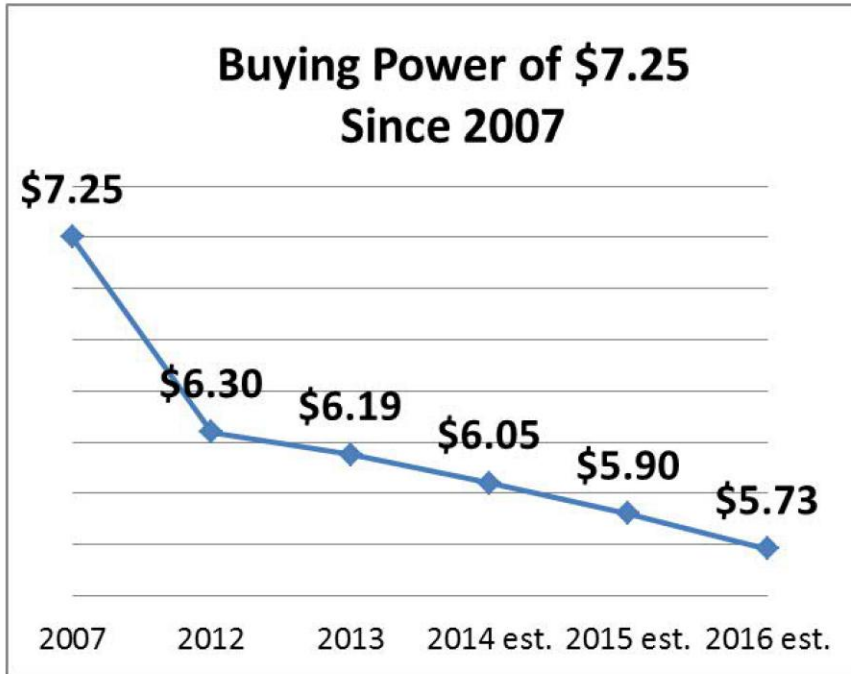
The Hawaii Wage and Hour Law (chapter 387, HRS) was established to safeguard minimum wage and maximum hour standards to maintain the health, efficiency and general well-being of workers. The current minimum wage is \$7.25 and was effective January 1, 2007. Employers are allowed to claim a tip credit of 25 cents an hour for tipped employees, i.e. pay them below the minimum wage at \$7.00 an hour, provided the tipped employee receives 50 cents in tips.

## **III. COMMENTS ON THE HOUSE BILL**

Hawaii's minimum wage earners are going into their **8th year** without a raise while everybody else is moving forward—the average annual salary has **increased \$4,200 since 2007 but 0** for minimum wage workers<sup>1</sup>. Adjusting the current \$7.25 minimum wage for inflation since the last time the minimum wage was raised in 2007, a worker would have to be paid **\$8.68** an hour to match the buying power of 2007.<sup>2</sup>

<sup>1</sup> Research & Statistics Office (R&S), DLIR

<sup>2</sup> R&S, DLIR, based on the most recent Consumer Price Index and using the Department of Business Economic Development and Tourism's (DBEDT) CPI-U forecast for 2013 to 2016



Data and chart by Research & Statistics, DLIR

The average weekly earnings **have increased 12%** since 2007 but **0% for minimum wage workers.**<sup>3</sup>

<sup>1</sup> Research & Statistics Office (R&S), DLIR



Historically, the federal minimum wage was higher than \$7.25 an hour in 2013 dollars for most of the last 60 years.<sup>4</sup>

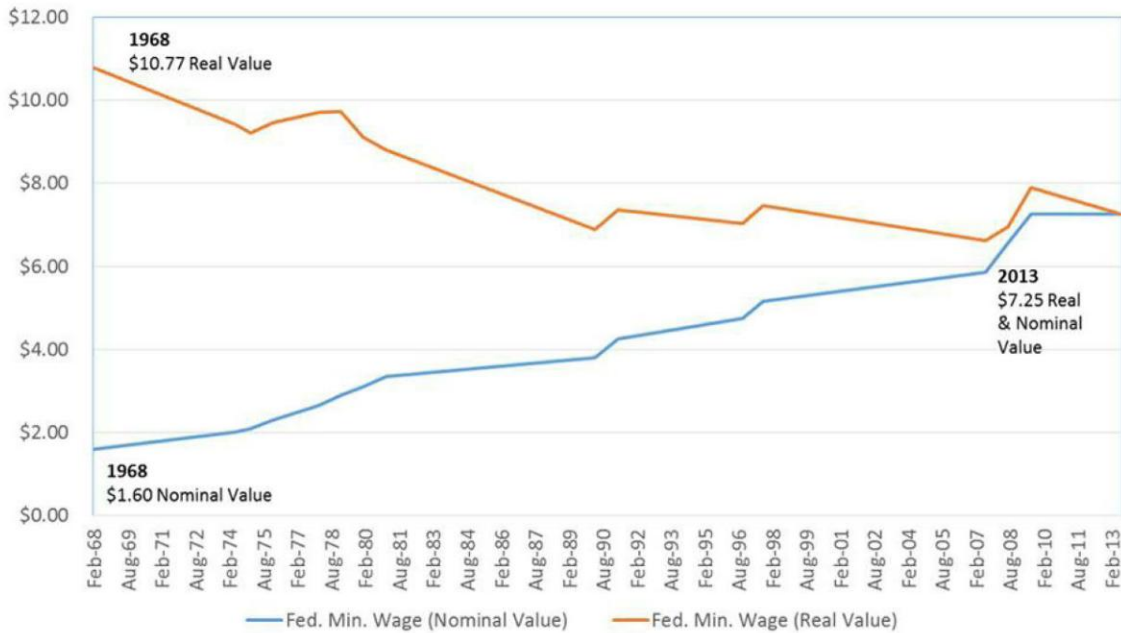


<sup>3</sup> R&S, DLIR

<sup>4</sup> Nominal Wages: Department of Labor CPI Bureau of Labor Statistics

In fact, the minimum wage in 1968 was **\$10.77 in 2013 dollars**.

Value of the Minimum Wage Over Time (1968-2013)



Source: Congressional Research Service, September 2013

Prepared by PHOCUSED (Protecting Hawaii's Ohana, Children, Under-Served, Elderly & Disabled)

**Minimum Wage is higher in 21 states and D.C. despite higher cost of living in Hawaii<sup>5</sup>**

The following twenty-two states or jurisdictions have a higher minimum wage than Hawaii as of January 1 2014; thirteen of these states index their minimum wage to inflation so that the real value of the minimum wage does not fall every year.

- \$9.32 Washington\*
- \$9.10 Oregon\*
- \$8.73 Vermont\*
- \$8.70 Connecticut\*,
- \$8.25 District of Columbia\*, Nevada\*, Illinois, New Jersey
- \$8.00 California, Colorado\*, New York, Massachusetts\*, Rhode Island,
- \$7.95 Ohio\*
- \$7.93 Florida\*
- \$7.90 Arizona\*, Montana\*
- \$7.75 Alaska,
- \$7.50 Maine\*, Missouri, New Mexico
- \$7.40 Michigan

\*Denotes indexed to a cost of living or other indexing mechanism.

<sup>5</sup> Wage and Hour Division, U.S. Dept. of Labor (DOL)

**Give Hawaii's minimum wage earners more buying power**

Minimum wage workers are critical to our economy, but are falling further and further behind in their ability to make ends meet and this is contributing to our homelessness problem. This proposal will improve the quality of life for current minimum wage workers by giving the working poor more purchasing power.

The majority of minimum wage workers in such occupations as waitperson, food service counter worker, and bus person, will also see an improvement in their economic sustainability. The working poor benefiting from this increase will have more disposable income to spend, which in turn will generate economic activity.

The last minimum wage increase was in 2007. Using that as the base year, and adjusting the current \$7.25 minimum wage for inflation based on the most recent Consumer Price Index and using the Department of Business Economic Development and Tourism's (DBEDT) CPI-U forecast for 2013 to 2016, a worker would have to be paid \$9.16 by 2016 to have the same purchasing power that the worker had in 2007 at \$7.25 an hour. Conversely, if the current minimum wage were deflated to 2007 dollars, it would be worth only \$5.73 in 2016.<sup>4</sup>

The low minimum wage is exacerbated by the high cost of living in Hawaii. In research generated by the Missouri Economic Resource and Information Center on the cost of living, Hawaii continues to have the highest cost of living as of the third quarter 2013. ([http://www.missourieconomy.org/indicators/cost\\_of\\_living/index.stm](http://www.missourieconomy.org/indicators/cost_of_living/index.stm))

Washington's minimum wage: \$9.32 **29% higher** Cost of Living: **55% lower**

Nevada's minimum wage: \$8.25 **14% higher** Cost of living: **64% lower**

Oregon's minimum wage: \$9.10 **26% higher** Cost of living: **49% lower**

A few comparative statistics with Western states helps to bring this disparity into focus: in Nevada where the minimum wage is **one dollar higher** than Hawaii at \$8.25, the cost of groceries is **40% lower** and in Washington State where the minimum wage is **more than two dollars** higher than Hawaii at \$9.32, the cost of housing is **50% lower** than in Hawaii.

By increasing the minimum wage and providing a mechanism for it to keep up with the cost of inflation, the purchasing power of minimum wage workers will be preserved while providing employers with predictable, smaller increases in the minimum wage over time.

<sup>6</sup> R&S, DLIR, based on the most recent Consumer Price Index and using the Department of Business Economic Development and Tourism's (DBEDT) CPI-U forecast for 2013 to 2016



**Raising the Minimum Wage Will Help Lift the Working Poor out of Poverty**

**2014 Federal Poverty Guidelines for Hawaii**

Family Size	100%	150%	200%	300%
1	\$13,420	\$20,130	\$26,840	\$40,260
2	\$18,090	\$27,135	\$36,180	\$54,270
3	\$22,760	\$34,140	\$45,520	\$68,280
4	\$27,430	\$41,145	\$54,860	\$82,290
5	\$32,100	\$48,150	\$64,200	\$96,300
6	\$36,770	\$55,155	\$73,540	\$110,310
7	\$41,440	\$62,160	\$82,880	\$124,320
8	\$46,110	\$69,165	\$92,220	\$138,330

A single parent of one child working at minimum wage 40 hours per week, 52 weeks per year, earns **\$2,770 or 16% below** the federal poverty guidelines for a family of two. Hawaii's poverty rate of **17.3%** makes **Hawaii the 9th poorest** in the nation according to the U.S. Census Bureau.<sup>7</sup>

If the minimum wage was increased to \$8.20 an hour in January 2015, a single parent of one child working at minimum wage 40 hours per week, 52 weeks per year would still fall **\$1,034 below the 2014** federal poverty guidelines for Hawaii.

**20% or 22,000** of Hawaii's children under six live in low-income working families. Research of early childhood development has found that income insecurity negatively affects three key aspects of brain development – positive relationships, learning resources, and high stress. A 2011 study suggests that a \$1,000 increase in household income raises combined math and reading test scores by up to 6%.<sup>8</sup>

**Who are Minimum Wage Workers?**

- ✓ **85%** of minimum wage earners are 21 and older.

<sup>7</sup> U.S. Census Bureau, Current Population Reports, Supplemental Poverty Measure: 2012

<sup>8</sup> The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit, American Economic Review, 2012.

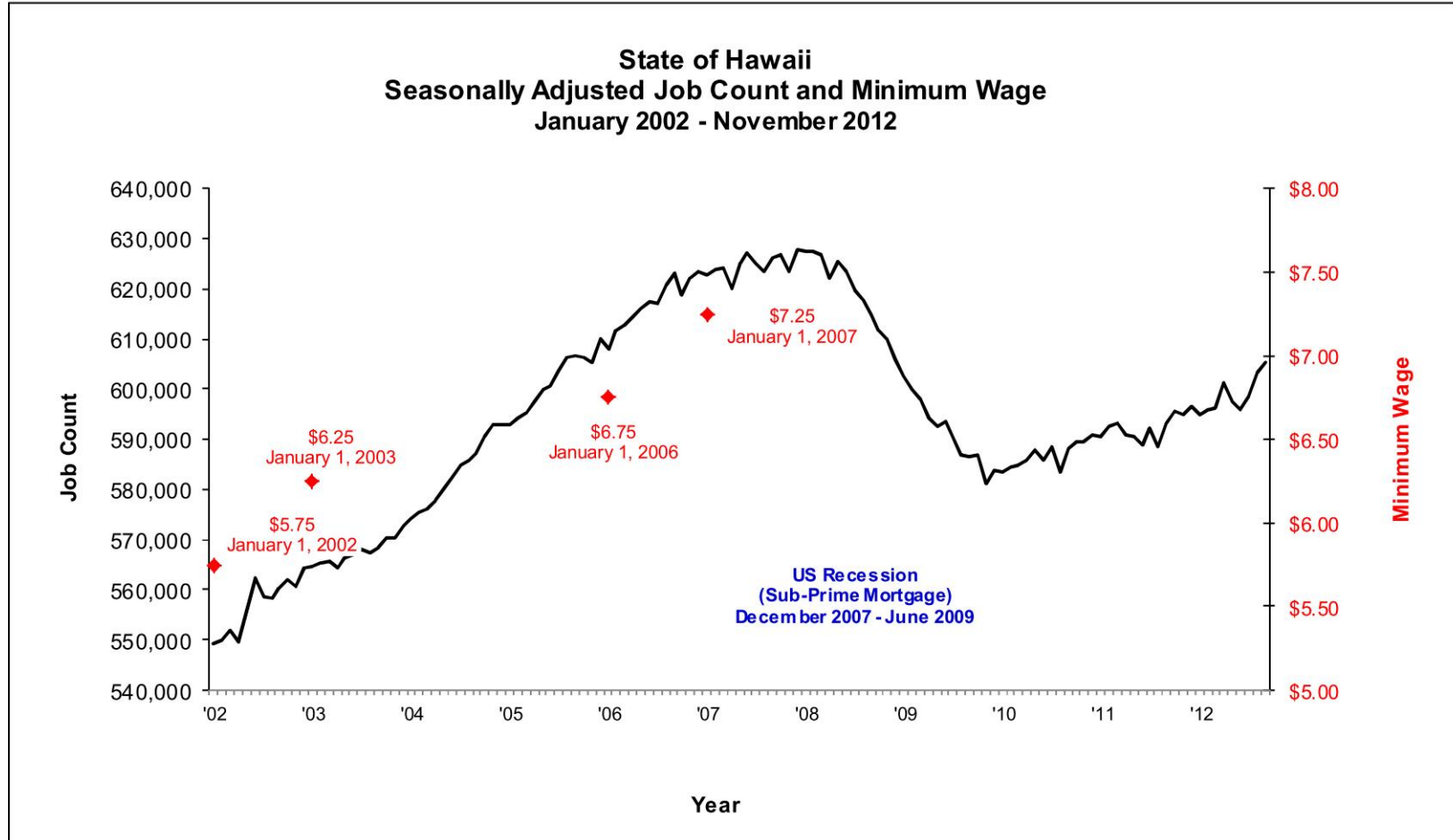
<sup>9</sup> U.S. Census Bureau; Current Population Survey Basic Micro Data Set, <http://dataferrett.census.gov>, data extracted by Lawrence W. Boyd Ph.D., Center for Labor Education and Research, University of Hawaii at West Oahu. Hawaii 2012 data

- ✓ **84%** of minimum wage earners work 20+ hrs/week and 30% work 35+ hrs/week.<sup>9</sup>

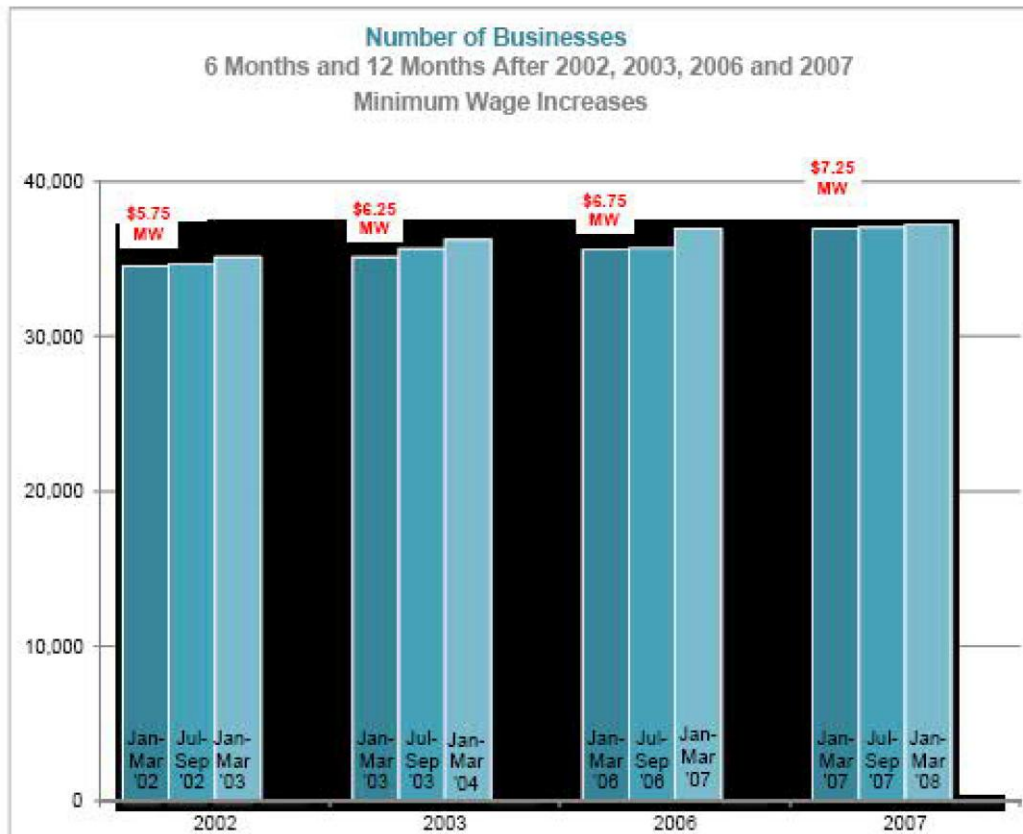
<sup>7</sup> U.S. Census Bureau, Current Population Reports, Supplemental Poverty Measure: 2012

<sup>8</sup> The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit, American Economic Review, 2012.

<sup>9</sup> U.S. Census Bureau; Current Population Survey Basic Micro Data Set, <http://dataferrett.census.gov>, data extracted by Lawrence W. Boyd Ph.D., Center for Labor Education and Research, University of Hawaii at West Oahu. Hawaii 2012 data







When minimum wage increased to \$5.75, the number of business changed:

- Jan-Mar'02 to Jul-Sep'02 from 34,550 to 34,650, **increased by 100 or .03%**
- Jan-Mar '02 to Jan-Mar '03 from 34,550 to 35,100, **increased by 550 or 1.6%**

When minimum wage increased to \$6.25, the number of business changed:

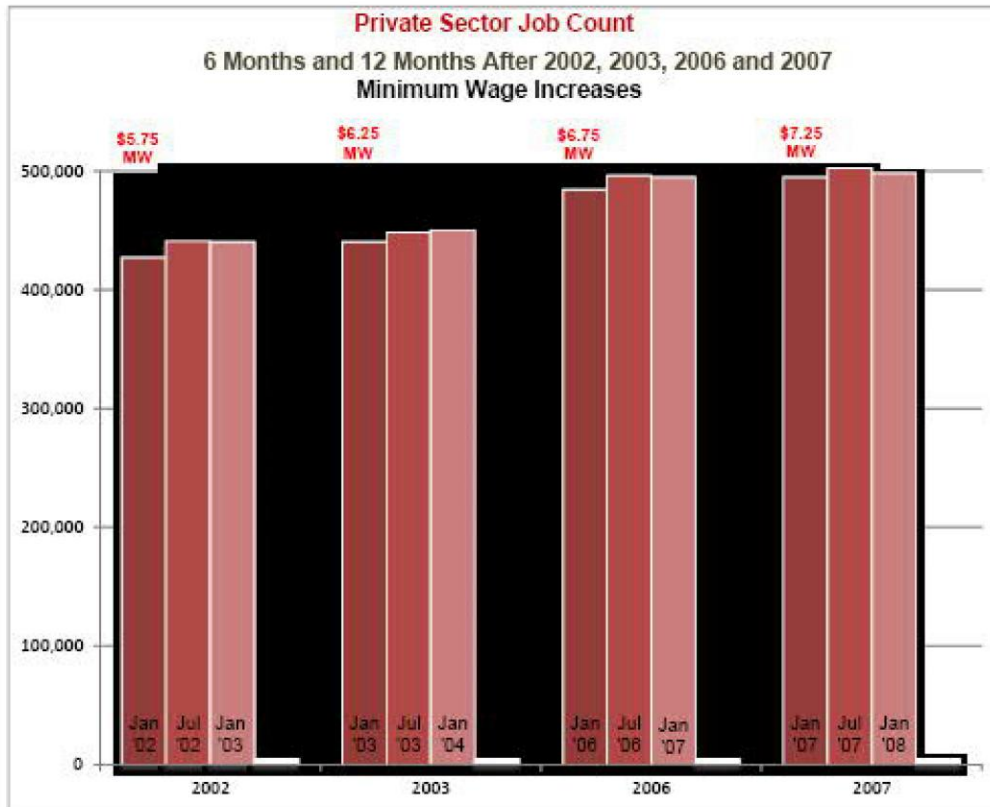
- Jan-Mar '03 to Jul-Sep '03 from 35,100 to 35,650, **increased by 550 or 1.6%**
- Jan-Mar '03 to Jan-Mar '04 from 35,100 to 36,250, **increased by 1,150 or 3.3%**

When minimum wage increased to \$6.75, the number of business changed:

- Jan-Mar '06 to Jul-Sep '06 from 35,600 to 35,700, **increased by 100 or 0.3%**
- Jan-Mar '06 to Jan-Mar '07 from 35,600 to 36,950, **increased by 1,350 or 3.8%**

When minimum wage increased to \$7.25, the number of business changed:

- Jan-Mar '07 to Jul-Sep '07 from 36,950 to 37,050, **increased by 100 or 0.3%**
- Jan-Mar '07 to Jan-Mar '08 from 36,950 to 37,200, **increased by 250 or 0.7%**



When minimum wage increased to \$5.75, the job count increased:

- Jan '02 to Jul '02 from 427,400 to 441,200, **increased by 13,800 or 3.2%**
- Jan '02 to Jan '03 from 427,400 to 440,700, **increased by 13,300 or 3.1%**

When minimum wage increased to \$6.25, the job count increased:

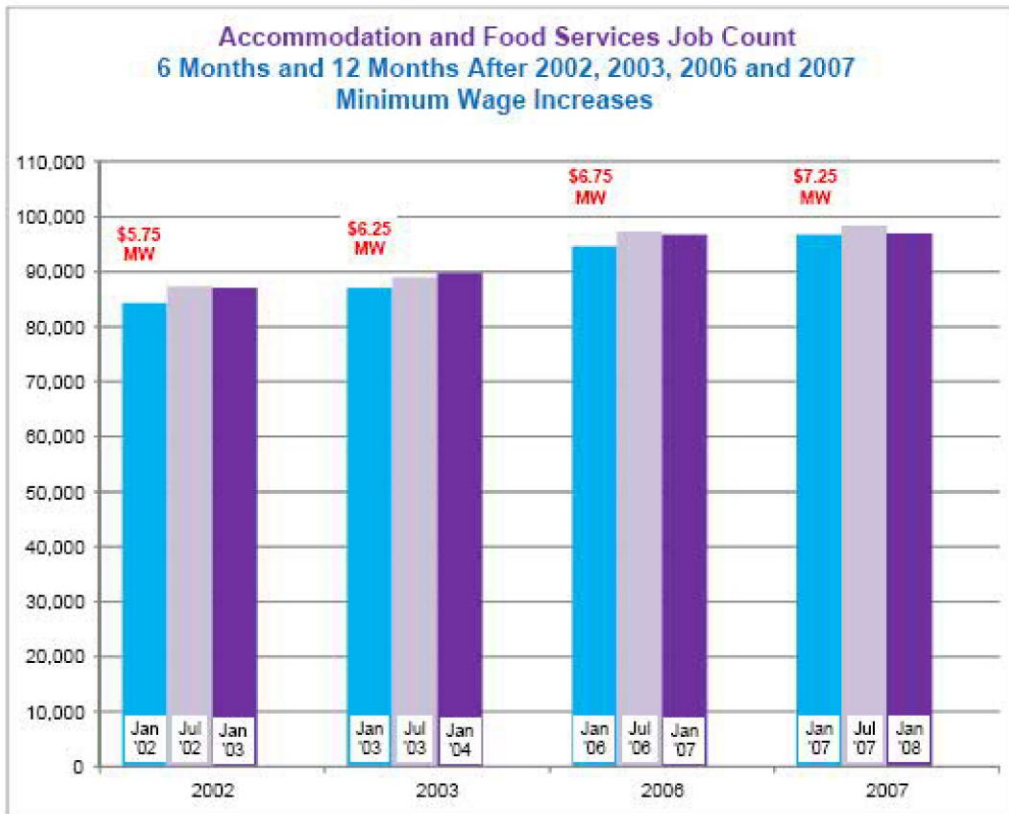
- Jan '03 to Jul '03 from 440,700 to 448,400, **increased by 7,700 or 1.7%**
- Jan '03 to Jan '04 from 440,700 to 450,500, **increased by 9,800 or 2.2%**

When minimum wage increased to \$6.75, the job count increased:

- Jan '06 to Jul '06 from 484,500 to 496,100, **increased by 11,600 or 2.4%**
- Jan '06 to Jan '07 from 484,500 to 495,100, **increased by 10,600 or 2.2%**

When minimum wage increased to \$7.25, the job count increased:

- Jan '07 to Jul '07 from 495,100 to 502,600, **increased by 7,500 or 1.5%**
- Jan '07 to Jan '08 from 495,100 to 498,500, **increased by 3,400 or 0.7%**



When minimum wage increased to \$5.75, Accommodation & Food Services increased:

- Jan '02 to Jul '02 from 84,250 to 87,300, **increased by 3,050 or 3.6%**
- Jan '02 to Jan '03 from 84,250 to 87,050, **increased by 2,800 or 3.3%**

When minimum wage increased to \$6.25, Accommodation & Food Services increased:

- Jan '03 to Jul '03 from 87,050 to 88,950, **increased by 1,900 or 2.2%**
- Jan '03 to Jan '04 from 87,050 to 89,800, **increased by 2,750 or 3.2%**

When minimum wage increased to \$6.75, Accommodation & Food Services increased:

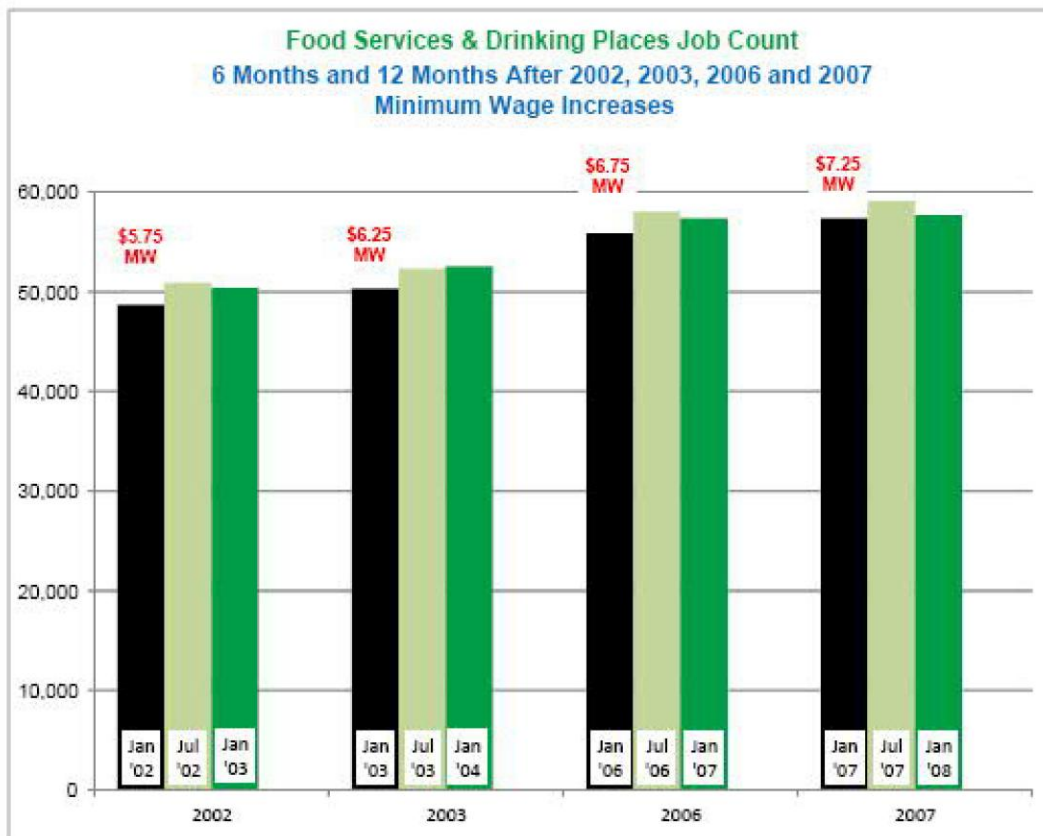
- Jan '06 to Jul '06 from 94,650 to 97,250, **increased by 2,600 or 2.7%**
- Jan '06 to Jan '07 from 94,650 to 96,800, **increased by 2,150 or 2.3%**

When minimum wage increased to \$7.25, Accommodation & Food Services increased:

- Jan '07 to Jul '07 from 96,800 to 98,350, **increased by 1,550 or 1.6%**
- Jan '07 to Jan '08 from 96,800 to 96,950, **increased by 150 or 0.2%**



Source: DLIR: R&S Office, Current Employment Statistics, Job Count by Industry (HIWI) at:  
<https://www.hiwi.org/gsipub/index.asp?docid=421>; Not Seasonally Adjusted Data.



When minimum wage increased to \$5.75, Food Services & Drinking Places increased:

- Jan '02 to Jul '02 from 48,700 to 50,900, **increased by 2,200 or 4.5%**
- Jan '02 to Jan '03 from 48,700 to 50,350, **increased by 1,650 or 3.4%**

When minimum wage increased to \$6.25, Food Service & Drinking Places increased:

- Jan '03 to Jul '03 from 50,350 to 52,300, **increased by 1,950 or 3.9%**
- Jan '03 to Jan '04 from 50,350 to 52,550, **increased by 2,200 or 4.4%**

When minimum wage increased to \$6.75, Food Services & Drinking Places increased:

- Jan '06 to Jul '06 from 55,850 to 58,000, **increased by 2,150 or 3.8%**
- Jan '06 to Jan '07 from 55,850 to 57,350, **increased by 1,500 or 2.7%**

When minimum wage increased to \$7.25, Food Services & Drinking Places increased:

- Jan '07 to Jul '07 from 57,350 to 59,100, **increased by 1,750 or 3.1%**
- Jan '07 to Jan '08 from 57,350 to 57,700, **increased by 350 or 0.6%**

Source: DLIR: R&S Office, Current Employment Statistics, Job Count by Industry (HIWI) at:  
<https://www.hiwi.org/gsipub/index.asp?docid=421>; Not Seasonally Adjusted Data.

### **Statistical Profile of Minimum Wage Workers in Hawaii—2012\***

#### **Statistical Profile of Persons Earning \$7.25 or Less\***

Total: 14,303 **2.2%** of Labor Force

Exactly \$7.25: 8,195 **1.2%** of Labor Force

Subminimum Wage: 7,624 **1%** of Labor Force

#### **Gender Profile of Persons Earning \$7.25 or Less**

Percentage of Males Earning \$7.25 or below: **49.5%**

Percentage of Females Earning \$7.25 or below: **50.5%**

#### **Age Profile of Persons Earning \$7.25 or Less:**

Under 18: **13%**

Between 21 and 55: **72%**

55 and Over: **13%**

**Total over 18: 85%**

#### **Hours Worked by Persons Earning \$7.25 or Less:**

Works Less than 20 hours: **17%**

Works 20 - 34 hours: **54%**

Works More than 35 Hours: **30%**

**Total working more than 20 hours and presumably eligible for employer paid health care: 84%**

\*Source: U.S. Census Bureau; Current Population Survey Basic Micro Data Set, <http://dataferrett.census.gov>, data extracted by Lawrence W. Boyd Ph.D., Center for Labor Education and Research, University of Hawaii at West Oahu. Hawaii 2012 data

By major occupational group, the highest proportion of hourly paid workers earning at or below the federal minimum wage was in service occupations, at about 12 percent. About three-fifths of workers earning the minimum wage or less in 2012 were employed in service occupations, mostly in food preparation and serving related jobs.

The industry with the highest proportion of workers with hourly wages at or below the federal minimum wage was leisure and hospitality (about 19 percent). About half of all workers paid at or

below the federal minimum wage were employed in this industry, the vast majority in restaurants and other food services.<sup>10</sup>

### We All Subsidize Minimum Wage Workers:<sup>11</sup>

- 1 in 5 minimum wage workers receives SNAP (formerly food stamps).



- 1 in 5 minimum wage workers have someone in the family on Medicaid.



- 1 in 5 minimum wage workers have at least one child that receives free or reduced price school meals.



The department offers the following information pertaining to the tip credit.

Many of the Western states do not have tip credit provisions in their law.

<sup>10</sup> Characteristics of Minimum Wage Workers: 2012, Bureau of Labor Statistics, U.S. Department of Labor



- Alaska
- California
- District of Columbia
- Montana
- Minnesota
- Nevada
- Oregon
- Washington

The average tipped worker earns just \$9.87 per hour including tips, and tipped workers are more likely to live under the federal poverty guidelines.<sup>12</sup> Waiters and servers earn an average of \$26,280 a year (**\$12.64/hour**) in Hawaii while cooks average \$29,200 (**\$14.04/hour**). The average annual wage for all workers in Hawaii is \$44,786 (**\$21.53/hour**).<sup>13</sup>

#### **Who Are Tipped Workers in the United States?**

**2 in 3** are women **1 in 3** are parents **Half** are 30 years old or older

**1 in 6** rely on free lunches to feed their children **1 in 7** rely on SNAP (food stamps)

**1 in 4** people of color working for tips lives in poverty<sup>14</sup>

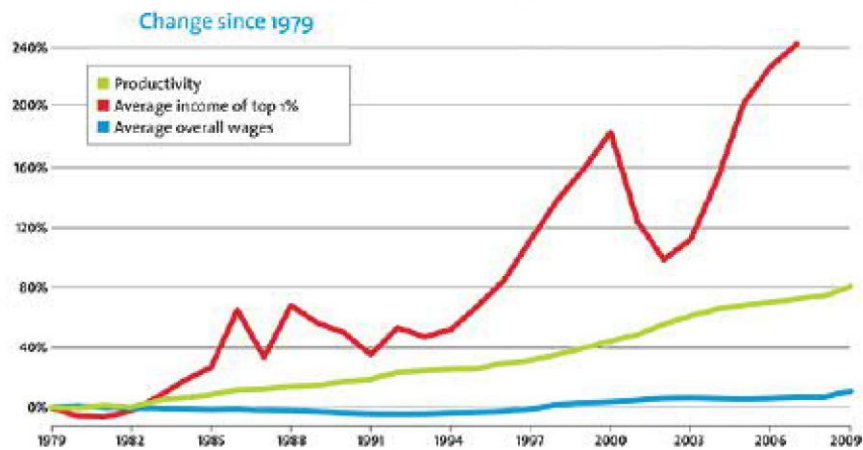
***“We can either settle for a country where a shrinking number of people do really well, while a growing number of Americans barely get by,”*** said President Obama in his 2012 State of the Union address. ***“Or we can restore an economy where everyone gets a fair shot, everyone does their fair share, and everyone plays by the same set of rules.”***

<sup>11</sup> U.S. Census Bureau, Current Population Survey March Supplement Micro Data Set, <http://dataferrett.census.gov>, data extracted by Lawrence W. Boyd Ph.D., Center for Labor Education and Research, University of Hawaii at West Oahu. Hawaii Data 2012



## YOU HAVE NOTHING TO LOSE BUT YOUR GAINS

*Productivity has surged, but income and wages have stagnated for most Americans. If the median household income had kept pace with the economy since 1970, it would now be nearly \$92,000, not \$50,000.*



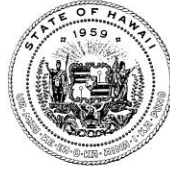
<http://www.mothersjones.com/politics/2011/02/income-inequality-in-america-chart-crash>

<sup>12</sup> Sylvia A. Allegretto and Kai Filion, "Waiting for Change: The \$2.13 Federal Subminimum Wage", Economic Policy Institute & Institute for Research on Labor and Employment at University of California at Berkeley

<sup>13</sup> R&S, DLIR

<sup>14</sup> U.S. Census Bureau, 2006-2012 American Community Survey, calculated by Restaurant Opportunities Center United.





STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
**OFFICE OF COMMUNITY SERVICES**  
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[www.hawaii.gov/labor](http://www.hawaii.gov/labor)  
Phone: (808) 586-8675 / Fax: (808) 586-8685  
Email: [dlir.ocs@hawaii.gov](mailto:dlir.ocs@hawaii.gov)

February 24, 2014

To: The Honorable Sylvia Luke, Chair,  
The Honorable Scott Y. Nishimoto, Vice Chair,  
The Honorable Aaron Ling Johanson, Vice Chair, and  
Members of the House Committee on Finance

Date: Tuesday, February 25, 2014  
Time: 2:00 p.m.  
Place: Conference Room 308, State Capitol

From: Mila Kaahanui, Executive Director

**Re: H.B. 2580 Relating to Labor (Minimum Wage)**

POSITION: Strongly Support

**I. OVERVIEW OF PROPOSED LEGISLATION**

The proposal is one of several bills introduced this Session to increase the minimum wage. This bill has 30 co-sponsors in the House, which indicates very wide support.

This bill would increase the minimum wage by increments of 75 cents to \$8.00 on January 1, 2015; by another 75 cents to \$8.75 as of January 1, 2016, and a third time, to \$9.50 as of January 1, 2017. Thereafter, the bill would require the Department of Labor and Industrial Relations (DLIR) to adjust the minimum wage thereafter by using the Consumer Price Index (CPI).

This bill would repeal the tip-credit provision in chapter 387, Hawaii Revised Statutes (HRS). The tip credit allows the restaurant industry to pay sub-minimum wage to their wait-staff.

**II. CURRENT LAW**

The Hawaii Wage and Hour Law (chapter 387, HRS) was established to safeguard minimum wage and maximum hour standards to maintain the health, efficiency and general well-being of workers in the State of Hawaii. The current minimum wage is \$7.25, effective as of January 1, 2007. Employers are allowed to claim a tip credit of 25 cents an hour for tipped employees, i.e. pay them below the minimum wage at \$7.00 an hour, provided that the tipped employee receives 50 cents in tips or at least \$7.75 an hour.

The current Hawaii minimum-wage law, like prior versions of this law, lacks any provision for automatic increases that would take account inflation. The lack of such a provision acts as a brake on necessary increases in the minimum wage. The combination of inflation and the lack of such a provision for automatic increases creates a de facto “sunset” provision in the law as inflation eventually and inevitably erodes the gains created by each new amendment of the law.

### **III. COMMENTS ON HOUSE BILL 2580**

The Office of Community Services (OCS) was created in 1986 by legislation codified at Chapter 371K, HRS, to be the lead voice and advocate in the State government for Hawaii’s economically disadvantaged communities and individuals. OCS takes seriously its role as advocate as well as being administrator of numerous contracts and Federal and State grants to assist our economically disadvantaged people.

OCS strongly supports an increase in the minimum wage and indexing the minimum wage to preserve the purchasing power of minimum wage workers:

- Hawaii’s Current Minimum Wage Law is at the Bottom.

The Federal Minimum-Wage law, which sets the floor for minimum-wage laws nationally, is at \$7.25, so, we are at the bottom of the barrel with states such as Alabama, where living expenses are much lower than in Hawaii. This is primarily because our minimum-wage law lacks a provision for automatic increases.

- A Provision for Automatic Increases is Needed.

Hawaii’s minimum-wage law does not keep up with constant inflation. This situation obligates the Legislature to wrestle with new minimum-wage bills every several years.

Hawaii's minimum-wage earners are going into their 8th year without a raise while everybody else is moving forward - the average weekly earnings have increased 16% since 2007 but 0% for minimum wage workers. Adjusting the current \$7.25 minimum wage for inflation since the last time the minimum wage was raised in 2007, a worker would have to be paid \$8.68 an hour to match the buying power of 2007.

- A Minimum Wage is Still a Poverty-Level Wage.

The purpose of the present bill is to raise the minimum wage to further the economic recovery of Hawaii and lift its residents out of poverty; however, the minimum wage, even as it would be enhanced by this bill, is still not a living wage. We have a long way to go before people regularly get actual living wages. This is especially a problem because of Hawaii’s disproportionately high cost of living, caused primarily by the housing market.

- Minimum-Wage Workers are not only the Young Just Earning Extra Money:

- 85% of minimum-wage earners are 21 and older;
- 84% of minimum-wage earners work 20+ hours a week; and
- 30% work 35+ hours a week.

- Higher Minimum Wages Benefit the Entire Economy.

Increases in the minimum wage boost consumer demand and increase jobs because minimum- and low-wage workers spend most if not all of their increased wages, and that increased spending generates greater economic activity to the benefit of everyone. Hawaii statistics show that, since 2002, the number of jobs in the Accommodations & Food Service sector has increased by an average of 2.2% over the twelve months following each of the last four minimum wage increases. An average of 2,012 more jobs or 3.8% more were added in Food Services & Drinking Places (restaurants & bars) within 6 months following each of the last four times that the minimum wage was increased.

- The Tip Credit Should Be Abolished.

Hawaii's current minimum wage law, HRS §387-2, allows the restaurant industry to reduce the minimum wage for their wait-staff by 25 cents per hour, provided that the employee's combined wages plus tips, "is at least 50 cents more than the applicable minimum wage."

The Tip Credit appears to be a major factor in Hawaii's minimum-wage structure: According to 2012 statistics, the number of persons earning subminimum wages in 2012 - 7,624 – presumably those affected by the tip credit allowed under current law – is nearly equal to the number who are earning exactly \$7.25 per hour, which is 8,195. Thus, preservation or elimination of the tip credit has an important impact on nearly half of the people who will be affected by any change in the minimum-wage law.

The present bill would eliminate the tip credit, in effect mandating that wait-staff be paid the full minimum wage without regard to the amount that they receive in tips. OCS believes that the tip credit should be eliminated. Wait-staff work is high-stress work that is underpaid at minimum-wage levels. Moreover, Hawaii is out-of-step with many of the Western states, most of which do not have tip credit provisions in their laws.



EXECUTIVE OFFICE ON EARLY LEARNING  
HONOLULU

GG WEISENFELD  
DIRECTOR

Testimony in **Support of the Intent of**  
H.B. 2580  
By GG Weisenfeld, Director

House Committee on Finance  
February 25, 2014  
2:00 p.m., Room 308

Chair Luke, Vice-Chair Nishimoto, Vice-Chair Johanson, and Members of the Committee:

The Executive Office on Early Learning (EOEL) is in support of the intent of this measure to increase the minimum wage. The Department of Labor and Industrial Relations is the lead on minimum wage issues for the Administration.

EOEL was established by Act 178 in 2012. Its creation provides government-wide authority to guide the development of a comprehensive and integrated statewide early childhood development and learning system. Since our creation, we have engaged over 100 public and private partners across the state to define the desired outcomes for children and families, as well as the critical strategies that are needed to achieve our collective priorities over the next three to five years.

A raise in the minimum wage would not only help many families escape or avoid poverty, but could also significantly boost their children's academic performance and future adult earnings.

Thank you for the opportunity to provide testimony on this measure.



STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 25, 2014

**MEMORANDUM**

TO: The Honorable Sylvia Luke, Chair  
House Committee on Finance

FROM: Barbara Yamashita, Deputy Director

SUBJECT: **H.B. 2580 - RELATING TO LABOR**

Hearing: Tuesday, February 25, 2014; 2:00 p.m.  
Conference Room 308, State Capitol

**PURPOSE:** The purpose of the measure is to increase the minimum wage annually from 1/1/15 - 1/1/17; on 9/30/17 and thereafter the Department of Labor and Industrial Relations to adjust the minimum hourly wage based on the Honolulu region consumer price index; and deletes the tip credit.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) strongly supports increasing the minimum wage in Hawaii.

According to the United States Department of Labor, Bureau for Labor Statistics, of the 321,000 hourly workers in Hawaii, 8,000 were paid the minimum wage of \$7.25 in 2011 while an additional 7,000 residents were paid below the minimum wage. For those workers earning minimum wage at a full-time job, annual earnings total \$15,080. This measure will ensure that Hawaii's lowest paid workers will earn wages that will at least support their basic needs.



Importantly, with this measure Hawaii will also join the 10 other states across the nation that adjust their minimum wages annually to keep pace with the rising cost of living – a policy known as indexing. Indexing to inflation ensures that real wages for our lowest paid workers do not fall even further behind.

If we accept the figures used by the United States Census Bureau to apportion cost of living expenses then 13% of an individual's earnings are applied towards grocery items, 29% towards housing, 10% towards utilities, 12% towards transportation, 4% towards healthcare, and 32% towards other miscellaneous items. Applying the United States Census Bureau's formula, a family earning \$7.25 per hour would allocate \$350 per month towards housing, \$120 towards utilities, \$145 towards transportation, and \$157 towards groceries. In urban Honolulu's housing market it is a stretch to find apartments renting for below \$1,000 per month and difficult to imagine utility bills including electricity, water, and telephone at costs below \$120 per month.

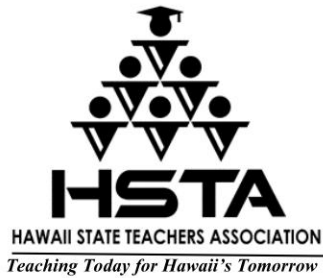
Raising the minimum wage is good for Hawaii's families and good for Hawaii's economy. Money in the pockets of working people will be spent to make ends meet, boosting our economy and creating jobs in our communities. According to the Federal Reserve Bank of Chicago, every \$1.00 in wage increases for a minimum wage worker results in \$2,800 in new consumer spending by the worker's household over the following year.

Raising the minimum wage is also good for Hawaii's working women who, together with their children, will benefit from increased economic security. In Hawaii, 47% of full-time minimum wage workers are women, and 75% of our heads of household for TANF/TAONF programs are women. Across the nation, women workers are concentrated in low-wage industries such as food service, retail, and home health care and despite the progress women have made, women still earn less overall than

men in all occupations – a wage gap that translates into thousands of dollars of unearned income over a lifetime. As applied to Hawaii’s TANF/TAONF beneficiaries, women with children are disproportionately represented in low wage jobs and will accrue the greatest benefits from an increase in the minimum wage.

Raising the minimum wage is the right thing to do. Franklin D. Roosevelt called the minimum wage, “a fair day’s pay for a fair day’s work.” Yet, today’s minimum wage of \$7.25 buys 30% less of what it did 40 years ago. It’s time for Hawaii to ensure that poorest of our wage workers can at least support their most basic needs.

Thank you for the opportunity to provide testimony on this bill.



1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819  
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: www.hsta.org

TESTIMONY BEFORE THE SENATE COMMITTEE  
ON FINANCE

Wil Okabe  
President  
Joan Kamila Lewis  
Vice President  
Colleen Pasco  
Secretary-Treasurer  
Alvin Nagasako  
Executive Director

DATE: TUESDAY, FEBRUARY 25, 2014

RE: H.B. 2580 – RELATING TO LABOR

PERSON TESTIFYING: WIL OKABE  
HAWAII STATE TEACHERS ASSOCIATION

The Honorable Chair Sylvia Luke, and Members of the Committee:

The Hawaii State Teachers Association **strongly supports H.B. 2580**, relating to annually increasing minimum wage.

HSTA is the exclusive representative of more than 13,500 public and charter school teachers statewide. As the state affiliate, of the 3.2 million members of the National Education Association, HSTA supports an increase in the minimum wage.

In 1960, the federal minimum wage earned by a single worker was enough to keep a family of two out of poverty. Today, however, there are only four states in the entire country where the minimum wage is enough for even an individual worker with no family to earn a living wage, meaning one in which a worker can afford food, housing, utilities and other basic expenses. Fortunately, Senate Democrats and President Obama are pushing for an increase of the federal minimum wage to \$10.10, which would pull more than half of our country's working poor out of poverty.

In the 2014 State of the Union speech, President Obama addressed the issue of rising inequality and declining mobility. He stated, "Today the federal minimum wage is worth about twenty percent less than it was when Ronald Reagan first stood here. And Tom Harkin and George Miller have a bill to fix that by lifting the minimum wage to \$10.10. It's easy to remember: 10.10. This will help families. It will give businesses customers more money to spend. It does not involve any new bureaucratic program. So join the rest of the country. Say yes. Give America a raise. Give 'em a raise."

Workers all across the country are struggling to make ends meet. With the federal minimum wage at a dismal \$7.25 an hour, many workers are unable to earn a wage that meets basic expenses such as food, clothing and housing.

Research by the National Education Association tells us that 27% of education support professionals earn less than the proposed \$10.10 per hour, and we know that educators deal with the effects of poverty on their students every day. Students are still coming to school hungry. Most of our students' parents are unable to attend meetings because they are forced to work multiple jobs just to put food on the table. Many education support professionals at our schools are being forced to jump ship for more lucrative jobs.

HSTA believes that the proposed bill will improve the economic viability for current minimum wage workers by giving workers some fiscal stability.

We look to the legislative body to find ways for job creation, hubs of innovation and economic development.

Thank you for the opportunity to testify in **strong support of H.B. 2580.**



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Seventh Legislature, State of Hawaii  
House of Representatives  
Committee on Finance

Testimony by  
Hawaii Government Employees Association  
February 25, 2014

H.B. 2580 – RELATING TO MINIMUM WAGE

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 2580, which increases the minimum wage rate over three years, beginning with an increase to \$8.00 per hour effective January 1, 2015, \$8.75 per hour effective January 1, 2016, and \$9.50 per hour effective January 1, 2017, while also repealing the tip credit and authorizes the Department of Labor and Industrial Relations to adjust the minimum hourly wage to the nearest cent based on the Honolulu region consumer price index. However, we prefer the incremental increases as delineated in S.B. 2609, where the minimum wage will be \$10.10 per hour in 2017.

The current minimum wage is \$7.25 per hour and has not changed since January 1, 2007, which equates to 8 years of salary stagnation for minimum wage employees. An increase to the minimum wage, in conjunction with repealing the tip credit, will directly benefit those who need it the most – the working class. The gradual increases over three years contained in H.B. 2580 will help spur Hawaii's economic recovery by increasing a minimum wage earner's purchasing power and thus generating much needed consumer spending, however, more relief is necessary and we support an increase to \$10.10 per hour by 2017.

We support passage of the measure and respectfully request the wage increases reflect those contained in S.B. 2609. Thank you for the opportunity to testify in strong support of H.B. 2580.

Respectfully submitted,

Randy Perreira  
Executive Director



HAWAII  
STATE  
COMMISSION  
ON THE  
STATUS  
OF  
WOMEN



Chair  
LESLIE WILKINS

COMMISSIONERS:

ELENA CABATU  
CARMILLE LIM  
AMY MONK  
LISA ELLEN SMITH  
MARILYN LEE  
JUDY KERN

Executive Director  
Catherine Betts, JD

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Honolulu, HI 96813  
Phone: 808-586-5758  
FAX: 808-586-5756

February 25, 2014

To: Representative Sylvia Luke, Chair  
Representative Scott Nishimoto, Vice Chair  
Representative Aaron Ling Johanson, Vice Chair  
Members of the House Committee on Finance

From: Cathy Betts, Executive Director, Hawaii State Commission on the Status of Women

Re: Testimony in Strong Support, HB 2580-Relating to the Minimum Wage

On behalf of the Hawaii State Commission on the Status of Women, I would like to thank the Committee for the opportunity to testify in support of an increase in the minimum wage. The Commission strongly supports an increase in the minimum wage, linked to the CPI, and a freeze or complete repeal of the tip credit (which should be seen as it truly is—a tip deduction).

Current Minimum Wage and Subsidization of the Minimum Wage

Hawaii's minimum wage has been stuck at \$7.25 per hour since 2007, while the cost of the living and basic expenses (food, housing, utilities, gasoline and childcare) have drastically risen. Average weekly earnings for non minimum wage earners have increased 16% since 2007, while there has been a 0% increase for minimum wage earners.<sup>1</sup> If the minimum wage had kept pace with inflation since 1968, the minimum wage would be over \$10.70 per hour today.<sup>2</sup>

In Hawaii, this translates to a growing sector of our working population becoming reliant on state and/or federal benefits. Currently, 1 in 5 minimum wage earners receive Supplemental Nutrition Assistance Program (SNAP, i.e. "food stamps") benefits. 1 in 5 minimum wage workers has someone in the family reliant on Medicaid. Additionally, 1 in 5 minimum wage workers has at least one child that receives free or reduced price school meals.<sup>3</sup> Currently, 22,000 of Hawaii's children under six live in low income working families.<sup>4</sup> Hawaii's poverty rate of 17.3% makes Hawaii the 9<sup>th</sup> poorest in the nation.<sup>5</sup>

How the Minimum Wage Affects Women

A woman working full time, year round at the minimum wage level of \$7.25 per hour earns nearly \$4000.00 below the poverty level for a family of three.<sup>6</sup> Most female minimum wage earners are the sole breadwinners for their families, which means more women live below the poverty level and are more reliant on state and federal benefits in order to do essential things, like pay their rent and feed their children.<sup>7</sup> Increasing the minimum wage to **\$10.10** per hour boosts annual earnings and **is enough to pull a family of three out of poverty.**<sup>8</sup>

The majority of women working in minimum wage jobs are tipped workers. The restaurant industry has one of the highest concentrations of workers (39%) earning at or below the minimum wage.<sup>9</sup> Restaurant servers, the largest group of tipped workers, experience poverty at nearly three times the rate of the workforce as a whole. Of these servers, 71% are women.<sup>10</sup> A female restaurant worker is paid just 79% of what her male counterpart earns. The tip credit exacerbates the hardship of gendered disparities in earnings. In this way, pay inequity stifles the economy, exacerbates poverty and forces more women onto government assistance. The sad irony is that a majority of the women serving food cannot even afford to eat or feed their children.

Increasing the minimum wage has been identified as one of the most important ways we can alleviate the wage gap between men and women. Over a 40 year working career, the average woman is paid \$413,000.00 less than her male counterparts, with the same education, performing the same work. Nationally, that means the United States loses out on close to 477 billion dollars because of the wage gap. Increasing the minimum wage raises the floor so that women can earn more, thereby decreasing the wage gap.

Finally, the Commission supports a repeal of the tip credit. At the very least, we support no increase to the tip credit, which should be seen as it truly is: a tip deduction. Tips rightfully belong to the employee performing a service for the tip. While a few employers of tipped workers will argue otherwise, the majority of tipped workers in Hawaii are not becoming wealthy off of their tips. Their tips are hard earned, paid by customers to the employee for a very specific service performed, and help to subsidize their low minimum wage.

Increasing wages to our lowest paid workers directly leads to lower turnover and encourages employers to invest in their workers.<sup>11</sup> Raising the minimum wage has the ability to promote our economic recovery by raising income for Hawaii's workforce and thereby lifting families out of poverty and toward financial security.<sup>12</sup> The Commission strongly supports an increase in the minimum wage. Thank you for this opportunity to testify.

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<sup>1</sup> Research and Statistics Office, Department of Labor and Industrial Relations (DLIR).

<sup>2</sup> Julie Vogtman and Katherine Gallagher Robbins, National Women's Law Center, *Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage*, September 2013.

<sup>3</sup> Bureau of Statistics from U.S. Census Bureau, Current Population Survey, Hawaii Data (2012).

<sup>4</sup> The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit, *American Economic Review* (2012).

<sup>5</sup> Bureau of Statistics from U.S. Census Bureau, Current Population Survey, Hawaii Data (2012).

<sup>6</sup> Julie Vogtman and Katherine Gallagher Robbins, National Women's Law Center, *Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage*, September 2013.

<sup>7</sup> Id.

<sup>8</sup> Id.

<sup>9</sup> The Restaurant Opportunities Centers United, *Tipped Over the Edge: Gender Inequity in the Restaurant Industry I* (2012).

<sup>10</sup> Bureau of Statistics from U.S. Census Bureau, 2006-2012 American Community Survey, calculated by Restaurant Opportunities Centers United.

<sup>11</sup> T. William Lester, David Madland and Nick Bunker, Ctr. For American Progress, *An Increased Minimum Wage is Good Policy Even During Hard Times* (June 2011).

<sup>12</sup> Research and Statistics Office, DLIR.



**Executive Officers:**  
Stanley Brown, ConAgra Foods - Chairperson  
John Schilf, RSM Hawaii - Vice Chair  
Derek Kurisu, KTA Superstores - Treasurer  
Lisa DeCoito, Aloha Petroleum - Secretary  
Lauren Zirbel, Executive Director

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1050 Bishop St. PMB 235  
Honolulu, HI 96813  
Fax : 808-791-0702  
Telephone : 808-533-1292

TO:  
HOUSE COMMITTEE ON FINANCE  
Rep. Luke, Chair  
Rep. Nishimoto and Rep. Johanson, Vice Chairs

FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: February 25, 2014  
TIME: 2pm  
PLACE: Conference Room 308

RE: HB 2580

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers and distributors of food and beverage related products in the State of Hawaii.

This bill contains elements which could put many retailers out of business; cost jobs for workers here in Hawaii; and dramatically increase the price of food for everyone.

Increasing the minimum wage by so much so quickly makes it almost impossible for food retailers to budget these new wages for their businesses.

Tying minimum wage to the unpredictable price index means that it would be impossible for business owners and managers to create budgets in advance. For many businesses this could mean it is impossible to do business at all.

Hawaii has one of the lowest unemployment rates in the nation. Economists uniformly agree that most employees earn far more than the minimum wage; and that a minimum wage increase actually causes a reduction in the number of entry-level jobs because of the increased cost to employers to maintain such jobs. The real cost to business includes all of the other employee benefits and taxes that are tied to the employee wages. Those include, social security tax, unemployment tax and workers compensation premiums. These increase the cost of employing workers, which reduces the number of available jobs. Increasing the minimum wage will require employers to pay additional costs after adding the additional taxes of FICA, Medicare and FUTA. The end result of this is that businesses will have to get rid of employees in order to stay open.

The recent report by the Congressional Budget Office concurs that increasing minimum wage will cost jobs and

increase inflation, and also notes that the benefits of the increase will not go exclusively or even primarily to low income families.

If this measure is passed it will not only have negative consequences for the businesses that have to shut down, and the employees who can't afford to be kept on the payroll; this will affect food prices for all residents of Hawaii. Such a dramatic increase in labor costs will create inflation and will inevitably drive up the cost of food.

Due to the fact that we live in an isolated island state with extremely expensive labor and healthcare regulations we already pay high prices for food and other goods. Some of these food cost factors are unavoidable, but arbitrarily skyrocketing the cost of labor is something that can be avoided. Making it so much more expensive to do business is a cost that will ultimately be borne by the consumers.

Due to the highly competitive nature of the food industry, food retailers operate at a profit margin of around 1 percent. These retailers are valuable parts of our communities and our economy and are not in a position to shoulder drastic and unpredictable increases. If you are intent on passing this bill please lower the increase per year to no more than 25 cents a year over three years and do not tie the minimum wage to CPI.

If enacted in its current form this bill 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. Arbitrarily raising the minimum wage will hurt businesses in Hawaii at a time when we should be looking to grow our economy, support local businesses, keep our unemployment rate low, and keep food costs down.

On behalf of our members we strongly encourage you to vote no on this measures.

Thank you for the opportunity to testify.





# HAWAII STATE AFL-CIO

320 Ward Avenue, Suite 209 • Honolulu, Hawaii 96814

Randy Perreira  
President

The Twenty-Seventh Legislature, State of Hawaii  
House of Representatives  
Committee on Finance

Telephone: (808) 597-1441  
Fax: (808) 593-2149

Testimony by  
Hawaii State AFL-CIO  
February 25, 2013

## H.B. 2580 – RELATING TO LABOR

The Hawaii State AFL-CIO strongly supports H.B. 2580 which annually increases the minimum wage starting 1/1/15 to 1/1/17 and on 9/30/17 and thereafter requires the DLIR to adjust the minimum hourly wage in accordance with the Honolulu region consumer price index and deletes the tip credit. The Hawaii State AFL-CIO greatly appreciates the repeal of the tip credit; however, we would prefer the minimum wage to go to at least \$10.10 an hour.

Hawaii's cost of living is the highest in the nation; however, Hawaii's minimum wage is still equal to the federal minimum wage of \$7.25 an hour. In fact, the last time Hawaii raised the minimum wage was six years ago in 2007 and if Hawaii's minimum wage had been indexed to the Consumer Price Index(CPI) the minimum wage in 2013 would have been \$8.68 and hour. Even states with a lower cost of living have increased their minimum wage while Hawaii has sat back. States such as California, Washington, Illinois, Oregon, and even Nevada all have a higher minimum wage than Hawaii. In fact, 21 states and the District of Columbia have a higher minimum wage than Hawaii and all of them have a lower cost of living. Additionally, Santa Fe has raised its minimum wage to \$10.51 an hour, and San Francisco has raised its minimum wage to \$10.74 an hour becoming the two highest mandatory minimum wages in the country. Even with the higher minimum wages, a number of studies have indicated San Francisco and Santa Fe's minimum wage hasn't had a negative affect on vital components of their economy, such as job creation and unemployment.

It should also be noted that thirteen states, some of them conservative have increased their minimum wage this year. The thirteen states that saw an increase to their minimum wage include Washington, Oregon, Arizona, Montana, Colorado, Florida, Missouri, Ohio, New York, Rhode Island, Connecticut, New Jersey and Vermont. Even Mayor Bloomberg of New York endorsed New York's minimum wage increase above the federal level of \$7.25 an hour proclaiming "the genius of the free market is not always perfect."

Moreover, the poverty line for a family of two in Hawaii as of 2012, is \$17,410 and is increased to \$21,960 for a family of three. A full-time minimum wage worker in Hawaii who works 40 hours a week for 52 weeks would earn \$58.00 a day, \$290.00 a week, and a disturbingly low \$15,080.00 a year. This, unfortunately for a family of two or more, is well below the poverty level. The truth is, over 17 percent or nearly 229,000 Hawaii residents live in poverty when calculating cost of living and regrettably, according to the National Low Income Housing Coalition, in no state can a minimum wage worker afford a two-bedroom unit at Fair Market Rent, working a standard 40 hour work week. In Hawaii, a minimum wage worker would need to work 175 hours a week to afford rent.

According to a report by the National Economic Council in 2000, increasing the minimum wage does not have a negative effect on employment. The National Economic Council states, "since the (national) minimum wage increase in 1966, the economy has created more than 10 million jobs and the unemployment rate has fallen from 5.2 percent in September 1996 to 4.1 percent in February



2000, near its lowest level in thirty years. Labor market trends for workers most affected by the minimum wage increase-including younger workers, workers with lower educational levels, and minorities-also show no negative impact of the minimum wage on employment. Numerous careful economic studies, including ones by David Card and Alan Krueger, have shown that increasing the minimum wage has no negative effect on employment. Recent research has even suggested that higher wages can increase employment, because they increase employers' ability to attract, retain, and motivate workers. And they benefits workers by increasing the reward to work."

Furthermore, a more recent study conducted in 2010 by University of California, Berkeley, economics professor Michael Reich also concludes that the minimum wage does not lead to the short-or long-term loss of low-paying jobs. Professor Michael Reich proclaims "although increasing the minimum wage can stimulate the economy by putting more money in the pockets of those most likely to spend it on necessities, he said, suggestions to raise minimum wages typically trigger fears. These fears center around the idea that raising the minimum wage would force many employers to reduce job offerings to meet a more expensive payroll, or that a "tipping point" where the minimum wage becomes too high has already been reached."

In fact, some economists such as Paul Osterman, an economics professor at MIT maintain raising the minimum wage to get more cash to the working poor is just as crucial as creating a large number of low-wage positions. He asserts "gradually raising the federal minimum wage to something close to that level (\$10 an hour) over the next few years would be an important first step to helping the working poor climb out of poverty, while injecting more money into the economy." Further, 75 leading economists including 7 Nobel laureates support the idea of raising the federal minimum wage to \$10.10 an hour. They proclaimed, "The vast majority of employees who would benefit are adults in working families, disproportionately women, who work at least 20 hours a week and depend on these earnings to make ends meet." The leading economists also went on to say "At a time when persistent high unemployment is putting enormous downward pressure on wages, such a minimum-wage increase would provide a much-needed boost to the earnings of low-wage workers and research suggests that a minimum-wage increase could have a small stimulative effect on the economy as low-wage workers spend their additional earnings, raising demand and job growth, and providing some help on the jobs front."

We hope the legislature recognizes the importance of raising the minimum wage and appreciate the repeal of the tip credit in H.B. 2580. Tipped workers should not have to rely on inconsistent and voluntary wages to survive. Most tipped workers earn below \$10.00 an hour; a wage that is very difficult and challenging to live on in Hawaii. Passage of H.B. 2580 with a minimum wage of \$10.10 an hour or more is a step in the right direction to reducing poverty and inequality in Hawaii.

Thank you for the opportunity to testify.

Respectfully submitted,  
  
Randy Perreira  
President

To: Representative Sylvia Luke, Chair  
and Members of the House Finance Committee

From: Rev. Bob Nakata, Social Justice Advocate

Hearing: House Committee on Finance  
Tuesday, February 25, 2014, 2:00 pm  
Room 308, State Capitol  
**Testimony in Support of HB 2580 Relating to Labor**

Thank you for this opportunity to speak in strong support of HB 2580 to raise the minimum wage. I am Rev. Bob Nakata, a social justice advocate for over 40 years, with many different organizations over the years.

The minimum wage for Hawaii is \$7.25 an hour or \$7.00 an hour for tipped workers because of the tip credit, which is 25 cents. What is a tip credit? That's the amount that employers can DEDUCT from a tipped employee's wage, just because of tips earned. The tip credit amounts to a legally allowed subsidy from the employee to the employer!

The Legislature is now debating whether to increase the minimum wage to as much as \$10.10 an hour. But the sticking point seems to be the tip credit. While the legislators seem committed to increasing the minimum wage, many of them believe the tip credit should also be increased. They want to be "fair" – but fair to whom?

Tipped employees, mostly servers in restaurants, on average earn about \$10.00 an hour with wages and tips included. That's about \$20,000 a year if the employee works full-time, although most servers don't. Even accounting servers at higher-end restaurants, the range for tipped employees may be upwards of \$40,000 to \$50,000 a year based on Chamber of Commerce Testimony on these bills – hardly making the employee "rich." At best, these servers are considered part of the middle class, earning a decent living to support themselves and their families so they need not rely on government support. Indeed, those at the lower end of the wage and tip scale are likely receiving food stamps, Medicaid, and free and reduced school lunch for their kids.

In fact, the average median income (AMI) used as a threshold for affordable housing is \$82,600 according to the Federal Department of Housing and Urban Development. Low income in affordable housing circles is 60 percent of AMI, which calculates to about \$50,000. So a few servers, who some employers consider "highly compensated" with an annual income of \$50,000, could actually qualify for affordable low income rental housing!

It's no wonder that many people who have jobs are homeless. Their earnings, some at minimum wage, just cannot keep pace with the rising cost of living in Hawaii.

In testimony at legislative hearings, the chair of the Hawaii Democratic Party expressed embarrassment that the minimum wage was not raised last year, even with Democrats in control of both houses of the Legislature. Let's not have the same thing happen again this year. S.B. 2609 and H.B. 2580 both call for increasing the minimum wage, linking future increases to the Consumer Price Index, and eliminating the tip credit entirely. Some threaten that increasing the minimum wage will kill jobs, but the facts show otherwise. Following the last four increases in the minimum wage, Hawaii's job count increased, not decreased.

In a proposed deal to reach agreement on a bill a tip credit of 75 cents was floated, three times or 300 percent of the current 25 cents tip credit. Minimum wage increase to \$10.00 is only a 40 percent increase. So proposals to help lift people out of poverty would have far greater benefit for high-end food and beverage establishments. The amount that the employer could take from the tipped employee would increase from \$500 to \$1,500. That is based on a 40 hour work week for 52 weeks a year. The tipped employee would end up having three times more money taken by the employer.

I urge passage of HB 2580 with an amendment to increase the minimum wage to \$10.10.



House of Representatives  
Twenty-Seventh Legislature, 2014  
State of Hawai'i

TO: Honorable Sylvia Luke, Chair  
Honorable Scott Y. Nishimoto, Vice Chair  
Honorable Aaron Ling Johanson, Vice Chair  
Members of the Committee on Finance

DATE: Tuesday, February 25, 2014  
TIME: 2:00 p.m.  
PLACE: Conference Room 308  
Hawai'i State Capitol  
415 South Beretania Street  
Honolulu, Hawai'i 96813

FROM: National Federation of Independent Business (NFIB) Hawai'i

**RE: HOUSE BILL 2580, RELATING TO LABOR**

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and members of the Committee,

Thank you for the opportunity to testify in opposition of HB 2580. NFIB Hawai'i respectfully **opposes** this measure.

Mandatory wage increases hurt not only small businesses, but their employees as well. Most minimum-wage jobs are offered by small businesses. The overwhelming majority of economists continue to affirm the negative impact of mandatory wage increases on jobs. Mandatory minimum-wage increases end up reducing employment levels for those people with the lowest skills.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents more than 1,000 members. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business in America. NFIB also provides timely information designed to help small businesses succeed.



National Association of Social Workers Hawai'i Chapter

January 27, 2014

TO: Senator Clayton Hee, Chair Senate Committee on Judiciary and Labor  
Senator Maile S.L. Shimabukuro, Vice Chair  
and Committee Members

February 26, 2014 at 2:00 p.m. Conference Room 308

FROM: Marty Oliphant, Executive Director  
National Association of Social Workers, Hawaii Chapter

RE: HB 2580 Relating to Labor - **SUPPORT**

Representative Sylvia Luke Chair, Representative Scott Y. Nishimoto Vice Chair, and Representative Aaron Ling Johanson Vice Chair, and members of the House Committee Finance, my name is Marty Oliphant. I serve as the Executive Director of the National Association of Social Workers, Hawai'i Chapter (NASW). NASW strongly supports HB 2580 Relating to Labor.

We want to thank you for your consideration regarding this important and long overdue measure. Increasing the minimum wage has not been a reality since 2007. Hawai'i is the most expensive state to live in, yet 21 states and the District of Columbia have a higher minimum wage. Critical workers that make minimum wage are falling further behind in making ends meet which causes financial binds for individuals and families. These binds have created a heavy reliance on government subsidies. According to Research and Statistics Office, Department of Labor and Industrial Relations, 1 in 5 minimum wage earners use such programs as Supplemental Nutrition Assistance Program (SNAP), Medicaid, and Department of Education free or reduced price school lunches.

We would advocate for the immediate increase of the minimum wage to \$10.10. However, the progressiveness of the increase of the minimum wage, as detailed in this measure, does allow for businesses (including small businesses) the opportunity to address the growing need for the increase overtime. To summarize simply, we quote the measure itself, "The purpose of this ACT is to give Hawai'i workers a higher wage that recognizes the increases in the cost of living and enables them to build a better life" (pg. 4).

The increase may contribute to better outcomes for children and families

I urge your favorable consideration of HB 2580.





February 25, 2014

TO: Representative Sylvia Luke, Chair  
Representative Scott Nishimoto, Vice Chair  
Representative Aaron Ling Johanson, Vice Chair and  
Members of the Committee on Finance

FROM: Jeanne Y. Ohta, Co-Chair

RE: HB 2580 Relating to Labor  
Hearing: Tuesday, February 25, 2014, 2:00 p.m., Room 308

POSITION: SUPPORT

The Hawai'i State Democratic Women's Caucus writes in support of HB 2580 Relating to Labor which proposes annual increases in the minimum wage from January 2015 to January 2017; on September 30, 2017 and thereafter requires DLIR to adjust the minimum hourly wage in accordance with the Honolulu region consumer price index; the measure also deletes the tip credit.

The minimum wage in Hawai'i has not been increased in almost 8 years. Hawai'i is the most expensive state to live in, yet 21 states and the District of Columbia have higher minimum wages. Hawai'i also has a higher cost of living, which makes it even more difficult for minimum wage workers to make ends meet and to support themselves and their families.

Raising the minimum wage is important to our families because 20% or 22,000 of Hawai'i's children under six live in low-income working families. Many claim that minimum wage earners are teenagers working for the summer or at part-time jobs; however, 85% of minimum wage earners are 21 and older and 84% of minimum wage earners work more than 20 hours a week and 30% work 35 or more hours a week.<sup>1</sup>

Increasing the minimum wage is especially important for women, LGBT workers, and immigrants, who are more likely to be low-wage earners.<sup>2</sup>

We strongly support the elimination of the tip credit. Restaurant servers, the largest group of tipped workers, experience poverty at nearly three times the rate of the workforce as a whole, and 70% of servers are women;<sup>3</sup> 52% of non-tipped workers are men.<sup>4</sup> Employers should simply not be allowed to pay sub-minimum wages.

During the time that minimum wage earners have not seen a raise in their wages, the median pay of a CEO at a company in the Standard & Poor's 500-stock index rose by nearly 20 percent from 2011 to 2012, according to a report by the research firm GMI Ratings.

We urge the committee to pass this important measure so that workers may earn a fairer wage and they may be able to better provide for themselves and their families.

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<sup>1</sup> U.S. Census Bureau, 2008-2012 American Community Survey

<sup>2</sup> U.S. Census Bureau, 2008-2012 American Community Survey

<sup>3</sup> Bureau of Labor Statistics (BLS), U.S. DOL, from the Current Population Survey by the U.S. Census Bureau

<sup>4</sup> Restaurant Opportunities Centers United, February 2012.



National Association of Social Workers Hawai'i Chapter

February 24, 2014

TO: Representative Sylvia Luke, Chair House Committee on Finance  
Representative Scott Y. Nishimoto, Vice Chair,  
Representative Aaron Ling Johanson  
and Committee Members

February 25, 2014 at 2:00 p.m. Conference Room 308

FROM: Marty Oliphant, Executive Director  
National Association of Social Workers, Hawaii Chapter

RE: HB 2580 Relating to Labor - **SUPPORT**

Representative Sylvia Luke Chair, Representative Scott Y. Nishimoto Vice Chair, and Representative Aaron Ling Johanson Vice Chair, and members of the House Committee Finance, my name is Marty Oliphant. I serve as the Executive Director of the National Association of Social Workers, Hawai'i Chapter (NASW). NASW strongly supports HB 2580 Relating to Labor.

We want to thank you for your consideration regarding this important and long overdue measure. Increasing the minimum wage has not been a reality since 2007. Hawai'i is the most expensive state to live in, yet 21 states and the District of Columbia have a higher minimum wage. Critical workers that make minimum wage are falling further behind in making ends meet which causes financial binds for individuals and families. These binds have created a heavy reliance on government subsidies. According to Research and Statistics Office, Department of Labor and Industrial Relations, 1 in 5 minimum wage earners use such programs as Supplemental Nutrition Assistance Program (SNAP), Medicaid, and Department of Education free or reduced price school lunches.

We would advocate for the immediate increase of the minimum wage to \$10.10. However, the progressiveness of the increase of the minimum wage, as detailed in this measure, does allow for businesses (including small businesses) the opportunity to address the growing need for the increase overtime. To summarize simply, we quote the measure itself, "The purpose of this ACT is to give Hawai'i workers a higher wage that recognizes the increases in the cost of living and enables them to build a better life" (pg. 4).

The increase may contribute to better outcomes for children and families

I urge your favorable consideration of HB 2580.

(808) 521-1787 • FAX: (808) 628-6990 • [info@naswhi.org](mailto:info@naswhi.org) • [www.naswhi.org](http://www.naswhi.org)



Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair  
Representative Aaron Ling Johanson, Vice Chair  
Committee on Finance

Lane T. Muraoka, Owner  
Big City Restaurants, Inc.  
94-800 Ukee Street, Suite 305  
Waipahu, HI 96797  
Ph # (808)678-3895

Tuesday, February 25, 2014

In opposition to H.B. No. 2580, HSCR439-14, Relating to Labor

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and members of the House Committee on Finance, I would like to thank you for the opportunity to testify on House Bill 2580. My name is Lane Muraoka and I am owner of Big City Restaurants. We currently have 5 restaurants on Oahu. We operate our restaurants as "old style Hawaii diners" that take pride in service, quality food and value. We are here today as House Bill 2580, as written today, threatens all three of the areas we take pride in and in many cases our very existence.

The strongest points regarding raising the minimum wage have already been made by the non-partisan Congressional Budget Office. While nationally, 900,000 people might be lifted out of poverty, businesses like mine will have to compensate and it will result in a loss of 500,000 jobs nationally. Big City Diner would not be an exception. Our community outreach would be severely impacted, both with charitable giving as well as our ability to hire second chance and National Guardsmen.

Our Human Resources and Accounting departments have put together a projection as to what the financial impact will be to our restaurants will be under the current bill. As of 2017 we will be faced with an additional \$635,257 (\$127,051 per restaurant) in annual labor cost. Add in the increase in utilities, meat prices, beverage prices and insurance (medical & dental) and you'll see why we can't have this bill pass. Increases of this magnitude will lead to two things happening. First, our prices will

increase, which ultimately leads to a decrease in customers and a decrease in revenue. Secondly we will have to decrease our staff size.

Many people testifying on behalf of this bill says it won't have a major impact and that we will be able to absorb the increases. I ask you to do some basic math. Currently, labor accounts for 35% of every dollar, the cost of goods sold currently runs about 35% (higher in higher priced restaurants), and other expenses (utilities, insurance, rent and others) run about 29% to 32%. If you do the math, you will see a basic restaurant functions between a 1% profits to 2% loss. This doesn't even include a reinvestment into assets. Now let us add in the \$637,257 increase in labor cost. WHERE DO WE GO FROM HERE? Any attempt to raise prices to absorb this type of increase will be countered by a loss of revenues. Our customers will lose trust in us.

There are numerous points than can be and should be made about the impacts of this bill. There are also many comments that need to be made of the testimony given to the Labor Committee on behalf of this bill. For the sake of expediency, I will only list a few:

- 1) Minimum wage positions are designed and meant to be entrance level jobs for individuals with little or no work experience and/or education. Employers, like Big City Diners, spend an extraordinary amount of money training these individuals to move up in the workforce. We receive no compensation for doing this, and our reward is that quality employee's move on to other companies. Raising the minimum wage to the proposed levels with force us to only bring in qualified staffing. We will not be able to afford the start-up expense for individuals.
- 2) Big City Diner strongly supports our military and their families, National Guard employees and second chance employees. We recently signed agreement to work with an organization to give National Guard employees a chance at employment. Their need for additional time off for maneuvers is costly. We proudly work with them. These areas may be impacted indirectly by passing of this bill. Who will help these groups?
- 3) Big City Diner, as many of our competitors works with non-profits through fund raising and outright contribution of products. How will we be able to continue this? Remember, tax breaks for donations won't help when you are losing money.
- 4) We must keep in mind minimum wage positions are the base positions in most organizations. Contrary to other testimony, when you increase the base pay, you are not just impacting the small percentage of employees in these positions. The Increase will cause a ripple effect through the entire rate structure of an organization. When this rate increase is passed, every Union in the State of Hawaii will be asking for a rate adjustment on the entire pay structure. If this happens, many small businesses in our State will have absolutely no chance of surviving. If they don't comply, the will lose staff and be labeled as unfair to labor.



- 5) Tip credits are in place to help prevent a distortion in an employer's rate structure. Rate structures are created to help reward employees with work experience and/or education. While most tip employees are paid at the minimum wage level, their overall compensation is much higher. Tips more than double and in many cases triples their base pay. The average tip classified employee with Big City Dine will make close to \$21.10 per hour. At this pay level, they are getting paid more than other individuals with more experience. Some individuals say they earned it! Keep in mind when a guest leaves a good tip, it is to reward and all around quality experience. This includes cooks, food prep dishwashers, etc. The tip credit has increased \$.25 over the same period the minimum wage has increased \$5.65. Increasing the minimum wage without increasing the tip credit just encourages unfair pay practices. Isn't this what we are trying to fix?
  
- 6) Lastly, we can't dismiss the projections coming out of the Congressional Budget Office which states that while we may pull 900,000 out of the poverty level, we will most likely put 500,000 employees out of work.

In conclusion, based on the above mentioned items, I must oppose the passing of House Bill No. 2580. I look forward to working with you to help develop a bill that will address the needs of all parties.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read 'Lane T. Muraoka', with a stylized flourish extending to the right.

Lane T. Muraoka  
Owner  
Big City Restaurants, Inc.



HOUSE OF REPRESENTATIVES  
THE TWENTY-SEVENTH LEGISLATURE  
REGULAR SESSION OF 2014

COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair

2/25/14  
Rm. 308, 2:00 PM

HB 2580  
Relating to Labor

Chair Luke and Members of this Committee, my name is Max Sword, here on behalf of Outrigger Hotels Hawaii, to offer comments on HB 2580.

While employees at Outrigger Hotels for the most part make above the minimum wage, we do have a large number of tenants, big and small that the increase in minimum wages will certainly affect. While we understand the need to raise the minimum wage, we would recommend that when increased, that the increase be faded in over a period of time, maybe over a 3, 4 or 5 year period.

We would also like to see the tax tip credit be increased as well, since it has not been increased for over 20 years.

Finally, we believe that the automatic increases based on the Consumer Price Index, is not a very good idea. In the past, the increases, authorized by the Legislature were done after input from everyone and based on economic conditions. When it was last raised in the mid 90s, we were doing great economically. If the minimum wage increase were based on the CPI in the late 90s, when we were in the doldrums economically, it would have put an even heavier burden on businesses.

Mahalo for allowing use to testify and commenting.

**finance8-Danyl**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 23, 2014 4:30 PM  
**To:** FINTestimony  
**Cc:** Lardizabal@local368.org  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM  
**Attachments:** Mi imum wage.wps

**HB2580**

Submitted on: 2/23/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Al Lardizabal	Laborers Union Local 368	Support	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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# HAWAII RESTAURANT ASSOCIATION

2909 Waialae Avenue #22  
Honolulu, Hawaii 96826  
www.hawaiirestaurant.org

Phone: (808) 944-9105  
Fax/Toll Free: (877) 494-3245  
Info@HawaiiRestaurant.org

**DATE:** February 24, 2014  
**FROM:** Roger Morey, Executive Director  
**RE:** HB2580, relating to minimum wage

The Hawaii Restaurant Association opposes an increase to the minimum wage as proposed. Here's why:

1. The vast majority of restaurant industry employees earn more than the minimum wage. Only 5% of restaurant workers make the federal minimum wage, nearly half of whom are teenagers, and most are working part-time.
2. The average household income for restaurant employees that earn the federal minimum wage is more than \$62,507; however, only 1 out of 4 minimum wage restaurant workers are considered heads of their house. By far the majority of restaurant workers are teenagers or working part-time.
3. 1 in 3 Americans started their working career in the restaurant industry. Efforts to devalue or portray these jobs as inferior only hurt workers and feed a stereotype. In reality, restaurant jobs provide valuable skills training to inexperienced workers and offer opportunities for workers to advance their careers.
4. 78% of quick service chain restaurants are owned by franchisees, not by the brand. And overall, more than 90% of all restaurants are owned and operated by small business owners, who play a critical role in the success of the Hawaii economy and would be affected most by an increase in the minimum wage.
5. Right now, restaurateurs are facing high operating costs in the form of high food prices and significant increases in health care expenses. With razor-thin profit margins - just 4% to 6% - raising the minimum wage would encourage companies to freeze hiring and even cut jobs. This will have a greater impact on low-skilled and entry-level positions where unemployment rates are the highest.
6. An inordinate increases in the minimum wage means fewer employees and increased mechanization (eliminating even more employees)

While a moderate increase in the minimum wage, with a commensurate increase in the tip credit might be amenable, it would be unfair to base future increases on the Consumer Price

Index, a measure beyond the control of the legislature (and additionally, does not provide for decreases in the CPI).

Future changes to the minimum wage should not be left to the vagaries of shoppers, but to the legislature. The CPI does not take into account the spending patterns of people living in rural nonmetropolitan areas, farm families, or people in the Armed Forces. Hawaii has one metropolitan area: Honolulu country. That means none of the residents of the neighbor islands, nor do military personnel have any impact on the CPI.

Please reconsider the provisions of any bill related to a change in the minimum wage.

Respectfully submitted,

A handwritten signature in black ink that reads "Roger Moray". The signature is written in a cursive style with a large, prominent initial "R".



**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 24, 2014 1:40 PM  
**To:** FINTestimony  
**Cc:** kimharman@facehawaii.org  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kim Harman	Faith Action for Community Equity	Support	Yes

Comments: On behalf of FACE Maui, I offer our full support for this measure: Raising the minimum wage to \$10.10, eliminating the tip credit and regularly adjusting the minimum wage to reflect changes in the CPI.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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*Lesbian, Gay, Bisexual, and Transgender Workers and Allies*

February 25, 2014

House Committee on Finance

Rep. Sylvia Luke, Chair

Rep. Scott Y. Nishimoto and Rep. Aaron Johanson, Vice Chairs

### **Testimony in strong support of HB2580, amended to at least \$10.10**

Pride At Work Hawai'i, which advocates for full equality and inclusiveness for lesbian, gay, bisexual, transgender, intersex, and queer workers and our families, strongly supports increasing Hawai'i's minimum wage to \$10.10/hour by 2017, repealing the tip credit, and pegging future increases to the cost of living.

Raising the minimum wage will promote Hawai'i's economic recovery and help lift our families out of poverty and toward financial security, create economic opportunity and improve stability for all of our workers. Increasing the minimum wage is especially important for women, LGBT workers, and immigrants, who are more likely to be low-wage earners.

Minimum wage workers are critical to our economy, but are falling further and further behind in their ability to make ends meet. Hawai'i's minimum wage earners are going into their 8th year without a raise while average weekly earnings have increased by 16%. 85% of minimum wage earners are 21 and older, 84% of minimum wage earners work 20 or more hours a week, and 30% work more than 35 hours a week. If the minimum wage is increased to \$10.10 per hour, as proposed in this bill, it would be enough to pull a family of three out of poverty. It's long past time for a substantial minimum wage increase.

We also strongly support repealing the tip credit. The minimum wage is supposed to be an actual minimum, not a way for employers to get around paying the minimum wage. The average tipped worker earns just \$9.87 per hour, and tipped workers are more likely to live under the federal poverty guidelines. Restaurant servers, the largest group of tipped workers, experience poverty at nearly three times the rate of the workforce as a whole. As a result, 7 states allow no tip credit at all. It's time Hawai'i stop selling out tipped workers by getting rid of the tip credit.

Future increases should also be automatically pegged to be no less than the cost of living. Low wage workers need to know that their earning power will not decrease based on politics.

Thank you for the opportunity to testify in support of HB2580, with the minimum wage increase amended to at least \$10.10.

*PRIDE AT WORK HAWAII'I advocates for full equality and inclusiveness - in our workplaces and our unions - for LGBT workers and our families, and builds solidarity between the Labor movement and the LGBT community.*

PO Box 22416 Honolulu, HI 96822 (808) 543-6054 prideatworkhi@gmail.com www.prideatworkhawaii.org

To: Representative Sylvia Luke, Chair  
and Members of the House Finance Committee

From: Rev. Bob Nakata, Social Justice Advocate

Hearing: House Committee on Finance  
Tuesday, February 25, 2014, 2:00 pm  
Room 308, State Capitol

**Testimony in Support of HB 2580 Relating to Labor**

Thank you for this opportunity to speak in strong support of HB 2580 to raise the minimum wage. I am Rev. Bob Nakata, a social justice advocate for over 40 years, with many different organizations over the years.

The minimum wage for Hawaii is \$7.25 an hour or \$7.00 an hour for tipped workers because of the tip credit, which is 25 cents. What is a tip credit? That's the amount that employers can DEDUCT from a tipped employee's wage, just because of tips earned. The tip credit amounts to a legally allowed subsidy from the employee to the employer!

The Legislature is now debating whether to increase the minimum wage to as much as \$10.10 an hour. But the sticking point seems to be the tip credit. While the legislators seem committed to increasing the minimum wage, many of them believe the tip credit should also be increased. They want to be "fair" – but fair to whom?

Tipped employees, mostly servers in restaurants, on average earn about \$10.00 an hour with wages and tips included. That's about \$20,000 a year if the employee works full-time, although most servers don't. Even accounting servers at higher-end restaurants, the range for tipped employees may be upwards of \$40,000 to \$50,000 a year based on Chamber of Commerce Testimony on these bills – hardly making the employee "rich." At best, these servers are considered part of the middle class, earning a decent living to support themselves and their families so they need not rely on government support. Indeed, those at the lower end of the wage and tip scale are likely receiving food stamps, Medicaid, and free and reduced school lunch for their kids.

In fact, the average median income (AMI) used as a threshold for affordable housing is \$82,600 according to the Federal Department of Housing and Urban Development. Low income in affordable housing circles is 60 percent of AMI, which calculates to about \$50,000. So a few servers, who some employers consider "highly compensated" with an annual income of \$50,000, could actually qualify for affordable low income rental housing!

It's no wonder that many people who have jobs are homeless. Their earnings, some at minimum wage, just cannot keep pace with the rising cost of living in Hawaii.

In testimony at legislative hearings, the chair of the Hawaii Democratic Party expressed embarrassment that the minimum wage was not raised last year, even with Democrats in control of both houses of the Legislature. Let's not have the same thing happen again this year. S.B. 2609 and H.B. 2580 both call for increasing the minimum wage, linking future increases to the Consumer Price Index, and eliminating the tip credit entirely. Some threaten that increasing the minimum wage will kill jobs, but the facts show otherwise. Following the last four increases in the minimum wage, Hawaii's job count increased, not decreased.

In a proposed deal to reach agreement on a bill a tip credit of 75 cents was floated, three times or 300 percent of the current 25 cents tip credit. Minimum wage increase to \$10.00 is only a 40 percent increase. So proposals to help lift people out of poverty would have far greater benefit for high-end food and beverage establishments. The amount that the employer could take from the tipped employee would increase from \$500 to \$1,500. That is based on a 40 hour work week for 52 weeks a year. The tipped employee would end up having three times more money taken by the employer.

I urge passage of HB 2580 with an amendment to increase the minimum wage to \$10.10.





PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

**Board of Directors**

*Howard Garval, Chair  
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Darcie Scharfenstein  
Alan Shinn  
Laura Smith*

TO: Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair  
Representative Aaron Ling Johanson, Vice Chair  
Members, House Committee on Finance

FROM: Scott Morishige, MSW  
Executive Director, PHOCUSED

HEARING: **Tuesday, February 25, 2014 at 2:00 p.m. in Conf. Rm. 308**

**Testimony in Support of HB2580, Relating to Labor.**

Thank you for the opportunity to provide testimony **in support** of HB2580, which would (1) Increase Hawaii's hourly minimum wage to \$9.50 by January 2017, (2) Make future adjustments to the minimum wage in accordance with the Honolulu region consumer price index, and (3) Eliminate the tip credit. PHOCUSED is a statewide coalition of health and human services organizations committed to strengthening policies and programs that benefit the marginalized and underserved in Hawaii. While we support this bill, we respectfully request amendments that would increase the minimum wage to \$10.10, and mirror the language contained in SB2609.

Hawaii's residents experience the highest cost of living in the nation – paying more for food, utilities and shelter than comparable families on the mainland. And, they pay these elevated costs while earning the lowest adjusted income among all of the mainland states. In addition, Hawaii's poverty rate of 17.3% makes our state the 8<sup>th</sup> poorest in the nation according to 2012 U.S. Census Bureau data. Despite these facts, 21 other states currently have a higher minimum wage than Hawaii, and Hawaii's minimum wage has not been increased since 2007.

Increasing the minimum wage would not only lift thousands of Hawaii's residents out of poverty, but would also boost consumer spending since most low income people spend most of their income locally. This is likely to result in more jobs due to increased economic activity. In addition, an increase in minimum wage may also result in positive educational outcomes for children in low-income working families – a 2011 study by the Department of Economics at UC San Diego found that a \$1,000 increase in household income can raise combined math and reading test scores in young children by as much as 6%.

Once again, PHOCUSED strongly urges your support of this bill, and believes that now is the time to increase our minimum wage for Hawaii's working families. If you have any questions, please do not hesitate to contact me at PHOCUSED at 521-7462 or by e-mail at [admin@phocused-hawaii.org](mailto:admin@phocused-hawaii.org).





Planned Parenthood of Hawaii

To: Hawaii State House of Representatives Committee on Finance  
Hearing Date/Time: Tuesday, February 25, 2014, 2:00 p.m.  
Place: Hawaii State Capitol, Rm. 308  
Re: Testimony of Planned Parenthood of Hawaii in support of H.B. 2580

Dear Chair Luke and Members of the Committee on Finance,

Planned Parenthood of Hawaii writes in support of H.B. 2580, which seeks to increase the minimum wage.

Planned Parenthood of Hawaii is dedicated to providing Hawaii's people with high quality, affordable and confidential sexual and reproductive health care, education, and advocacy. The need for a minimum wage increase is a social justice issue that directly impacts many of the women and men of all income levels who come through our doors seeking health care. We know that women's health and economic well-being go hand-in-hand. Raising the minimum wage is a major step towards eliminating health disparities and increasing economic opportunities.

Thank you for this opportunity to testify.

Sincerely,

Laurie A. Temple  
Director of Public Affairs & Government Relations

**HONOLULU**  
1350 S. King Street, Suite 310  
Honolulu, HI 96814  
808-589-1149

**KAUAI**  
357 Rice Street, Suite 101  
Lihue, HI 96766  
808-482-2756

**KONA**  
Hualalai Medical Center  
75-184 Hualalai Road, Suite 205  
Kailua Kona, HI 96740  
808-329-8211

**MAUI**  
Kahului Office Center  
140 Ho'ohana Street, Suite 303  
Kahului, HI 96732  
808-871-1176





**HEALTHYPACIFIC.ORG**  
[restoringjusticehi@gmail.com](mailto:restoringjusticehi@gmail.com)

## **LEGISLATIVE TESTIMONY**

### **HB2580 RELATING TO LABOR House Committee on Finance**

February 25, 2014  
2:00 P.M.  
Capitol Room 308

Aloha mai kākou,

Mahalo nui loa for the opportunity to testify in **STRONG SUPPORT** of **HB2580**, which would better ensure that our hardest-working employees are provided with sufficient resources to ensure the health and well-being of their families and of our communities as a whole.

**Economic disparities are a significant factor affecting the health outcomes of both communities and individuals.** National and international health models now understand that systems of interrelated “social” factors are often the most significant determinants of health outcomes for both individuals and demographic groups. Safe housing conditions, access to healthy food, educational opportunities, and even walkable neighborhoods are all examples of social factors that can substantially increase the ability of individuals to make health-positive choices and maintain healthy lifestyles, reducing the need for costly, reactive healthcare services that do not intervene until after healthy individuals become sick. Systemic economic disparities, which can impact individuals’ and families’ ability to purchase healthy food, afford and maintain safe housing conditions, and access educational opportunities and resources, constitute another important factor within this “social determinants of health” paradigm. Accordingly, mitigating economic disparities by uplifting those with the most limited access to adequate financial resources may significantly improve health outcomes in our communities, saving both money and lives while making Hawai‘i a more healthy and wholesome place to live.

This bill will directly address a primary cause of negative health outcomes in our communities, by providing our hardest-working and lowest-paid employees with greater financial resources to ensure the health and well-being of themselves and their families. By eliminating the tip credit and establishing the minimum wage

relative to the consumer price index, this bill would also ensure that those earning the least in our communities have consistent access to a bare minimum of financial resources relative to our ever-changing cost of living. **Such consistency would allow for more predictable and effective public health planning, as well as provide the economic security necessary for individuals to focus on achieving and maintaining healthier lifestyles beyond that of basic subsistence.**

Accordingly, HealthyPacific.Org respectfully urges the Committees to **PASS** HB2580, and make Hawai'i a healthier and happier place for all who call these islands home.

Thank you very much for the opportunity to testify on this measure.



LAW  
AND  
ECONOMIC  
JUSTICE

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Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
Supporting HB 2580 Relating to Labor  
House Committee on Finance  
Scheduled for Hearing Tuesday, February 25, 2014, 2:00 PM, Room 308

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*Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.*

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Thank you for the opportunity to testify in **strong support** of increasing the minimum wage. We respectfully urge that the Committee amend HB 2580 to raise the minimum wage to **\$10.10**. We also strongly support the **repeal the tip credit** and automatically **adjust the minimum wage for increases in the Consumer Price Index**, as HB 2580 currently proposes.

Our minimum wage workers work hard at jobs that are essential to our economy, but they haven't seen a raise going into eight years, while the average weekly income of all workers has grown 16% during this time. We should be sharing our state's prosperity with our minimum wage workers. Raising the wage makes sense: a growing body of research has established that raising the minimum wage does not decrease jobs (as evidenced by Hawai'i's own experience), but that it does reduce poverty and stimulate the economy. We also know that minimum wage workers do not fit the stereotype of a teenager working part-time: 85% of Hawai'i's minimum wage workers are over the age of 21, and 84% of them work at least 20 hours a week, with 30% working over 35 hours.

Hawai'i has the highest cost of living in the nation, at almost 60 percent of the national average, yet our minimum wage of \$7.25 is as low as the federal level. Meanwhile, we are the eighth poorest state in the country. It's virtually impossible for a single person to survive working full-time on minimum wage (*see budget on p. 2*), yet alone a family with children: a household with one minimum wage worker and one child falls 16% below the federal poverty guidelines. As a result, public expenditures must subsidize these low wages so families can make ends meet. But a minimum wage of \$10.10 would lift this same family out of poverty and closer to financial stability. The impact of poverty on children's education, health, and overall well-being is clear, and thousands of Hawai'i's low-income workers who would be affected by an increase in the wage to \$10.10 contribute substantially to the household's income.

In addition to raising the wage to \$10.10, we support the **repeal the tip credit**. Doing so would allow workers to keep all of the gratuities that they have earned for their service. Customers' appreciation of quality service should go to the worker who provided this service, not to subsidize the employer's ability to pay below the minimum wage. Seven states have recognized this system is unfair and that workers should keep what they earn. Moreover, tipped workers are often not highly paid, with the average wages for a server below those of a cook. And as a matter of principle, there is no reason to begrudge hard-working tipped employees who are fortunate to earn closer to a living wage.

In order to ensure that our workers do not lose ground again, we support maintaining the buying power of minimum wage workers by **tying future increases in the wage to the Consumer Price Index**. This will also spare the legislature from having to regularly revisit the minimum wage—and from workers going years without a raise, as they have for almost the last eight years.

We can do better—and we must. It's time to raise the minimum wage so that our workers receive a fair day's pay for a fair day's work. Again, thank you for the testify in support of increasing of the minimum wage to **\$10.10, elimination of the tip credit**, and indexing **future increases to the CPI**.



## Monthly Budget

What's it like to survive on minimum wage alone in Hawai'i?  
Answer: you can't. Here's a sample budget for the minimum expenses of a single individual in Hawai'i:

### Monthly Net Income

Income.....\$1160

(40 hours a week, minimum wage)

### Monthly Expenses

Rent (Studio Apartment).....\$1,159

Transportation (bus pass).....\$60

Health Insurance.....\$17

Cable/Phone.....\$38

Electric.....\$70

Food.....\$288

Other.....\$0

Monthly Expenses Total.....\$1632

Monthly Spending Money.....-\$472

(Monthly Net Income minus Monthly Expenses Total)

Daily Spending Money Goal.....-\$16

(Must work an additional 16.3 hours per week to cover minimum expenses.)

\*Does not include savings, child care, clothing, internet or any other necessities

Without food: expenses \$1344; monthly spending money -\$184

## Hawai'i's Workers Can't Survive on Minimum Wage

**Rental housing:** According to the National Low Income Housing Coalition, fair market rent for a studio in Hawai'i is \$1,159. A one-bedroom runs \$1,278.

**Transportation:** A monthly pass for The Bus is \$60. The cost of owning a car in Hawai'i is considered the highest in the nation. Meanwhile, gas prices are continually the highest in the country and not included in the budget.

**Health insurance:** The Hawaii Prepaid Health Care Act has helped make sure that employees working over 20 hrs./week can afford health care. For single coverage, an employer must pay at least half of the premium cost, and the worker's contribution cannot exceed 1.5% of monthly gross wages.

**Cable and phone:** Oceanic offers basic cable and a land line for \$38. Low-speed internet is another \$25, and a very basic cell phone plan would tack on about \$35.

**Electricity:** Electricity costs are consistently the highest in the country. For a household of one, we estimate a bill of approximately \$70 per month.

**Food:** Food will cost a single adult in Hawai'i approximately \$293 per month based on the Thrifty Food Plan. This is the USDA's standard for a nutritious diet at a minimal cost and is used as the basis for SNAP benefits.

**Savings and asset building:** Almost 15% of families in Hawai'i are considered asset poor, meaning that they do not have sufficient net worth to survive three months at the poverty level in the absence of other income. Total net worth includes not only cash and savings, but also "durable assets," such as a home, car, or business, that would need to be liquidated to cover everyday needs. When only cash or other monetary assets are considered, 30% of Hawai'i's households do not have enough to live at the poverty level for three months without any other income.

For more information, please see [hiappleseed.org/min-wage](http://hiappleseed.org/min-wage).





# Hawai'i Alliance for Retired Americans

An affiliate of the Alliance for Retired Americans  
c/o HEA 1953 South Beretania St., Suite 5C · Honolulu, Hawaii 96826

*AFT Hawaii Retirees  
HGEA Retirees  
HSTA – Retired  
ILWU Retirees  
Kokua Council  
UPW Retirees  
Hawaii Family Caregivers Coalition  
Kupuna Education Center*

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Submitted by email to: [FINtestimony@capitol.hawaii.gov](mailto:FINtestimony@capitol.hawaii.gov)

Testimony of Al Hamai in support of HB2580, Relating to Labor, Minimum Wage

## **House Committee on Finance** **February 25, 2014, 2 p.m.      Conference Room 308**

Chair Sylvia Luke, Vice Chair Scott Y. Nishimoto, Vice Chair Aaron Ling Johanson, and  
Committee Members,

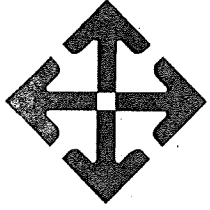
HARA strongly supports HB2580, which proposes to increase the minimum wage annually to \$9.50 on January 1, 2017 and then to authorize the DLIR to adjust the minimum hourly wage thereafter, beginning on September 30, 2017. It also deletes the tip credit. We urge you to raise the minimum to at least \$10, as suggested by President Obama.

We represent seniors and retirees statewide and we live basically on fixed incomes, including social security, pensions if we are fortunate to have them. Every dollar counts for us. We are worried about our long term care needs. Yet we believe in importance of social justice, which has helped to transform our state into a better place to live for its workers and families. We believe in the dignity of all work. Workers now, earning the lowest wages need your help to live with greater dignity and hope. You can make the difference, now.

The New York Times in its editorial, "From the Bottom Up" on February 17, 2013 supported the proposal and pointed out among other facts: "One study from the Federal Reserve Bank of Chicago found that a \$1 increase in the minimum wage results, on average, in \$2,800 in new spending by affected households in the following year, in large part because the increase helps workers accumulate down payments to buy cars. Owning a car, in turn, helps workers to keep their jobs."

We urge your Committee to approve HB2580. Mahalo and Aloha.

*HARA is a strong voice for Hawaii's retirees and seniors; a diverse community-based organization with national roots; a grassroots organizer, educator, and communicator; and a trusted source of information for decision-makers.*



# The Hawaii Business League

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

February 25, 2014

Testimony To: House Committee on Finance  
Representative Sylvia Luke, Chair

Presented By: Tim Lyons  
President

Subject: H.B. 2580 - RELATING TO LABOR.

Chair Luke and Members of the Committee:

I am Tim Lyons, President of the Hawaii Business League, a small business organization. We are 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 decrease in other areas.

We understand the problem of some 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 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 disability insurance premiums and unemployment insurance taxes, all of which are based on how much the employee makes. As an example, on a

\$1.00 paycheck the employer sees \$1.45(e) in costs; the employee perhaps only gets a \$0.67(e) pay check. Any increase in wages automatically calls for a corresponding increase in fringe benefits costs however because of the tax rates the employee only sees a very small increase in their net pay check.

We also find it very difficult to compare our employee's pay rates with employees from other states. Employers in other state don't have the costs of the Hawaii Pre Paid Health Care Act to deal with, a cost that can add another \$300 to \$1200 cost factor to each employee, per month. Most also do not have temporary disability insurance costs for off the job injuries to deal with. Factor those costs alone in and our full time employees are getting around another \$2.00, plus per hour on top of the minimum wage.

There is no doubt that those supporting this bill will feel like they should make more money and we do not disagree with that. However, given today's realities for most small businesses there is no extra money for companies to pay more wages and what you will do is cause the demise of individual positions so that existing employees can be paid a higher rate.

It has already been reported that there are some allegations that because of the mandatory health insurance law, some employers have converted their full time employees to part-time employees because of the cost of health insurance. This is not a cruelty act on the part of the employer but it is life in the real world. If you can only afford to pay "X" amount of dollars however, they are eaten up through wages or through fringe benefits then, it automatically means action one of two ways: 1) the price of the goods offered goes up causing the rest of the consumers that purchase goods and services from the business to pay more or, 2) the employer cuts back on the number of people he has to pay all of these mandates to. Either way, we believe the people of this State lose.

We also find it quizzical that part of the reason, we are told, to increase the minimum wage is that the wage earners will immediately infuse their dollars into the economy.

That may be true but even the Department of Labor noted in their 2011 testimony on this subject that only 1.7% of the workforce in the first six (6) months of 2010 were earning minimum wage. An infusion of that nature won't even make the meter move.

Lastly, we object to any bill that uses the CPI and having some automatic, mathematical formula dictate the wage amounts. Wages should have some relationship to abilities and effort. Again, an automatic increase in wages may mean an automatic decrease in other benefits, something that should be considered on an individual employee basis.

Thank you.





House Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair  
Rep. Aaron Ling Johanson, Vice Chair  
Tuesday, Feb 25, 2014, 2:00 p.m.  
Conference room 309

## **HB 2580, RELATING TO LABOR**

In STRONG SUPPORT

Aloha Chair Luke, Vice-Chairs Nishimoto and Johanson, and members of the committee,

I would like to thank you for this opportunity to testify in support of HB 2580 with amendments.

The State Central Committee of the Democratic Party of Hawai'i voted on January 11<sup>th</sup> to make raising the minimum wage the number one legislative priority for this session. We believe that HB 2580 comes close to addressing all of our concerns.

Hawai'i has the highest cost of living in the country, yet 21 states now have a higher minimum wage than we do. It has been over seven years since the minimum wage was last raised. It will actually be 8 years if and when this wage hike is implemented. The prices of most goods and services have risen during that time, as have the wages of many other workers. Those earning the minimum wage, however, have seen their costs of living rise, yet have not seen any increase in wages to help offset these higher costs. As a result, the purchasing power of that minimum wage, in real terms, has declined steadily by at least 20%.

It is long past time for us to address this issue.

HB 2580's strength is the provision which ties the minimum wage to increases in the consumer price index, which allows the minimum wage rise automatically with the cost of living. This benefits the employee and allows employers to prepare for anticipated rate hikes instead of leaving them subject to sudden increases resulting from legislative action. HB 2580 also eliminates the tip credit provision and we welcome its elimination. If, however, the tip credit becomes a "sticking point," then leave it at its present amount of 25 cents.

Finally, we would like to respectfully request that the language of HB 2580 be amended to at least match the Governor's proposed increase to \$10.00 by 1/1/17 or \$10.10, which is consistent with President Obama's recently enacted national increase for federal employees.

Thank you again for this opportunity to testify.

Dante Carpenter  
Chair  
Democratic Party of Hawai'i

**DEMOCRATIC PARTY OF HAWAII**

404 Ward Ave., Suite 200 • Honolulu, HI 96814 • (808) 596-2980 • [www.hawaiidemocrats.org](http://www.hawaiidemocrats.org)



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## Progressive Democrats of Hawai'i

<http://pd-hawaii.com>

1418 Mokuna Pl. Pl, Honolulu, HI 96816

email: [info@pd-hawaii.com](mailto:info@pd-hawaii.com)

tel: 808-542-9084

### HOUSE COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair  
Rep. Aaron Ling Johanson, Vice Chair

Date: Tuesday, February 25, 2014  
Time: 2 p.m.  
Place: Conference room 308

#### **HB2580, RELATING LABOR**

In SUPPORT, with AMENDMENTS

My name is Bart Dame and I am testifying on behalf of Progressive Democrats of Hawaii in support of HB2580, but with a suggested amendment. We urge you to raise the minimum wage in 3 steps, 95 cents each, resulting in a wage of \$10.10 as of January 1<sup>st</sup>, 2017.

The proposed hike to \$9.50 is, in our belief, way to low and fails to restore the purchasing power of the minimum wage which has been lost due to inaction by previous legislatures.

We have attached to this testimony a chart of the historical rate of the minimum wage in Hawaii. We urge you to review this chart, as it shows, quite clearly, how the reluctance of legislators to raise the wage, for MANY years at a stretch, has pushed our lowest wage workers into poverty and, sometimes, homelessness. We can see three lengthy periods where previous legislators failed to raise the minimum wage to keep up with the rising cost of living. From 1981-1987, from '93 to 2002, and from 2007 until now. Those are periods of 6 years, 9 years and now, it will be 8 years if this bill passes. Should the legislature fail to enact the CPI provisions being proposed, it is very likely this pattern will repeat itself.

On the chart, you will see two lines. The blue line shows the actual minimum wage for each year since 1968. The orange line shows the value of the 1968 minimum wage, in current dollars, which reflects where it would be, had the legislature raised it to keep up with the cost of living. Even if the minimum wage were to be raised to \$10.10 by 2017, it will STILL remain below the purchasing power of the 1968 wage, adjusted for inflation. It will, however, make a significant step in closing that gap.

You will see a growing gap between the two lines, starting at about 1980. This gap replicates the widening of incomes which occurred across the United States, as the wages of working people stagnated. There is a myth going around that increased globalization has led to a decline of wealth in the United States and the decline of income for middle and working class people is an inevitable outcome of global competition. We disagree. Income in the United States has gone up during this period, but it has not been shared equally. The rich HAVE been getting richer, the poor HAVE been getting poorer and the middle class has been collapsing. And it is not the inevitable result of changes in the economy, but the result of conscious action –and INACTION- of legislative bodies like this at the

state and federal level, lowering taxes on the wealthy, on corporations, on capital gains, weakening labor laws, cutting social services and other programs, giving away tax credits to investors and refusing to raise the minimum wage to help keep low-income workers from falling into poverty.

We have seen testimony claiming the CPI provision will subject business owners to sudden, difficult to anticipate increases, which will render budgeting difficult, even “impossible.” That strikes us as absurd. Other costs for businesses go up, such sometimes unexpectedly and at rates greater than the CPI, yet businesses adapt to hikes in rent, utilities, gasoline, insurance, the cost of merchandise or materials. Only the cost of labor cannot be adjusted to? And by chaining future hikes in the minimum wage to the overall rate of the cost of other items, this makes such hikes predictable and incremental.

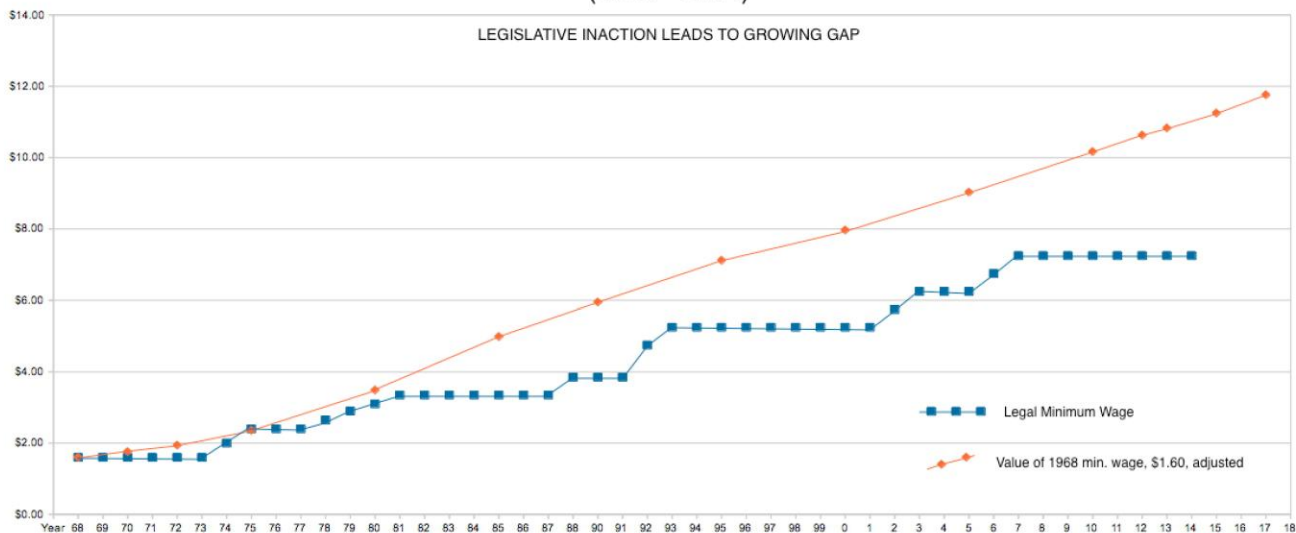
Leaving it to legislative action, on the other hand, will inevitably result in sudden, difficult to anticipate jumps when the legislators finally, after delaying for 6,8, or 9 years (!), finally get spurred into action by the obvious injustice of forcing workers to work for less and less, in real terms, each year.

If business owners are concerned about the jump in wages proposed with this bill, they should realize it reflects their success, over the last 7 years in preventing smaller hikes. The fairest solution, which would prevent future lurches in the minimum wage, would be to ensure there be small, annual adjustments, consistent with the CPI. The purchasing power of the minimum wage would not go up, nor would it go down. It would retain a constant value.

Please pass this bill, retaining the CPI provisions, but raising the wage rate to \$10.10, consistent with the Senate bill, as well as the Harkin bill being supported by national Democrats and President Obama.

Thank you for the opportunity to testify.

DECLINE OF MINIMUM WAGE IN HAWAII  
(1968 - 2014)





Twenty-Seventh Legislature  
Regular Session of 2014

HOUSE OF REPRESENTATIVES

Committee on Finance

Rep. Sylvia Luke, Chair

Rep. Scott Y. Nishimoto, Vice Chair

Rep. Aaron Ling Johanson, Vice Chair

State Capitol, Conference Room 308

Tuesday, February 25, 2014; 2:00 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 2580  
RELATING TO LABOR**

The ILWU Local 142 **strongly supports** H.B. 2580, which annually increases the minimum wage on the first of the year in 2015, 2016 and 2017, and on September 30, 2017 and thereafter, adjusts the minimum wage in accordance with the Honolulu region Consumer Price Index. The measure also deletes the tip credit.

The minimum wage in Hawaii is \$7.25 an hour. For more than seven years, workers with the lowest wage had no increase in pay while government workers, legislators, judges, and many others received pay raises in acknowledgement of a recovering economy. Meanwhile, the cost of living continues to rise. Groceries cost more today than in 2007, “affordable” rental housing is almost non-existent, parents even struggle to buy school supplies. The buying power of the dollar is weakening.

Contrary to what opponents of the minimum wage are saying, it’s not just teenagers working their first job who are earning a minimum wage. A minimum wage earner is very likely an adult, supporting a family, working two or three jobs to make ends meet, and spending every dollar earned to help boost our economy.

Yet minimum wage earners are denigrated as only able to work at entry-level positions because they lack skills to get a better-paying job, thus should not expect to be paid more than the lowest minimum possible. But workers in entry-level positions perform work that is needed in the community, contribute to the economy with their purchases and taxes, and have families and themselves to support, just like others do. They need a livable wage, too. If their wages do not allow them to be self-sufficient, they will be forced to rely on taxpayer-supported services like TANF, food stamps, Med-QUEST, and free and reduced school lunch.

Most people in Hawaii, including some employers, agree that the minimum wage should be increased and were stunned that, even with a “super-majority” of Democrats in both the House and Senate, the Hawaii State Legislature could not pass a minimum wage increase in 2013. The main issue then, as now, appears to be the tip credit.

What is a **tip credit**? Hawaii’s tip credit, currently at 25 cents, is the amount below the minimum that employers may pay to tipped employees. Theoretically, an employer may pay a tipped employee as low as \$7.00 an hour. However, most employers do not apply the tip credit, in part because the amount is relatively small. If they do, the tip credit is only applied to restaurant servers, not other workers who routinely receive tips and earn the minimum wage. But increasing the tip credit could incentivize more employers to apply the tip credit and pay less than the minimum wage to even more workers.

Restaurant owners and operators argue that tipped employees earn far more than the minimum when tips are included. But why should that matter to the employer? Tipped employees earn their tips, just as they earn their wages. And who pays the tips? Not the employer, who actually benefits from a subsidy provided by the tipping customer. Without tips, the employer might be forced to pay a worker two or three times more in wages. Finally, a tip is not guaranteed. While it is customary in the U.S. for customers to leave a tip for restaurant servers, a tip is nevertheless voluntary.

In some states and municipalities that have recently increased their minimum wage, there is no tip credit. In Washington state, the minimum wage is now \$9.32 with no tip credit. In San Francisco, the minimum wage is \$10.55 with no tip credit. In all, seven states (Alaska, California, Minnesota, Montana, Nevada, Oregon, Washington) and the District of Columbia allow NO tip credit at all. Yet Hawaii, once one of the most progressive states in the nation, has now fallen far below other jurisdictions.

The most egregious argument offered by those who want to increase the tip credit is that increasing the minimum wage for those who earn tips will mean less for non-tipped employees. Pitting one group of workers against another is what plantation owners used to do when they separated workers by ethnic groups to keep them from organizing their power. Those early plantation ways are long gone. All workers deserve to be paid wages that acknowledge their labor and help them to support themselves and their families. Furthermore, there is no guarantee that non-tipped employees will get a raise even if the tip credit is increased. Employers who push for an increase in the tip credit seem to resent that their tipped employees are able to make a decent living.

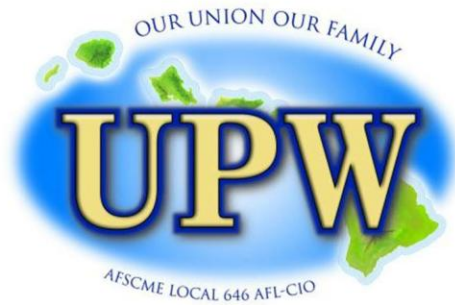
Penalizing tipped employees is just not right. However, legislators appear bound and determined to strike a “fair” balance. While we do not agree that it is fair to make tipped employees pay for the tips they earn, we can understand legislators’ dilemma in working out a compromise. **Our position: If the tip credit is not repealed, then the ILWU opposes any increase in the so-called tip credit amount above the current 25 cents.**

The final proposal in H.B. 2580, to adjust the minimum wage in accordance with the Honolulu Consumer Price Index (CPI), is both sensible and reasonable. Once adopted, the law will automatically allow for nominal wage increases indexed to the cost of living. The increases may not be huge, but they will be steady. Furthermore, with politics removed from the equation, the Legislature can devote their full attention to other serious issues that confront them and the State.

**Our position: If future increases in the minimum wage are not tied to the CPI, then the ILWU supports raising the minimum wage to \$10.10 as proposed by President Obama.**

The ILWU strongly urges passage of H.B. 2580, including an effective date on approval. We thank you for the opportunity to share our views and concerns.





THE HAWAII HOUSE OF REPRESENTATIVES  
The Twenty-Seventh Legislature  
Regular Session of 2014

COMMITTEE ON FINANCE

The Honorable Rep. Sylvia Luke, Chair  
The Honorable Rep. Aaron Ling Johanson, Vice Chair  
The Honorable Rep. Scott Y. Nishimoto

DATE OF HEARING: Tuesday, February 25, 2014  
TIME OF HEARING: 2:00 PM  
PLACE OF HEARING: Conference Room 308

**TESTIMONY ON HB2580 RELATING TO LABOR**

By DAYTON M. NAKANELUA,  
State Director of the United Public Workers,  
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

UPW strongly supports raising the minimum wage to no less than \$10.00 per hour and deleting the tip credit. The cost of living in Hawaii is the highest in the nation, but our state's minimum wage is still equivalent to the federal minimum of \$7.25 an hour. The last time that the minimum wage was increased was in 2007. As of 2012, the poverty level for a family of two in Hawaii is \$17,410 and \$21,960 for a family of three. An individual who works 40 hours a week at minimum wage for 52 weeks would earn \$58.00 a day, \$290.00 a week, and \$15,080 a year. A family of two or more would be well below the poverty level.

We ask that you pass this bill.

Thank you for the opportunity to testify on this measure.



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF HB 2580 – RELATING TO LABOR

TO: Representative Sylvia Luke, Chair, Representative Scott Nishimoto, Vice Chair, Representative Aaron Johanson, Vice Chair, Members of the Committee on Finance

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

**Hearing: Tuesday, February 25, 2014; 2:00 pm; Conference Room 308**

Thank you for the opportunity to testify in support of HB 2580, which increases the minimum wage rate. I am Trisha Kajimura, Social Policy Director for Catholic Charities Hawaii. **I am testifying in support of increasing the minimum wage rate, repealing the tip credit and connecting future minimum wage rate adjustments to the Honolulu region consumer price index.**

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawaii.

Many of the vulnerable in Hawaii are the working poor, people who earn low wages through hard work but due to our high cost of living struggle to make ends meet. We serve these low-income workers in our programs. They are sometimes homeless, often barely able to avoid homelessness, or working several jobs to juggle the basic expenses of their families and unable to spend time raising their children. These workers are parents who try very hard to support their own families but often must also rely on some type of public or charitable assistance. A reasonable increase to the minimum wage will help to restore the dignity of the working poor, people who are currently not being paid wages that allow them a decent level of economic stability.

We support a minimum wage increase to \$10.10 by Jan 1, 2017. This increase will be spent by earners on basic living expenses and be put right back into the local economy. Secondly, we support the repeal of the tip credit and do NOT support the payment of sub-minimum wages to any worker. Finally, future adjustments of the hourly minimum wage should be tied to the Honolulu region consumer price index. This would ensure that future adjustments are fairly connected to the cost of living in Hawaii and prevent Hawaii's minimum wage from falling behind again.

Thank you for your consideration of this important issue of economic justice. Please contact me at (808)527-4810 or [trisha.kajimura@catholiccharitieshawaii.org](mailto:trisha.kajimura@catholiccharitieshawaii.org) if you have any questions.





49 South Hotel Street, Room 314 | Honolulu, HI 96813  
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## COMMITTEE ON FINANCE

Tuesday, February 25, 2014 at 2:00 pm  
Conference Room 308  
HB2580 RELATING TO LABOR

### TESTIMONY

Beppie Shapiro for the League of Women Voters of Hawaii

Chair Luke, Vice-Chairs Nishimoto and Johanson, Members of the Committee:

**The League of Women Voters of Hawaii supports HB2580, which raises the minimum wage in \$1 steps over three years ending in 2017; thereafter indexes the minimum wage to the annual cost of living increase; and eliminates the tip credit.**

We draw your attention to the following facts:

1. The minimum wage is not enough to keep a full-time worker from dire poverty – e.g. a household income of less than \$15,200 a year for a worker with one dependent. Is this how we encourage people to work?
2. Taxpayers have to pick up some of the needs of these very very poor working families – through SNAP (foodstamps), Med-Quest, public housing, etc.
3. The last 4 times Hawaii raised the minimum wage, the number of jobs increased over the next 12 months.<sup>1</sup> This summer, more than 600 economists, among them Nobel laureates and past presidents of the American Economic Association, signed a letter to President Obama which stated that “the weight of evidence now shows that increases in the minimum wage have had little or no negative effect on the employment of minimum-wage workers, even during times of weakness in the labor market. Research suggests that a minimum-wage increase could have a small stimulative effect on the economy as low-

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<sup>1</sup> All Jobs Data from Research and Statistics Branch, Hawaii Dept. of Labor and Industrial Relations





49 South Hotel Street, Room 314 | Honolulu, HI 96813  
www.lww-hawaii.com | 808.531.7448 | voters@lwwhawaii.com

wage workers spend their additional earnings, raising demand and job growth, and providing some help on the jobs front".<sup>2</sup>

4. When wages go up, taxable income goes up.

Advocates have been trying to raise the minimum wage since 2007, while the real incomes of those earning minimum wage continued to fall compared to other workers.<sup>3</sup> Indexing the minimum wage to the CPI increases will keep minimum wage workers from falling further behind the rest of the working population.

We point out that it is very hard to formulate a tip credit which is fair to all concerned. While a few workers (e.g. wait-help in high-end restaurants) may get a substantial amount of their income from tips, most tipped workers receive little, and can't count on tips to raise their incomes. It may be even harder to enforce the tip credit provisions. This dilemma leads us to support the part of HB 2580 which removes the tip credit from minimum wage calculations.

It is hard to think of any legislation this year which could so significantly affect the well-being of so many of Hawai'i's residents, including many of our youngest residents.

We urge you to pass this bill. Thank you for the opportunity to submit testimony.

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<sup>2</sup> David Cooper and Doug Hall, analysis of Current Population Survey Ongoing Rotation Group microdata and U.S. Department of Labor Wage and Hour Division.

<sup>3</sup> Economic Policy Institute, retrieved from <http://www.epi.org/minimum-wage-statement/on> 2/22/14

**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 24, 2014 12:34 PM  
**To:** FINTestimony  
**Cc:** cocpwdhawaii@gmail.com  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Derek Tamura	Chamber of Commerce for Persons with Disabilities-Hawaii	Support	No

Comments: On behalf of the Chamber of Commerce for Persons with Disabilities-Hawaii and its members we are in full support of a minimum wage being a living wage.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Anna Dorman  
*AmeriCorps VISTA Member*

Date: February 23, 2014

To: Representative Sylvia Luke, Chair, Representative Aaron Ling Johanson Vice Chair, Representative Scott Y. Nishimoto, Vice Chair and members of the Committee on Finance

From: Brent Kakesako, Executive Director  
Hawai'i Alliance for Community-Based Economic Development

Re: Strong Support for HB 2580, Relating to Minimum Wage

Aloha Representative Luke, Representative Johanson, Representative Nishimoto, and members of the Committee,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) strongly supports HB 2580, which would increase the minimum wage to \$9.50 in three stages by January 2017, eliminate the tip credit, and tie the minimum wage rate to the consumer price index beginning in 2017.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development and asset building strategies. HACBED played a facilitating role in the State Asset Policy Task Force and was a key contributor to the State Asset Policy Road Map. HACBED also facilitates the Family & Individual Self-Sufficiency Program (FISSP), which administers the Internal Revenues Services' Volunteer Income Tax Assistance (VITA) program, and the Ho'owaiwai Network, a network of 100+ organizations across the state committed to building genuine wealth for Hawai'i's families as a part of its larger asset building and financial education initiatives for needy families. As such, HACBED strongly supports the proposed bill that would provide a needed income boost for families in our community.

The Family Economic Self-Sufficiency Standard (FESS) depicts the obstacles that Hawai'i families are facing. The FESS measures the amount of money that individuals and families require to meet their basic needs without government and/or other subsidies and the data shows the following percentage of families who fall below the self-sufficiency standard statewide:

- 25.9% of families with two adults and two children;
- 77.3% of single-adult families with one child; and
- 74.3% of single-adult families with two children.

Increasing the minimum wage would not only assist families in becoming more self-sufficient and resilient, but also provide the local economy a needed boost as much of the income of these families are spent locally. An increase in minimum wage may also result in positive educational outcomes for children in low-income working families – a 2011 study by Department of Economics at UC San Diego found that a \$1,000 increase in household income can raise combined math and reading test scores in young children by as much as 6%.



Hearing Date: February 25, 2014, 2pm

To The Members of the House Committee on Finance,

I'm writing to you, in my capacity as the General Manager/ Partner of Keoki's Paradise (a restaurant located on the island of Kaua'i) in regards to Hawaii Bill Proposal HB2580 RELATING TO MINIMUM WAGE. My management team and I are **in support of the intent** to increase wages for low wage earners, but, we would like to request the following amendment for your consideration: **a minimum wage increase that also increases the tip credit accordingly**. We ask this because we feel that a corresponding increase in the tip credit will enable restaurants (such as ours) to raise the rate of pay for non-tipped employees.

We have approximately 110 non-supervisory employees at Keoki's Paradise. Of these 110 employees, 70 of them (64%) work in the front of the house making the \$7.25 minimum wage less tip credit of \$0.25 an hour, plus tips. The average hourly wage for our front of the house employees in 2013 (with tips) was \$22.45.

On the other hand, our kitchen and maintenance staff make up the remaining 40 employees and averaged \$12.82 an hour in 2013.

**This bill in its current draft will raise the wages of the wrong group of employees!** Without a corresponding tip credit to the proposed minimum wage increase it will be very difficult to continue to raise the wages for these employees whom would benefit most.

Thank you for your consideration.

Respectfully,

Derek Kessler  
General Manager / Partner  
Keoki's Paradise  
2360 Kiahuna Plantation Drive  
Koloa, HI 96746  
808-742-7534  
derek@keokis.com

Testimony of Glenn Ida  
Representing  
The Plumbers and Fitters United Association, Local 675  
1109 Bethel St. Lower Level  
Honolulu, Hi. 96813

Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto, Vice-Chair  
Rep. Aaron Ling Johanson, Vice-Chair  
Committee on Finance  
Tuesday, Feb. 25, 2014  
2:00 PM, Room 308

Re: Support of HB2580, Relating to Labor.

Aloha Chair Luke, Vice-Chair Nishimoto, Vice-Chair Johanson and Members of the Committee,

My name is Glenn Ida representing the 2000 active members and retirees of the Plumbers and Fitters UA, Local 675. Local 675 is an affiliate of the Hawaii Building and Construction Trades Council.

Local 675 supports HB 2580, Relating to Labor, which annually increases the minimum wage 1/1/15 - 1/1/17 and thereafter requires the DLIR to adjust the minimum hourly wage in accordance with the Honolulu region consumer price index. Deletes the tip credit.

We hope that you reconsider getting the minimum wage to \$10.00 by 2017 but this is an improvement over the other House Bills, because it will delete the tip credit. The DLIR is required to adjust the minimum wage to the Honolulu Region CPI.

Therefore Local 675 supports HB2580.

Thank you for this opportunity to testify.

Mahalo,

Glenn Ida  
808-295-1280



3375 Koapaka Street, D-108  
Honolulu, HI 96819

Phone: (808) 831-0811  
Fax: (808) 831-0833

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Tuesday, February 25, 2014

Committee on Finance

RE: House Bill 2580 Relating to Labor

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and members of the Committee:

We appreciate the opportunity to testify on HB 2580, and respectfully submit the following written testimony in opposition to the bill. Times Supermarket is based on Oahu and operates 26 stores with locations in Maui, Kauai and Oahu.

HB 2580 annually increases minimum wage from 1/1/15 to 1/1/17. On 9/30/17 and thereafter requires DLIR to adjust the minimum hourly wage in accordance with the Honolulu region consumer price index. This measure also deletes tip credit.

HB 2580 has the potential to seriously harm businesses and consumers alike. Thus, we ask that you hold this bill for further discussion.

Thank you for the opportunity to testify.

Respectfully,

Bob Gutierrez  
Director of Government Affairs  
Times Supermarket



To: House Committee on Finance  
From: Shaughn Helliar  
General Manager  
Hearing: February 25, 2014, 2pm  
RE: HB2580, Relating to Minimum Wage

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Duke's Beach House Maui is in support of the intent to increase wages for lower wage earners; however we are **opposed** to this draft and do request the following amendment.

**A minimum wage increase that congruently increases the tip credit by the same value**, as an increase in the tip credit will enable it affordable for restaurants to increase pay rates for non-tipped employees creating greater equality in wages.

Duke's Maui, has approximately 180 employees. 135 work in the front of the house, with more that 95% making \$7.25 minimum wage less tip credit of .25 an hour plus tips. Their average hourly wage with tips in 2013 was \$23.05. This average goes up annually as our menu prices increase.

Conversely, our non-supervisory Kitchen employees average \$15.06 an hour. We value our Kitchen employees and all earn greater than the current minimum wage, however not comparable to those employees that earn wage + tips.

Any increase in minimum wages for tipped employees which are 2/3rds of our staff will, needless to say reduce any chance of any further in-house wage increases for the non-tipped kitchen employees. Possibly even create a reduction in new employee starting rates.

*We feel this is has the opposite effect of the intent of this bill.*

Without a corresponding change in the tip credit, we will be giving an increase to the wrong group of employees. If minimum wage is increased, correspondingly increase the tip credit. This way, restaurants can increase wages for the non-tipped employees who would benefit the most.

Thank you for your efforts.

Dukes Beach House Maui Management.

DUKE'S BEACH HOUSE MAUI  
130 Kai Malina Parkway, Lahaina, 96761





To: Representative Luke, Chair  
House Finance Committee

From: Dylan Ching  
General Manager

Hearing Date: February 25, 2014

RE: HB2580  
RELATING TO MINIMUM WAGE (**KEEP THE TIP CREDIT**)

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We are in support of the intent to increase wages for low wage earners but request a minimum wage increase that correspondingly increases the tip credit. An increase in the tip credit will enable restaurants to raise pay for non-tipped employees creating more equity in wages.

Duke's Waikiki has approximately 325 employees. We use the tip credit and can report that our front of house employees in 2013 averaged 3 times minimum wage with their tip income. The average hourly wage with tips was \$21.76.

If the minimum wage is increased \$1 and the tip credit is eliminated, it is estimated it will cost our restaurant \$250,000 in one year! This expense will immediately cause us to increase our menu prices which will lead to a higher check amount, and increased tips for our front of house employees'.

Conversely, we consider our low wage earners to be our Kitchen employees who do not receive tips. They average \$12.45 an hour. The increase in minimum wage will not increase our kitchen employees' wages and in fact it may lower them because we will be hard pressed to continue to raise the rates of our back of the house support staff.

*We feel this is has the opposite effect of the intent of this bill.*

**Creating Equity:** If minimum wage is increased, correspondingly increase the tip credit. This way, restaurants can increase wages for the non-tipped employees who would benefit the most.

Thank you for your support.

DUKE'S CANOE CLUB WAIKIKI  
RESTAURANT AND BAREFOOT BAR  
2335 Kalakaua Avenue, Suite 116, Honolulu, HI 96815



House of Representatives  
The Twenty-Seventh Legislature  
Regular Session of 2014

Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair  
Representative Aaron Ling Johanson, Vice Chair

RE: **HB 2580 Relating to Labor**

Aloha Chair Luke, Vice Chairs Nishimoto & Ling Johanson and Members of the Committee,

SAG-AFTRA Hawaii Local represents over 1,000 professional performers and broadcast journalists. We support HB 2580 and ask that the legislature seriously consider increasing the minimum wage to \$10.00/hour or more and repeal the tip credit effective in January 1, 2015.

For over seven years there has not been a minimum wage increase and Hawaii's cost of living keeps rising. Hawaii's minimum wage worker earns \$7.25 an hour or \$15,080/year; a wage that is impossible to live on and raise a family.

An increase to \$10.00 an hour or more will at least provide some relief to the lowest paid worker who struggles to make ends meet. It is vital to have a fair and decent minimum wage. Tipped workers should not be penalized with a tip credit and we respectfully request that the tip credit be repealed to ensure tipped workers are guaranteed to earn a decent wage.

More than 17 percent or approximately 229,000 of Hawaii's workers live in poverty. An increase to \$10.00 or more an hour and a repeal of the tip credit is a move in the right direction to reducing poverty in our State.

We ask for your support to increase the minimum wage to \$10.00 an hour or more and repeal the tip credit. Every worker deserves to earn an equitable minimum wage.

Aloha,

David C. Farmer  
President, SAG-AFTRA Hawaii Local

Brenda Ching  
Executive Director, SAG-AFTRA Hawaii Local

SAG-AFTRA Hawaii Local  
brenda.ching@sagaftra.org • SAGAFTRA.org • 808-596-033 (P) • 808-593-2636 (F)  
SCREEN ACTORS GUILD - AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS  
949 Kapiolani Blvd., Suite 105, Honolulu, HI 96814  
Associated Actors & Artistes of America / AFL-CIO

**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 24, 2014 11:26 AM  
**To:** FINTestimony  
**Cc:** rswindell@bridgedeck.org  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM  
**Attachments:** HB 2580 Finance Cmtee.bmp

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Randy Swindell	IOMM&P	Support	Yes

Comments:

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February 24, 2014

Testimony To Hawaii House Finance Committee.

HB2580

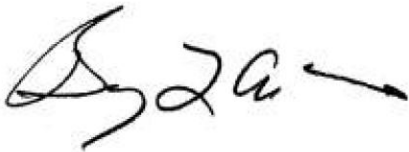
As an owner of a restaurant on the Big Island, we employ a staff of thirty part and full time employees. Besides our chefs and cooks, most of our employees are part-time and receive a majority of their income from tips.

Being a small business, we are required to insure our employees through the Hawaii Health Connector and have seen a doubling of our insurance costs due to a combination of increased rates and the need to pick up insurance for employees who were previously covered on their spouses plans but have been dropped on new insurance policies. Some of our employees monthly insurance premiums are larger than their monthly base salary.

Adding additional staff expenses due to increasing the minimum wage to \$8.00/hour and dropping the tip credit will further increase our costs. Salaries and benefits are more than one third of our expenses. Combined with the increase in insurance costs we have no other choice but to increase the price of items on our menu. That is unlikely to increase our business!

We do want to see our employees make a good wage and prosper and our front of the house staff are excellent and are appreciated by our customers through tips. We strongly recommend retaining the tip credit and in fact increasing it to \$1.00 per hour. That will allow us and others employ less experienced staff that can learn on the job and become more valuable employees to our restaurant or others.

Mahalo,

A handwritten signature in black ink, appearing to read 'Barry Abrahams', with a horizontal line extending to the right from the end of the signature.

Barry Abrahams

Owner, Hawaii Gourmet Society LLC

**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 24, 2014 10:48 AM  
**To:** FINTestimony  
**Cc:** veronicateico@gmail.com  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Veronica Teico	Maui Marshallese Women's Club	Support	Yes

Comments: I SUPPORT RAISING THE HAWAII MINIMUM WAGE TO \$10.10 AND ELIMINATING THE TRIP CREDIT. My name is Veronica Teico and I am the President of the Maui Marshallese Women's Club and I am also with FACE Maui. I live, work and raise my family on Maui. I have a good job now, but my old job at a laundry was hot and dangerous. We work so fast, sometimes we get burned with irons. This was such a hard job and it paid just a little more than the current minimum wage. I was a good worker, the work was hard, why did they pay so little? Because no one was making them pay us fair. I have read that some business are saying that raising the minimum wage is not the answer, that we all need to get better training and education. But I went to college, I used to be a teacher, I use computers and work sometimes as an interpreter. Sometimes people with education and training still get stuck in minimum wage jobs, it would be nice if we did not have to be so poor while we work hard at those jobs. Could you live on \$7.25 an hour? No, and you deserve better. So do we. Please do what you can to make minimum wage in Hawaii more fair. I have collected petitions in support of raising the minimum wage, I have come to rallies, I talk to my church and friends about it. I am doing everything I can, please do everything you can, too. This is about our families.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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To: House Committee on Finance  
Representative Nishimoto, Chair  
Representative Johanson, Vice Chair

From: Jaime Arreola  
Regional Manager Kauai

Hearing Date: February 25, 2014, 2pm

RE: HB2580  
Relating to Minimum Wage (**KEEP TIP CREDIT**)

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We support the proposal to increase the existing minimum \$7.25 hourly rate, however **oppose** this version and request the following amendment to be incorporated; a minimum wage increase that correspondingly increases the tip credit. An increase in the tip credit will enable restaurants to raise pay for non-tipped employees creating more equity in wages.

Duke's Canoe Club Kauai has approximately 140 employees. Approximately 100 work in the front of the house, more than 71% making \$7.25 minimum wage less tip credit of .25 an hour plus tips. Their average hourly wage with tips was \$22.14 last year.

Conversely, our non-supervisory back of the house support staff which consists primarily of our Kitchen employees average \$14.15 an hour; none of whom are at minimum wage. Unfortunately, this minimum wage increase will not increase their current wages but may in fact hinder future pay increases due to monetary fund's being subsidized towards the tipped employees. We feel this has the opposite effect of the intent of this bill.

I've spoken with many smaller local restaurants on the island of Kauai who have similar concerns. When asked for more specifics to include with my testimony they estimate their tipped employees make minimum \$14 an hour in tips up to \$30 an hour in tips. That does not include their hourly wage. These same restaurants pay \$9-\$16 an hour for Kitchen employees.

Without a corresponding change in the tip credit, we will be giving an increase towards the wrong group of employees.

**Creating Equity:**

If minimum wage is increased; correspondingly increase the tip credit. This way, the restaurant industry can increase wages for the non-tipped employees who would benefit the most.

Mahalo for your support.

DUKE'S CANOE CLUB KAUAI  
RESTAURANT AND BAREFOOT BAR  
3610 RICE STREET, LIHUE, HAWAII 96766

## finance1

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**From:** Steven Businger <businger@hawaii.edu>  
**Sent:** Saturday, February 22, 2014 1:19 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** Minimum Wage hearing

Testimony for Minimum Wage increase

There are two ways in which to reduce the untenable gap between rich and poor in our society. One is to tax the rich and the other is to raise the minimum wage of the poorest members of society. By raising the minimum wag we help lift folks out of poverty by ensuring a living wage and we boost the economy because these folks spend everything they earn. Impact on inflation is minimal. It is the right thing to do.

Steven Businger

Steven Businger, Ph.D., C.C.M.  
Hawaii Weather Consulting, LLC  
108 Kekaha Pl.  
Honolulu, Hawaii 96825  
(808) 429-7251  
<http://www.soest.hawaii.edu/MET/Faculty/businger/businger.html>  
[businger@hawaii.edu](mailto:businger@hawaii.edu)



To: Representative Luke, Chair  
Representative Nishimoto, Vice Chair  
Representative Johanson, Vice Chair  
Committee on Finance

From: Melanie Bailey  
T S Restaurants Hawaii  
Human Resources Manager

Hearing: February 25, 2014, 2pm

RE: HB2580  
Relating to Minimum Wage – INCREASE THE TIP CREDIT

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We are in support of the intention to increase wages for low wage earners but opposed to this version which eliminates the tip credit and ties future increases to the CPI.

Many have cited President Obama's commitment to raising the minimum wage. In his proposed "Fair Minimum Wage Act of 2013" as minimum wage rises the tip credit would remain at 70% of minimum wage.

From that proposal we suggest the following, but increase our current 3 percent tip credit!

Minimum Wage for Tipped Employees shall be not less than 70 percent of the applicable minimum wage in effect, rounded to the nearest multiple of \$0.05.
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T S Restaurants is a family owned company with eight locations on Oahu, Maui, and Kauai, employing 1400 Hawaii residents.

Many in testimony have quoted tipped employees average hourly wage to be less than ten dollars an hour. We strongly disagree with that statement.

Tipped versus Non-Tipped Employees: In our company, two-thirds of our employees make \$7.25, less the \$.25 tip credit an hour, plus tips; they are the "front of the house" employees: Servers, Bartenders and support personnel like Bussers. With tips they average \$23 an hour. This is consistent with other restaurants of all sizes that we have spoken with. As a result of tips earned, Front of the House employees are not minimum wage earners. Many work part time with school and family obligations but based on forty hour weeks that would be an annual income of \$47,000. Their income has slowly risen and will keep rising through the years as menu prices

increase. Higher check average = more tips. In fact, an increase in the minimum raise, will increase their annual income, since menu prices will increase and therefore their tips.

Unfortunately, this is not the case for other restaurant employees. Unlike tipped staff, most "back of the house" kitchen employees' (dishwashers, cooks, and cleaning staff) work full time. Currently, our restaurant kitchen wages range from \$10-\$20 an hour, averaging \$13.76. Other restaurants we have surveyed pay their kitchen staff starting wages of \$7.25-\$10 an hour with a high of \$11-\$20. They receive no additional income from tips.

Negative Impact on Non-Tipped Restaurant Employees, without an increase in Tip Credit : A minimum wage increase will immediately raise the menu prices in all Hawaii restaurants. Our primary concern is to insure that increase in minimum wage benefits primarily our Kitchen employees whose wages are not augmented with tips. It is critical that the tip credit be increased to insure EQUITY among restaurant employees, and to keep restaurants in business.

Tip income is another expense. The restaurant business is a fragile industry with a high failure rate. They operate on tight profit margins and are dependent on many factors to be successful.

In addition: Employers pay taxes and insurance on tipped income. A recent analysis of one of our restaurants showed tax and insurance payments based on tips to be \$256,000. That same restaurants tip credit only equaled \$21,000. The tip credit was designed in part to assist restaurants in offsetting this expense.

SUGGESTED LANGUAGE-CURRENT HAWAII LAW

The hourly wage of a tipped employee may be decreased on account of tips if the employee is paid not less than \$7.00 an hour by the employees' employer as long as the combined amount the employee receives from the employer and in tips is at least ~~50 cents~~ \$3 more than the applicable minimum wage.

We hear the concern over the variability of the customer tips. We propose an increase to the following language which is unique to Hawaii. This would ensure an hourly rate of at least \$3 over minimum wage in order to claim the tip credit.

An increase in minimum wage may prevent increases in the future because if we increase the wages of our tipped employees, we will be hard pressed to continue to raise the rates of our back of the house support staff and wages for new hires may be reduced.

*We feel this has the opposite effect of the intent of this bill, which we understand to be to increase the income of the lowest wage earners.*

Creating Equity: If minimum wage is increased, correspondingly increase the tip credit. This way, restaurants can increase wages for the non-tipped employees who would benefit the most.

Thank you for your time. Mahalo!

Contact Information:  
Melanie Bailey  
Human Resources Manager  
T S Restaurants Hawaii  
2530 Kekaa Drive  
Lahaina, HI 968  
808.277.5121  
Melanie@tsrestaurants.com



***Why Raising the Tipped Minimum Wage Will Help Low-Paid Workers and the Economy in Hawaii :***

**Tipped Workers in Hawaii Receive Low Wages:**

- While some tipped workers may earn enough in tips to bring their hourly earnings well above the minimum wage, the vast majority of tipped workers earn low wages just above the minimum wage.
- For example, in Hawaii, the median hourly wage for restaurant servers is just \$9.46 per hour.<sup>1</sup>
- Across the country, tipped workers are more than twice as likely to fall under the federal poverty line, and nearly three times as likely to rely on food stamps, as the average worker.<sup>2</sup>

**Raising the Base Wage for Tipped Workers Boosts Income and Reduces Poverty:**

- Seven states have set the base wage for tipped workers equal to 100 percent of the full minimum wage, ensuring that tipped workers are paid the full minimum wage directly by their employers for each hour of work.<sup>3</sup>
- This model policy has proven effective in reducing poverty among tipped workers: *in these seven states, tipped workers are 25 percent less likely to fall under the federal poverty line compared to states with lower tipped minimum wages.*<sup>4</sup>
- A 2013 study from the University of California-Berkeley examines each instance of an increase in the tipped minimum wage on the state level since 1990, and finds that each 10 percent increase boosts earnings for tipped workers by 0.45 percent.<sup>5</sup>

**Why Hawaii Should Eliminate the Tip Credit:**

- Eliminating the tip credit will ensure that tipped workers are paid the full minimum wage directly by their employers, rather than having it made up partially by tips.
- Providing tipped workers a stable base income paid directly by their employers is a key step for improving the economic security and working conditions of low-paid tipped workers.
- Tips, by their nature, vary by shift and season, making the earnings of tipped workers unpredictable and constantly fluctuating. Ensuring that tipped workers receive a larger portion of their hourly pay directly from their employers will help alleviate this uncertainty and provide for more stable income.

## Restaurants Can Afford to Pay a Higher Tipped Minimum Wage:

- A 2013 analysis from the University of California-Berkeley examines every increase in the tipped minimum wage on the state level since 1990 and concludes that “the evidence...does not indicate that there are significant negative effects of tipped wages or regular minimum wages at the levels experienced in the U.S. since 1990 in full-service establishments.”<sup>6</sup>
- Indeed, official estimates from the restaurant industry itself support this finding that there are no statistically significant negative employment effects of raising the tipped minimum wage in the full-service restaurant industry:
  - While restaurant employers will often claim that raising the tipped minimum wage will slow restaurant industry job growth, the restaurant industry’s official projections of employment growth in bordering states show that differing tipped wage rates do not actually affect expectations of employment growth.
  - For example, the tipped minimum wage in Oregon is \$9.10 per hour, and the restaurant industry projects that restaurant employment will grow by 12 percent in Oregon by 2023 – by comparison, neighboring Idaho has a tipped minimum wage of only \$3.35 per hour, yet its restaurant employment growth is not expected to be any higher than Oregon (indeed, it is expected to be slightly lower).
  - In another example, the state of Nevada has a tipped minimum wage of \$8.25 per hour, while the projected industry employment growth is 14.8 percent by 2023 – by comparison, the neighboring state of Utah has a tipped minimum wage of only \$2.13 per hour, while restaurant industry employment growth is projected to be still lower than Nevada, despite its lower tipped minimum wage.
  - In conclusion, states that have maintained low tipped minimum wages are not expected to enjoy faster rates of restaurant industry employment growth, even according to the restaurant industry’s own estimates. This underscores that state-level employment trends in the restaurant industry are affected by a range of factors including broader economic growth trends and population growth rather than narrowly a factor of wages.

High Tipped MW			Low Tipped MW		
	TPW Rate	Projected Industry Job Growth (2013-2023)		TPW Rate	Projected Industry Job Growth (2013-2023)
OR	\$9.10	12.0%	ID	\$3.35	10.7%
NV	\$8.25	14.8%	UT	\$2.13	13.9%
CA	\$8.00	9.5%	AZ	\$4.90	15.9%
MN	\$6.15	6.7%	WI	\$2.33	6.1%
WV	\$5.80	5.1%	PA	\$2.83	5.0%
NY	\$5.00	6.7%	NJ	\$2.13	6.2%
IL	\$4.95	6.9%	IN	\$2.13	7.7%

Sources: State tipped minimum wage data, US DOL;  
Job growth projections, Nat'l Restaurant Association 2013 Industry Report

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<sup>1</sup> May 2012 Occupational Employment Statistics, Bureau of Labor Statistics

<sup>2</sup> Allegretto and Fillion, "Waiting for Change: the \$2.13 Federal Subminimum Wage," Economic Policy Institute, 2011, available at: <http://s1.epi.org/files/page/-/BriefingPaper297.pdf>

<sup>3</sup> State that have set the base wage for tipped workers equal to 100 percent of the minimum wage: Alaska, California, Minnesota, Montana, Nevada, Oregon, Washington. Source: Department of Labor, available at: <http://www.dol.gov/whd/state/tipped.htm>

<sup>4</sup> See Allegretto and Fillion, "Waiting for Change," 2011.

<sup>5</sup> Allegretto, "Waiting for Change: Is It Time to Increase the \$2.13 Subminimum Wage?" Institute for Research on Labor and Employment, University of California-Berkeley, 2013, available at: <http://irle.berkeley.edu/workingpapers/155-13.pdf>

<sup>6</sup> Allegretto, "Waiting for Change," 2013

# Dr. Martin Luther King Jr. Coalition Hawai'i

[www.mlk-hawaii.com](http://www.mlk-hawaii.com) & [mrjoy@hawaii.rr.com](mailto:mrjoy@hawaii.rr.com)

## Testimony in Strong Support of H.B. 2580

### COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Scott Y. Nishimoto, Vice Chair

Rep. Aaron Ling Johanson, Vice Chair

**DATE:** Tuesday, February 25, 2014

**TIME:** 2:00 P.M.

**PLACE:** Conference Room 308

Aloha Members of the House of Representatives,

### **The minimum wage is a women's issue**

We request that you honor the dignity of work by passing these bills for raising the minimum wage to \$10.10 and amend to include no tip credit and ties to the consumer price index.

The majority of minimum wage workers are women. The majority of tipped workers are women. Some of these women are head of household. Countless numbers of these families are "houseless", because they cannot afford a home of their own. They are sharing a place to live with their parents, other relatives or friends.

A full time **minimum wage** worker in Hawaii working will earn \$290.00 per week, or \$15,080.00 per year. **Hawaii's minimum wage** rate as of January, 2014 is below the National Poverty line. The poverty rate is typically quoted as gross annual income. As you know Hawaii is the most heavily taxed state in the United States. Even food and medicine are taxed. That really puts a family below the poverty line, or the working poor as they are labeled.

The state minimum wage is the same for all individuals, regardless of how many dependents they may have. Therefore, it is easy to see why Hawaii has so many



“houseless families”, multigenerational, multifamily dwellings. Significant numbers of working people simply do not earn enough to feed and house themselves.

A typical family with two adults and two children needs at least \$25.00 an hour. The current \$7.25 is a long way from a living wage.

Since the majority of minimum wage earners are women with families. They are working two jobs just to put food on the table. When Mom is working two jobs what happens to the children? According to HPD statistics, 3:00 pm is the busiest time for the police and has the most incidents in a 24 hour period.

Child care is about \$1,300 a month.

Food is more than \$900 a month.

Housing is more than \$1,500 a month.

Medical care is more than \$500 a month (children always need medical care) Most minimum wage jobs don't provide health insurance to their employees. And none of these costs include out-of-pocket costs like rising deductibles or prescription drugs and visits to the Dentist and prescription eyeglasses.

Have you ever wondered why low income people are over weight? It is simple; they eat the \$1.00 meals at McDonalds. And those meals are fattening and not healthy, thus more trips to the emergency room.

If the minimum wage was raised to where it should be, at least \$10 per hour (which would still put it below the minimum wage in 1968), this would release at least \$60 billion over two years into the economy.

On top of this, an increased minimum wage may also lead to an increase in the hourly pay of other low-wage workers that only make slightly more than the federal minimum wage. This increased purchasing power across the board helps stimulate the economy and benefits small businesses, many of which were hardest hit by the recession.

If we look at realistic figures for expenses incurred by a family of four, the annual budget tops out at about \$37,057.56. Even with two minimum wage earners working 40 hours per week, this family cannot simply afford the basic necessities – in fact they end up in debt by slightly more than \$8,000 each year.



According to U.S. Department of the Census; Current Population Survey March Supplement 2013, Micro Data Set, “a significant number of minimum wage workers and those earning up to \$9.50 receive welfare and food stamps”. That is an indication of how serious poverty is among minimum wage and low wage workers. It would be better to raise the wages and have tax payers than tax takers.

This legislation is to reduce poverty. The tip credit should be eliminated. It serves no useful purpose. The tip credit works to reduce wages and income for participants. The tip credit introduces a reverse means test into the minimum wage.

Hawaii is already a service economy and as large multinational corporations break Union contracts, reduce wages, pensions and medical care from employees, Hawaii will become a third world Island.

Mahalo

MarshaRose Joyner

Past President –Dr. Martin Luther King, Jr. Coalition Hawaii

[mrjoy@hawaii.rr.com](mailto:mrjoy@hawaii.rr.com)

808-741-4612



## PARTNERS IN CARE

### Oahu's Coalition of Homeless Providers

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#### TESTIMONY IN SUPPORT OF HB 2580 RELATING TO LABOR

TO: Representative Sylvia Luke, Chair; Representative Scott Nishimoto, Vice Chair; Representative Aaron Ling Johanson, Vice Chair; and members of the House Committee on Finance

FROM: Peter K. Mattoon, Advocacy Committee Co-Chair, Partners In Care

Hearing: Tuesday, February 25, 2014, 2:00 PM, Room 308

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and members of the committee:

Thank you for the opportunity to testify in **support** of House Bill 2580 to increase the minimum wage. We support an amendment to raise the **minimum wage to at least \$10.10**, as well as the bill's language to **eliminate the tip credit**, and automatically adjust **future wage increases for the Consumer Price Index**. I am Peter K. Mattoon, and I am an Advocacy Committee Co-Chair for Partners In Care (PIC), a coalition of care providers focusing on the needs of homeless persons and strategies to end homelessness.

Homelessness is a pressing social crisis, and Hawai'i has the highest rate of homelessness in the nation. Many factors contributing to chronic, individual, and family homelessness. But for many households, especially families, their low income relative to the high cost of living—which is twice the national average—means they can barely make ends meet and risk or actually experience homelessness.

Partners In Care supports this increase to the minimum wage as a way to prevent homelessness and help households transition out of homelessness. Low-income families, especially those in poverty, struggle just to pay for necessities, including housing, with virtually none left over to save for a rainy day. Thirty percent of Hawai'i's families are liquid asset poor, meaning that they do not have enough in easily-liquidated assets to survive at the poverty level for three months. A 2006 study found that 170,000 people on Oahu alone were three paychecks away from homelessness. When these families are hit with a financial crisis, such as the loss of a job or medical emergency, they are greatly at risk of losing their housing.

We also see households who have worked hard to get their lives back on track and find employment struggle to find affordable housing. As a result, these households who are ready to work and live in permanent housing are stuck in transitional housing because they cannot find units affordable for those working at minimum wage. A two-bedroom apartment at fair market rent costs \$1,671. A minimum wage worker would need to work 177 hours per week, 52 weeks a year for this rent to be affordable (less than 30 percent of their income), or a household would need 4.4 minimum wage workers working full time to make this rent. Unsurprisingly, many of our low-income families are severely cost-burdened. Three out of four households at less than 30 percent of the area median income (\$17,000 for a single person; \$24,250 for a household of four) are paying more than *half* of their income toward rent. The 2010 Homeless Services Utilization Report found that more than half of homeless families had at least one adult working full or part-time, and that an inability to afford rent was a cause of their homelessness for 56 percent of all homeless families.

Adequate wages for all of our families are critical to ending and addressing homelessness. This bill will help families escape poverty and also ensure that the buying power of their wages keeps up inflation. Again, thank you for the opportunity to testify in support of a minimum wage of **\$10.10**, **repeal of the tip credit**, and indexing **future increases to the Consumer Price Index** to account for inflation.

Partners In Care, c/o Aloha United Way, 200 N. Vineyard Blvd. Suite 700  
Honolulu, Hawai'i 96817

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*Partners In Care is a membership organization of homeless service providers, other service professionals, units of local and state government, homeless consumers, and other community representatives located in Hawai'i on Oahu. It is a planning, coordinating, and advocacy body that develops recommendations for programs and services to fill gaps in the Continuum of Care on Oahu.*

**TO: House Committee on Finance**

**FROM: Mr. Orrin Cross – General Manager @ Hula Grill**

**RE: HB2580 - Relating to Minimum Wage (Increase the Tip Credit)**

Aloha,

I am writing this letter in support of the February 25, 2014 hearing to increase the minimum for low wage earners. I am opposed to this current draft, an amendment to the bill has to be attached so the intentions of the bill will not be diluted. I am in favor of the bill but with an increased tip credit attached.

Each year brings new challenges to the business climate. Rising cost of goods, fuel prices and health care make the business environment difficult to survive. Labor with benefits represent 35% of the money we take in. Restaurants run on small profit margins that are easily pushed into the red.

The Hula Grill employs approximately 200 employees. Of those employees, about 120 are currently making \$7.00 per hour with a .25 an hour tip credit. Their wages average from a low of \$18.47 up to a high of \$34.72. Your intentions are not to give this pay group a raise!

Our kitchen and maintenance staff currently averages \$14.05 per hour. When the increase of minimum wage goes through, it will affect this group of employees negatively. Not only will they not receive a raise from the increase, we will be forced to pay the servers, bus staff etc. more, taking away future money that would be available for increases.

Please consider the negative impact this will put on all Hawaii restaurants. We are a huge source of income for the state but need to make a profit to continue to contribute. Thank you for your time and consideration.

**PLEASE ADD AN AMENDMENT TO THE BILL**

**Thank You,**

**Orrin Cross  
Hula Grill  
2435 Kaanapali Parkway  
Lahaina, HI 96761**





To: House Committee on Finance  
From: Dianne Vicheinrut  
General Manager  
Hearing: February 25, 2014, 2pm  
RE: HB2580  
Relating to Minimum Wage **(TIP CREDIT)**

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We **oppose** this current proposal but are in support of the intent to increase wages and request the following amendment.

- A state tip credit that correspondingly increases with the projected minimum wage increase. Keep the tipped employees pay rate at \$7.00 an hour.

When it comes to wages, restaurants struggle to create equity between the Front of the House (FOH) and Back of the House (BOH) employees. The major difference is that the FOH employees are tipped and their average hourly tips can double the average hourly wage of the BOH employees. Our company has been focused on trying to equalize this major disparity by increasing the hourly wages of the back of the house employees. Although this has come at a high cost to our business, we feel that it is important to give our BOH staff a fair standard of living. An increase in the tip credit will continue to enable Hula Grill Waikiki to pay BOH employees above minimum wage and create more equity in wages.

Hula Grill Waikiki has 120 employees. Approximately 85 work in the front of the house as greeters, bussers, bartenders, and servers. Most earn \$7.25 less tip credit of \$0.25 an hour plus tips. We agree that their income varies and some days are better than others but disagree that they are low wage earners when their average hourly wage in 2013 with tips was \$21.74.

Conversely, Kitchen employees (dishwashers, prep, and line cooks) average \$13.78 an hour (up from \$12.05 in 2012); none of them are at minimum wage. The increase will not increase their wages and in fact may lower them because if we increase the wages of our tipped employees, we will be hard pressed to continue to raise the rates of our back of the house support staff and wages for new hires may be reduced.

We understand that the goal of increasing minimum wage is to offer a higher standard of living for those making minimum wage. If minimum wage is increased, correspondingly increase the tip credit. This way, restaurants can increase wages for the non-tipped employees who would benefit the most.

Aloha,

Dianne Vicheinrut  
General Manager

Hula Grill Waikiki  
2335 Kalakaua Avenue, Suite 203, Honolulu, HI 96815

## finance1

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**From:** John J. Witeck <witeck@hawaii.edu>  
**Sent:** Monday, February 24, 2014 9:55 AM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke; Drew Astolfi, Raise Hawaii's minimum wage to \$ 10.10 an hour!  
Please. Campaign

This email is from John and Lucy Witeck, 2252 Puna Street, Honolulu, HI 96817 (ph. 808-347-3306)

Dear Representative Luke and committee members:

We are in strong support of HB 2580 increasing the minimum wage and would urge the committee to raise the amount to \$15 per hour at a minimum due to Hawaii's high cost of living. It is time to help alleviate the situation of the working poor in our community. We were contacted by FACE/Moveon.org with the notice that the bill is before your committee. Please act to approve it and recommend it for passage, and please consider hiking the minimum to \$15 per hour.

Mahalo!

Sincerely, John and Lucy Witeck



**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 22, 2014 2:07 PM  
**To:** FINTestimony  
**Cc:** wctanaka@gmail.com  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/22/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Wayne	Individual	Support	No

Comments: A living wage for an honest day's work is all that this bill asks for. Please let us not be distracted by purely speculative fearmongering, however urgently presented, by those who have not experienced life in the extremes of legally permissible exploitation. More money for local, working class people earning minimum wage guarantees more dollars spent in our local economy, and reduces the need for taxes to support the social safety nets current minimum wage workers may be forced to rely upon. Mahalo nui loa for your careful consideration and support of this measure!

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## finance1

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**From:** Cyrus Naone <hawynknight@gmail.com>  
**Sent:** Saturday, February 22, 2014 11:39 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** Re: Minimum wage Increase

Aloha,

My name is Cyrus Naone and I am in support of HB2580. I feel that minimum wage should be a good starting place but not a place for complacency. The current minimum wage of \$7.25/hr puts most people behind and they become too busy struggling to even think about moving up the pay scale.

I understand there may be challenges for businesses to keep up with that increase, but I think they're are more benefits to giving working people a little more room to breath.

Thank you for your time and consideration.

Mahalo,  
Cyrus Naone

P.S. Wish we could figure out a way to teach people to be smarter about their money too...

Representative Sylvia Luke, Chair  
Representative Aaron Ling Johanson, Vice Chair  
Representative Scott Y. Nishimoto, Vice Chair  
House Committee on Finance

Jessica Valdez  
BSW, Hawaii Pacific University

Tuesday, February 25, 2014

Support for H.B. No. 2580, Relating to Labor

I am a BSW student attending Hawaii Pacific University. I am testifying in favor of H.B. No. 2580, Relating to Labor, which would raise the minimum wage between 2015 and 2017, require adjustments to the minimum wage in accordance with the Honolulu region consumer price index starting from 2017, and eliminate the tip credit.

As a former restaurant worker, I am one of the many people who have experienced the impact that the current minimum wage rate has had in the context of the state's shifting economy. Minimum wage is an issue that impacts everyone in Hawaii because it concerns the increasing disparity between the rising cost of living and the decreasing ability for individuals and families to provide for themselves and ensure their socioeconomic wellbeing. An increase in minimum wage has been long overdue and would bring positive growth in socioeconomic wellbeing for the people as a whole.

Please consider the potential that this measure has to diminish the economic disparity that has been challenging individuals and families in Hawaii. I strongly urge the committee to pass H.B. No. 2580. Thank you for the opportunity to testify on behalf of this measure.

**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 22, 2014 5:33 PM  
**To:** FINTestimony  
**Cc:** ktessier@hawaii.edu  
**Subject:** \*Submitted testimony for HB2580 on Feb 25, 2014 14:00PM\*

**HB2580**

Submitted on: 2/22/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Karen Tessier	Individual	Support	No

Comments:

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## finance1

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**From:** Toni Tengan <tonidave1969@hotmail.com>  
**Sent:** Saturday, February 22, 2014 7:40 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** Strong support of HB2580

Dear Sir/Madam,

My name is Toni Tengan. I am writing in strong support of HB2580, regarding the raising of the State of Hawaii's minimum wage to \$10.10 per hour. I was contacted by FACE/Moveon. org. I am a registered voter and represent part of the 66% in the middle who are struggling from month to month, and whom do not want to hear the cacophonous noise that the 17% extreme right wing or extreme 17% left wing are yelling about.

The Social Security program called Ticket to Work (TTW), would be a more humane process if the State's minimum wage were \$10.10 per hour. In that way, everybody wins, both the Employment Networks (DVR) and the consumer of mental health services, by getting back to work with less stress put upon him/her.

The current minimum wage makes the Employment Networks (DVR and 3 others in the state) lose money on SSDI recipients who have enough work experience to get jobs on their own.

We're not asking to be millionaires. All we want is to eat at a sit-down restaurant (like Zippy's) and be served a meal once a month, or go to the movies instead. We could be part of the public that buys goods and services, just like everybody else. Wouldn't that be great?

Sincerely,

Toni Tengan

Mental Health Consumer  
Certified Medicare Benefits Planning Educator  
Certified WRAP (Wellness Recover Action Plan) Co-Facilitator  
Certified Provider Education Co-Facilitator



**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 22, 2014 6:06 PM  
**To:** FINTestimony  
**Cc:** kaloli.pt@gmail.com  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/22/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ann Strong	Individual	Support	No

Comments: I STRONGLY SUPPORT this bill increasing the minimum wage in Hawaii.

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## finance1

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**From:** Paul Stankiewicz <stankiewp002@hawaii.rr.com>  
**Sent:** Sunday, February 23, 2014 3:12 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** HB 2580 Testimony

I urge you to support HB 2580 to raise Hawaii's minimum wage, annually, to over \$10.00 by 2017.

I am willing to live with the higher prices as a fair consequence of helping to raise others out of poverty.

I support the organized effort by FACE/Moveon.org to insure this bill is passed.

Thank you for your consideration,

Paul R. Stankiewicz  
95-125 Kaalolo Place  
Mililani, HI 96789

## finance1

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**From:** James Nakasone <jsnakasone@hawaii.rr.com>  
**Sent:** Sunday, February 23, 2014 3:20 PM  
**To:** FINTestimony  
**Cc:** Ben Nakamiyo  
**Subject:** HB2580

I am strongly in support of HB 2580. The present minimum wage is so low that workers at that level cannot live decently. The vast disparity in incomes between the low, the medium and the high is the cause for so much of the ills in our society.

I don't understand why we even talk about a tip credit. We portend to give them a raise and then take some of it back with the tip credit. Nonsense!

And why do we wait until 2017 for the full raise? They need a higher wage today!

James Nakasone  
808-626-2248

**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 23, 2014 1:08 PM  
**To:** FINTestimony  
**Cc:** jlouis@hawaii.edu  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/23/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jamie Louis	Individual	Support	No

Comments: I strongly support this bill. It would improve the life of everyone across these Islands for a number of reasons: less taxpayer burden due to providing government welfare, more money in the economy because people will have a higher cash flow to work with, and decreased homelessness.

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## finance1

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**From:** Michael Lieberman <mliberman1@hawaiiantel.net>  
**Sent:** Saturday, February 22, 2014 2:29 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** HB2580

Dear Rep. Luke:

I strongly support HB2580. I believe that increasing the minimum wage for Hawaii's workers to \$9.50 (without a "tip credit") over a period of 3 years will not only keep many people out of poverty, but also be beneficial to the economy overall by increasing the ability of many consumers to purchase goods and services.

I have been contacted by FACE/Moveon.org in regard to this matter.

Thank you,

Michael Lieberman  
1052 Ala Nanu, #304  
Honolulu, HI 96818



**finance8-Danyl**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 24, 2014 7:42 AM  
**To:** FINTestimony  
**Cc:** jenny@hiappleseed.org  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jenny Lee	Individual	Support	No

Comments: Please support an increase in the minimum wage to \$10.10, repeal of the tip credit, and indexing future increases to the CPI. Our workers are long overdue for an increase in the minimum wage, and \$10.10 will go a long way to addressing poverty. Workers should also keep what they earn through their service: tips are gratuities from customers to workers, not subsidies for employers. I believe that businesses should demonstrate that the income of their tipped workers--especially those at inexpensive restaurants--is actually resulting in high annual incomes. We also cannot let workers see their buying power dramatically decrease due to legislative inaction and business opposition. Businesses must project all other costs such as electricity, rent, and changing food prices--why are they not just as capable of projecting labor costs as determined by the less-volatile CPI? Businesses should be able to figure out how to turn a profit but now claim they don't know how to should the tip credit be repealed or future increases be indexed for the minimum wage. Business owners in other states have been able to project these costs, and I trust that those here are just as capable. Otherwise, businesses need to demonstrate that it is impossible to retain a reasonable profit margin. The growing economic consensus is that raises in the minimum wage reduce poverty but does not decrease jobs. Instead of telling sad yet ultimately speculative stories with no empirical evidence or demonstration that these claims are grounded in reality, please look at the plight of workers and the actual numbers. Again, please increase the minimum wage to \$10.10, repeal the tip credit, and automatically increase the minimum wage through the CPI. Thank you for the opportunity to testify in support.

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From: mailinglist@capitol.hawaii.gov  
Sent: Saturday, February 22, 2014 9:32 PM  
To: FINTestimony  
Cc: naritaslee@yahoo.com  
Subject: Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/22/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Susan Law	Individual	Support	No

Comments: Hawaii needs an increase in the minimum wage and this bill does the job. An increase in the minimum wage not only helps the individual worker and his or her family, it helps Hawaii's economy because there will be more money being spent locally and less taxes paid out as welfare.

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**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 22, 2014 6:37 PM  
**To:** FINTestimony  
**Cc:** ksunny@gmail.com  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/22/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Hardeep Kharbanda	Individual	Comments Only	No

Comments: Although this is in the right direction, the wage increases proposed by this bill are too low. With Hawaii's cost of living, we need to ramp up much quicker. If this bill set the minimum wage at \$10 by 2015, I would wholeheartedly support it.

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finance1

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From: wally inglis <wallyinglis@yahoo.com>  
Sent: Saturday, February 22, 2014 5:31 PM  
To: FINTestimony  
Cc: Rep. Sylvia Luke  
Subject: HB2580 Minimum Wage

Dear Chair Luke and Members of the House Finance Committee:

I strongly support passage of HB 2580, which would raise the minimum wage and not include tip credits. Hawaii's workers have long been underpaid. It is time for them to get a raise!

I was part of a FACE delegation that visited both your office and that of Senator Ige earlier this month. I was pleased to hear your encouraging and supportive words on this important issue.

I urge the Finance Committee to pass HB 2580 with strong recommendation for passage by the full House.

Aloha,

Wally Inglis

2349 C Palolo Av  
Honolulu, HI 96816

## finance1

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**From:** John Heidel <jheidel808@icloud.com>  
**Sent:** Saturday, February 22, 2014 2:40 PM  
**To:** FINTestimony  
**Subject:** HB 2580

>  
> Bill: HB 2580  
> Hearing Date: February 25, 2014  
> Room: 308  
> Time: 2:00 pm  
>  
>  
> I strongly urge you to pass HB 2580 that would establish a new minimum wage in Hawaii.  
>  
> This is a critical issue for the people of our community who are still struggling during these difficult economic times. We who represent the various faith traditions see this as a social justice concern and rely on your leadership to do the right thing for the people of Hawaii.  
>  
> Further, I urge you to amend the bill to increase the minimum wage to \$10.10 and to eliminate the tip credit.  
>  
> Thank you for considering this testimony.  
>  
> Sincerely,  
>  
> Rev. Dr. John Heidel  
> 1341 Manu Mele Street, Kailua  
> Minister, United Church of Christ  
> Former Chaplain, Punahou School  
> former President, The Interfaith Alliance Hawaii



RE: Testimony in Support of HB 2850 Relating to Labor  
TO: Rep. Sylvia Luke, Chair; Rep. Scott Nishimoto, Vice Chair; Rep. Aaron Ling  
Johanson, and members of the House Committee on Finance  
HEARING: Tuesday, February 25, 2014, 2:00 PM, Room 308

Aloha,

I respectfully urge the committee to increase the minimum wage to \$10.10 per hour, repeal the tip credit, and tie future increases in the minimum wage to the Consumer Price Index.

Hawai'i is the most expensive place to live in the country, yet we set our minimum wage at the federal level. Twenty-one states and the District of Columbia have higher minimum wages, despite their lower cost of living.

The average minimum wage worker does not fit the stereotype of a teenage working part-time. In actuality, 85% of minimum wage jobs are held by workers over 21, and 84% of minimum wage workers work more than 20 hours a week.

The benefits of raising the minimum wage are clear. Increasing the minimum wage reduces poverty. At \$10.10 an hour, a full-time minimum wage worker would earn enough to lift a family of three out of poverty. As it stands, a minimum wage earner working full-time with one child would fall 16 percent below the federal poverty guidelines.

Raising the minimum wage stimulates our economy, as low-income workers have increased buying power. Moreover, Hawai'i's own experience has shown that it does not reduce jobs: the last four increases in the minimum wage saw job *growth* in the following year.

I also support the repeal of the tip credit. Tipped workers should keep what they earn for the quality of their service. Customers give tips to employees for their service, not to subsidize employers so they can pay less than the minimum wage.

We should make sure that our minimum wage workers receive fair wages for their work and are better able to make ends meet by raising the minimum wage to \$10.10, repealing the tip credit, and indexing future increases for inflation.

Thank you very much for your support of this bill to support the people living in Hawai'i. All of us will benefit from passage of HB 2850.

Sincerely,

Jessica R. Garlock, MSW, LSW  
PO BOX 235796  
Honolulu, HI 96823

## finance1

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**From:** Serafina Gajate <sgajate@yahoo.com>  
**Sent:** Saturday, February 22, 2014 7:14 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** In support of HB 2580

Aloha,

My name is Serafina Gajate and I am writing to express my support for HB 2580, for raising the minimum wage. I was contacted by Moveon.org to alert me to the upcoming hearing for this bill, and wanted to submit my testimony before the deadline.

Mahalo for your time,  
Serafina Gajate

## finance1

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**From:** Jessica Friedberg <jessica3travel@yahoo.com>  
**Sent:** Saturday, February 22, 2014 7:27 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** Support HB 2580

Aloha!

I am in strong support of HB 2580. I think the wage should be even higher (\$15 an hour). I was contacted by FACE/Moveon.org. and wanted to share my support with you.

Mahalo,  
Jessica

Jessica Friedberg  
15249 Haleakala Hwy  
Kula, HI 96790

Link to the bill:

[HB 2580](#)  
[\(HSCR439-14\)](#)  
[Status](#)

RELATING TO LABOR.

Annually increases minimum wage 1/1/15 - 1/1/17. On 9/30/17 and thereafter requires DLIR to adjust the minimum hourly wage in accordance with the Honolulu region consumer price index. Deletes tip credit. LAB, FIN

**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 22, 2014 7:28 PM  
**To:** FINTestimony  
**Cc:** sdinion@mac.com  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/22/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Steve Dinion	Individual	Support	No

Comments: I strongly support a minimum wage increase to at least \$10.10, along with the deletion of the tip credit and pegging future increases to the CPI. It's unconscionable that the most expensive state in the US has such a low minimum wage. Please support Hawai'i's hardworking low-wage families by passing this bill (to match SB2609 with a minimum wage of at least \$10.10). Mahalo.

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**finance8-Danyl**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 24, 2014 8:24 AM  
**To:** FINTestimony  
**Cc:** dejamarie@gmail.com  
**Subject:** \*Submitted testimony for HB2580 on Feb 25, 2014 14:00PM\*

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Deja	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 22, 2014 2:10 PM  
**To:** FINTestimony  
**Cc:** gpcolton@gmail.com  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/22/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gary Colton	Individual	Support	No

Comments: Laborers in Hawaii should not live in poverty. the present minimum wage is @ poverty level. The wage needs and must be increased to \$10.10

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**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 22, 2014 10:16 PM  
**To:** FINTestimony  
**Cc:** carl.campagna@kamakagreen.com  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/22/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Carl	Individual	Support	No

Comments: Aloha, I strongly support this bill and urge it's passing. What is more, I would suggest that we link the minimum wage to the Consumer Pricing Index. Mahalo for your consideration.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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finance1

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From: mailinglist@capitol.hawaii.gov  
Sent: Saturday, February 22, 2014 11:41 AM  
To: FINTestimony  
Cc: bjborgnino@gmail.com  
Subject: Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/22/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Barbara Borgnino	Individual	Support	No

Comments: I support this bill.

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## finance1

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**From:** Patricia Blair <patriciablair@msn.com>  
**Sent:** Saturday, February 22, 2014 1:20 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** HB2580

I have been contacted by FACE/moveon.org. Which I support to testify. I strongly support HB2580, a minimum wage of at least \$10.10/hour without tip credits beginning in 2014 for Hawaii's workers. Thank you for helping citizens most in need. Patricia Blair, Kailua, 888-6393

Sent from my iPad

TO: House Committee on Finance  
Rep. Sylvia Luke Chair  
Rep. Scott Nishimoto Vice-Chair  
Rep. Aaron Ling Johanson Vice-Chair

FROM: Teresa Bill tbill808@gmail.com

RE: Testimony Regarding **HB 2580**  
Relating to Labor (Min Wage & Tip Credit)  
Tues. Feb 25, 2014  
2:00 p.m. Conference Room 308

I am Teresa Bill, testifying **in support of HB2580** increasing the Hawai'i State minimum wage, eliminating "tip credit," and establishing a mechanism for automatic increases over time in relation to the Honolulu region consumer price index.

**HB 2580** is the strongest vehicle to increase the state minimum wage. Of course, I advocated for amending the bill in the House Labor Committee to increase the minimum wage to \$10.10. A raise in the minimum wage is desperately needed but \$8.00 is still too low. A 40-hour worker would still only earn \$1,280 a month! While this lifts a single adult out of poverty, a single parent (2 person household) needs to earn \$1,507 per month, or \$9.42 per hour to earn even poverty level wages -- a rate which is not achieved in this bill until 2017.

**I support HB 2580** because it includes a means to automatically index the minimum wage. This is necessary to avoid the years-long process of falling behind, then (nearly) catching up. Our lowest waged workers need to earn a steady inflation-protected minimum wage.

The reality is that many Hawai'i workers will continue to work in minimum wage jobs ~ they are a growing sector of the economy. We need to ensure that our workers can support themselves -- that when adults work 40 hours per week, they earn wages that put them above the poverty line.

**I support HB 2580** because it eliminates the tip credit, a "sleight of hand" means by which employers legally resist paying a "minimum" wage to "tipped" employees. The minimum wage is intended to be a threshold - a minimum. It should not be undercut by a "tip credit." Restaurant servers, the largest group of tipped workers **experience poverty at nearly three times** the rate of the workforce as a whole, and **70% of servers are women.**

As the coordinator of a program (UH Bridge to Hope) which provides welfare participating students access to college, I know that families, and even single adults cannot live on the current minimum wage of \$7.25 per hour. A large part of the rationale for offering education and training to welfare participants is to ensure they do not leave welfare only to find themselves limited to minimum wage jobs, which cannot support their families.

Our lowest waged workers need and deserve a raise. Inflation has eroded the value of the \$7.25 minimum wage implemented in 2007.

Thank you for this opportunity to testify. I urge you to pass HB 2580 so it can be the vehicle for successfully raising the minimum wage this session.

Teresa Bill  
1302 Koko Head Ave.  
Honolulu, HI 96816



## finance1

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**From:** Ashina Sunshina <ashinasunshina@gmail.com>  
**Sent:** Sunday, February 23, 2014 9:06 AM  
**To:** FINTestimony; Rep. Sylvia Luke  
**Subject:** Strong SUPPORT of HB 2580

Aloha,

Please urgently pass HB2580. It is desperately needed by the people of Hawaii! In fact the minimum wage could be even higher. \$12 would be even better.

Thank you!

Ashina Ashina  
Kapaa, Kauai 96746

Aloha, Chair Luke and Committee members:

This is the year. As you're well aware, the minimum wage has not increased since 2007. It is beyond belief that Hawai'i, a state as blue as they come, *the* state with the highest cost of living, is subjecting our work force with the federal minimum wage. We were poised to come closer to even approaching a living wage last session until the Senate sent us back 7 years. Please do not let that happen again.

I strongly urge you to insist on raising the minimum wage to \$10.10 (not \$9.50), repealing the tip credit, and indexing future increases to the Consumer Price Index to offset inflation. The public will be here, as is the immediate need.

Hawai'i has the 9<sup>th</sup> highest poverty rate in the nation. We've become the land of the 20 percenters: one in five of our children under six lives in low-income working families, 1 in 5 minimum wage workers receive SNAP, 1 in five minimum wage workers have a family member on Medicaid, and 1 in 5 minimum wage workers have a child that receives free or reduced price school meals.

Our minimum wage is not a living wage and, as the level of minimum wage earners who rely on significant government assistance for the basic necessities of life clearly illustrates, help is needed. Each time such well deserved help was granted, businesses have thrived rather than suffer. More than 15,000 jobs were created each year following both the 2002 and 2006 increases in the minimum wage.

Offsetting a raise for some of our minimum wage workers with a pay cut for others is not the way to bring Hawaii's working families out of poverty. Our minimum wage workers have suffered for far too long, all of them.

President Obama knows it's time. Governor Abercrombie told us too. The House tried last session. Please, make it happen this year. The time is now.

Very truly yours,

Jason Parasco

**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 24, 2014 10:54 AM  
**To:** FINTestimony  
**Cc:** MEGreenwell@kealakekuaranch.com  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Martha E Greenwell	Individual	Comments Only	No

Comments: Do not tie the minimum wage increase to CPI...

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finance1

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From: Carmelita Dayao-Phillips <csdp@kyd-inc.com>  
Sent: Monday, February 24, 2014 11:17 AM  
To: FINTestimony  
Subject: HB 2580 opposition

Dear Finance Testimony,

TO:  
HOUSE COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto and Rep. Aaron Johanson, Vice Chairs

Date: February 25, 2014  
Time: 2:00pm  
Place: Conference Room 308

Re: HB 2580  
Position: Strong Opposition

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee;

This bill will have drastic and long-term negative effects on my business, my customers, and my employees. Please stop this bill now and do not let it move any further. If you are intent on passing a minimum wage increase please lower the increase to no more than 25 cents a year over three years and do not tie the minimum wage to CPI.

The cost of employing someone is more than just the cost of their wages, and the pay structure of all employees' is linked. A rapid and high minimum wage increase will cost my business much more than the amount of the increase itself. This affects every aspect of my business, especially the number of employees I can afford to maintain and the prices I can charge.

I would especially like to note one of the worst parts of the bill is that in future it would tie minimum wage to the price index. This is something that I strongly oppose in particular. Tying wages to the unpredictable price index would mean it would be impossible to plan ahead and make a budget for my business. This is the kind of thing that can put me, and others like me, out of business completely.

Rapid increases of more than 25 cents a year also make budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. Due to the fact that we live in an isolated island state with extremely expensive labor and healthcare regulations we already pay high prices for food and other goods in Hawaii, and I know that driving prices up even more is something we all want to avoid. Due to the highly competitive nature of the food industry, businesses like mine operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer, with good wages and benefits, and I want to continue to give my customers the quality products they need at prices they can afford. I want to continue to contribute to the economy in my community and our state. Any one of these bills could compromise my ability to do those things.

For these reasons I ask that you all please vote no on this destructive measure.

I thank you for your time and for the opportunity to testify.

Sincerely,

Carmelita Dayao-Phillips  
43 Prospect St  
Honolulu, HI 96813

## finance1

---

**From:** Conrad Loui <conrad.loui@pwchi.com>  
**Sent:** Monday, February 24, 2014 11:43 AM  
**To:** FINTestimony  
**Cc:** Rep. Linda Ichiyama  
**Subject:** HB 2580 Regarding Increase to Minimum Wage

To House Finance Committee:

Please accept my testimony as OPPOSITION to HB 2580.

The following expresses my concerns and reasons for my opposition.

- Increased Payroll Costs - An increase as high as \$2.25 an hour could be detrimental to local businesses, especially for those who are still struggling to recover from the Great Recession. A \$2.25 increase per hour would equate to \$4,680 a year for just one full-time employee, or \$93,600 a year for a workforce of 20 employees who are paid minimum wage.
- Compressed Wages - Providing a significant wage increase to the lowest paid employees in an organization will inevitably lead to employees with less skills or experience receiving the same or similar pay as more experienced workers. As a result, employers would be forced to also adjust wages of the experienced employees, which would result in a further increase in payroll. Therefore, an increase in the minimum wage does not just affect employer costs for minimum wage earners; it also affects costs for other employees as well.
- Increased Business Expenses - In addition to the increased payroll expenses that result from a hike in the minimum wage, employers will also see a spike in all other expenses that are tied to their payroll such as payroll taxes (social security contributions, Medicare taxes), unemployment insurance taxes, temporary disability insurance, and workers' compensation insurance.
- Lower Wages for Non-Tipped Employees - For companies in the service or hospitality industry, minimum wage earners are often also tipped employees. In many situations, the tipped employees receive \$20.00 or more per hour in tips. For those same companies, non-tipped employees often already receive more than the minimum wage. If the employer needs to increase the pay rate for the tipped employees (who already get paid more money than non-tipped employees), however, it would prevent the employer from paying non-tipped employees a higher wage. Therefore, this measure would actually result in the unintended consequence of paying the higher wage earners *more* money, but paying the lower wage earners *less* money.
- BLS Figures Dispel Arguments Offered in Support of Minimum Wage Increase - The proponents for an increase in the minimum wage argue that minimum wage earners are unable to provide for their families because they are not making enough money.
  - Minimum Wage Earners Tend to Be Young - The Department of Labor and Industrial Relations has argued that 85% of minimum wage earners are 21 and older. According to the Bureau of Labor Statistics ("BLS"), however, 50% of all minimum wage earners are



24 years of age or younger. Therefore, the argument that minimum wage earners are individuals who need to provide financially for their families appears to be somewhat of a misconception. In addition, the minimum wage is not meant to be a *living wage*; it is an entry level wage for workers without any particular skills or experience.

- Half of Minimum Wage Earners are Tipped Employees - In addition, the BLS data also indicates that about half of minimum wage earners are tipped employees, meaning that they are already making over the minimum wage due to tips they receive.
- Need for Higher Tip Credit - In Hawaii, the tip credit is only \$0.25 per hour. Federal law provides a tip credit of \$5.12 per hour. In the 38 other states and districts that provide a tip credit, every single one has a tip credit higher than Hawaii. In fact, most of those states provide a tip credit between \$4.00 and \$5.00 per hour.
  - States with Higher Minimum Wage Have Higher Tip Credits - While it may be true that 21 states and D.C. have a higher minimum wage than Hawaii, 18 of those states have a tip credit that is significantly higher than the tip credit in Hawaii. For example, in those states, the smallest tip credit can be found in Arizona, which is currently set at \$3.00/hr. Most of the other states have tip credits in the \$3.00, \$4.00 and \$5.00 ranges, while Hawaii is still stuck at just \$0.25.
- Tying the Minimum Wage to Inflation is Dangerous - Annual adjustments to the minimum wage based on inflation is risky and dangerous because the economy should be evaluated over a long course of time, as opposed to just one year. Placing the minimum wage on an escalator clause would result in repeated and increased costs for businesses, but would not account for the ebb and flow of the economy. Accordingly, setting the minimum wage at unmanageable levels could result in many small and large companies going out of business.

As a resident and business owner, the overall negative impact on my business will make doing business in Hawaii more difficult. In a highly competitive business environment, the increase in cost will be tough to be absorbed, until such time that the rising costs are passed on to tax paying residents.

Thank you for your consideration.

Respectfully submitted,

**Conrad Loui**

1301 Ala Aolani Street

Honolulu, HI 96819

(808) 478-9442

## finance1

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**From:** Marry Me Maui Wedding Planners <info@marrymemauui.com>  
**Sent:** Monday, February 24, 2014 11:55 AM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** HB 2580

Aloha Senator David Ige and Rep. Sylvia Luke,

My Name is Co Pegg. I am emailing you to let you know my strong support of HB 2580. I was contacted by FACE/Moveon.org and feel that this issue needs to be looked at now.

I believe the wage should be set at least \$10.10, but \$15.00 is a more accurate amount for today's cost of living.

The tip credit should be eliminated. When you tip, you tip the wait staff, not the restaurant owner. Lastly the wage should be increased over two or three years not four.

Mahalo, Co

## finance1

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**From:** Bob Stout <bobs@times-supermarket.com>  
**Sent:** Monday, February 24, 2014 11:40 AM  
**To:** FINTestimony  
**Subject:** HB 2580 opposition

Dear Finance Testimony,

TO:  
HOUSE COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto and Rep. Aaron Johanson, Vice Chairs

Date: February 25, 2014  
Time: 2:00pm  
Place: Conference Room 308

Re: HB 2580  
Position: Strong Opposition

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee;

This bill will have drastic and long-term negative effects on my business, my customers, and my employees. Please stop this bill now and do not let it move any further. If you are intent on passing a minimum wage increase please lower the increase to no more than 25 cents a year over three years and do not tie the minimum wage to CPI.

The cost of employing someone is more than just the cost of their wages, and the pay structure of all employees' is linked. A rapid and high minimum wage increase will cost my business much more than the amount of the increase itself. This affects every aspect of my business, especially the number of employees I can afford to maintain and the prices I can charge.

I would especially like to note one of the worst parts of the bill is that in future it would tie minimum wage to the price index. This is something that I strongly oppose in particular. Tying wages to the unpredictable price index would mean it would be impossible to plan ahead and make a budget for my business. This is the kind of thing that can put me, and others like me, out of business completely.

Rapid increases of more than 25 cents a year also make budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. Due to the fact that we live in an isolated island state with extremely expensive labor and healthcare regulations we already pay high prices for food and other goods in Hawaii, and I know that driving prices up even more is something we all want to avoid. Due to the highly competitive nature of the food industry, businesses like mine operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer, with good wages and benefits, and I want to continue to give my customers the quality products they need at prices they can afford. I want to continue to contribute to the economy in my community and our state. Any one of these bills could compromise my ability to do those things.

For these reasons I ask that you all please vote no on this destructive measure.

I thank you for your time and for the opportunity to testify.

Sincerely,

Bob Stout  
986 Kailiu Pl  
Honolulu, HI 96825

**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 24, 2014 11:22 AM  
**To:** FINTestimony  
**Cc:** hastingsr002@hawaii.rr.com  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Robert Hastings	Individual	Oppose	No

Comments: Raising the minimum wage will price some low-skill jobs out of the market and contribute generally to inflation, as other wages are also increased -- neither of which is good. Work experience is critical to getting a better job. This is widely recognized with internship programs and programs encouraging volunteers. If it is okay to work for nothing, why isn't it okay to work for \$8/hour?

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## finance1

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**From:** Sonya Yuen <kmltd96757@yahoo.com>  
**Sent:** Monday, February 24, 2014 11:57 AM  
**To:** FINTestimony  
**Subject:** HB 2580 opposition

Dear Finance Testimony,

HOUSE COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto and Rep. Aaron Johanson, Vice Chairs

Date: February 25, 2014  
Time: 2:00pm  
Place: Conference Room 308

Re: HB 2580  
Position: Strong Opposition

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee;

This bill will have drastic and long-term negative effects on my business, my customers, and my employees. Please stop this bill now and do not let it move any further. If you are intent on passing a minimum wage increase please lower the increase to no more than 25 cents a year over three years and do not tie the minimum wage to CPI.

The cost of employing someone is more than just the cost of their wages, and the pay structure of all employees' is linked. A rapid and high minimum wage increase will cost my business much more than the amount of the increase itself. This affects every aspect of my business, especially the number of employees I can afford to maintain and the prices I can charge.

I would especially like to note one of the worst parts of the bill is that in future it would tie minimum wage to the price index. This is something that I strongly oppose in particular. Tying wages to the unpredictable price index would mean it would be impossible to plan ahead and make a budget for my business. This is the kind of thing that can put me, and others like me, out of business completely.

Rapid increases of more than 25 cents a year also make budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. Due to the fact that we live in an isolated island state with extremely expensive labor and healthcare regulations we already pay high prices for food and other goods in Hawaii, and I know that driving prices up even more is something we all want to avoid. Due to the highly competitive nature of the food industry, businesses like mine operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer, with good wages and benefits, and I want to continue to give my customers the quality products they need at prices they can afford. I want to continue to contribute to the economy in my community and our state. Any one of these bills could compromise my ability to do those things.

For these reasons I ask that you all please vote no on this destructive measure.



I thank you for your time and for the opportunity to testify.

Sincerely,

Sonya Yuen  
PO Box 252  
Kualapuu, HI 96757

finance1

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From: Glenn Sakuda <gsakuda@fiveomarketing.com>  
Sent: Monday, February 24, 2014 11:59 AM  
To: FINTestimony  
Subject: HB 2580 opposition

Dear Finance Testimony,

TO: Senator Glenn Wakai  
HOUSE COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto and Rep. Aaron Johanson, Vice Chairs

Date: February 25, 2014  
Time: 2:00pm  
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Re: HB 2580  
Position: Strong Opposition

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee;

This bill will have drastic and long-term negative effects on my business, my customers, and my employees. Please stop this bill now and do not let it move any further. If you are intent on passing a minimum wage increase please lower the increase to no more than 25 cents a year over three years and do not tie the minimum wage to CPI.

The cost of employing someone is more than just the cost of their wages, and the pay structure of all employees' is linked. A rapid and high minimum wage increase will cost my business much more than the amount of the increase itself. This affects every aspect of my business, especially the number of employees I can afford to maintain and the prices I can charge.

I would especially like to note one of the worst parts of the bill is that in future it would tie minimum wage to the price index. This is something that I strongly oppose in particular. Tying wages to the unpredictable price index would mean it would be impossible to plan ahead and make a budget for my business. This is the kind of thing that can put me, and others like me, out of business completely.

Rapid increases of more than 25 cents a year also make budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. Due to the fact that we live in an isolated island state with extremely expensive labor and healthcare regulations we already pay high prices for food and other goods in Hawaii, and I know that driving prices up even more is something we all want to avoid. Due to the highly competitive nature of the food industry, businesses like mine operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer, with good wages and benefits, and I want to continue to give my customers the quality products they need at prices they can afford. I want to continue to contribute to the economy in my community and our state. Any one of these bills could compromise my ability to do those things.

For these reasons I ask that you all please vote no on this destructive measure.

I thank you for your time and for the opportunity to testify.

Sincerely,

Glenn Sakuda  
115 Mokauea St  
Honolulu, HI 96819

## finance1

---

**From:** Steve Ueda <steve.ueda@suisan.com>  
**Sent:** Monday, February 24, 2014 12:07 PM  
**To:** FINTestimony  
**Subject:** HB 2580 opposition

Dear Finance Testimony,

TO:  
HOUSE COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto and Rep. Aaron Johanson, Vice Chairs

Date: February 25, 2014  
Time: 2:00pm  
Place: Conference Room 308

Re: HB 2580  
Position: Strong Opposition

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee;

This bill will have drastic and long-term negative effects on my business, my customers, and my employees. Please stop this bill now and do not let it move any further. If you are intent on passing a minimum wage increase please lower the increase to no more than 25 cents a year over three years and do not tie the minimum wage to CPI.

The cost of employing someone is more than just the cost of their wages, and the pay structure of all employees' is linked. A rapid and high minimum wage increase will cost my business much more than the amount of the increase itself. This affects every aspect of my business, especially the number of employees I can afford to maintain and the prices I can charge.

I would especially like to note one of the worst parts of the bill is that in future it would tie minimum wage to the price index. This is something that I strongly oppose in particular. Tying wages to the unpredictable price index would mean it would be impossible to plan ahead and make a budget for my business. This is the kind of thing that can put me, and others like me, out of business completely.

Rapid increases of more than 25 cents a year also make budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. Due to the fact that we live in an isolated island state with extremely expensive labor and healthcare regulations we already pay high prices for food and other goods in Hawaii, and I know that driving prices up even more is something we all want to avoid. Due to the highly competitive nature of the food industry, businesses like mine operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer, with good wages and benefits, and I want to continue to give my customers the quality products they need at prices they can afford. I want to continue to contribute to the economy in my community and our state. Any one of these bills could compromise my ability to do those things.

For these reasons I ask that you all please vote no on this destructive measure.

I thank you for your time and for the opportunity to testify.

Sincerely,

Steve Ueda  
268 Noelani Loop  
Hilo, HI 96720

## finance1

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**From:** Michael LaGassey <mickeynow@gmail.com>  
**Sent:** Monday, February 24, 2014 12:20 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** Hawaii Wages.

I would like to have the below actions put into effect.  
I strongly support HB 2580.  
I am a member of FACE/Moveon.org.  
Mahalo for your time and consideration of my input.

1. The wage should be set at **at least to** \$10.10 an hour. It really should be \$15 an hour, considering the years of past inflation and the high cost of living as a service person here.
2. The tip credit should be eliminated. When you tip, it should go to the wait staff, not the restaurant owner.
3. The wage should be increased over two or three years **not** four!

Please.

Michael LaGassey Sr.



finance1

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From: Gaeton Cavarocchi <gaetonc@times-supermarket.com>  
Sent: Monday, February 24, 2014 12:11 PM  
To: FINTestimony  
Subject: HB 2580 opposition

Dear Finance Testimony,

TO:  
HOUSE COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto and Rep. Aaron Johanson, Vice Chairs

Date: February 25, 2014  
Time: 2:00pm  
Place: Conference Room 308

Re: HB 2580  
Position: Strong Opposition

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee;

This bill will have drastic and long-term negative effects on my business, my customers, and my employees. Please stop this bill now and do not let it move any further. If you are intent on passing a minimum wage increase please lower the increase to no more than 25 cents a year over three years and do not tie the minimum wage to CPI.

The cost of employing someone is more than just the cost of their wages, and the pay structure of all employees' is linked. A rapid and high minimum wage increase will cost my business much more than the amount of the increase itself. This affects every aspect of my business, especially the number of employees I can afford to maintain and the prices I can charge.

I would especially like to note one of the worst parts of the bill is that in future it would tie minimum wage to the price index. This is something that I strongly oppose in particular. Tying wages to the unpredictable price index would mean it would be impossible to plan ahead and make a budget for my business. This is the kind of thing that can put me, and others like me, out of business completely.

Rapid increases of more than 25 cents a year also make budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. Due to the fact that we live in an isolated island state with extremely expensive labor and healthcare regulations we already pay high prices for food and other goods in Hawaii, and I know that driving prices up even more is something we all want to avoid. Due to the highly competitive nature of the food industry, businesses like mine operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer, with good wages and benefits, and I want to continue to give my customers the quality products they need at prices they can afford. I want to continue to contribute to the economy in my community and our state. Any one of these bills could compromise my ability to do those things.

For these reasons I ask that you all please vote no on this destructive measure.

I thank you for your time and for the opportunity to testify.

Sincerely,

Gaeton Cavarocchi  
3375 KOAPAKA ST STE D108  
HONOLULU, HI 96819

## finance1

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**From:** Mike Murphy <mikeamurphy1@gmail.com>  
**Sent:** Monday, February 24, 2014 12:20 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** Testimony In Support of SB 2580

1. The wage should be set at **at least** \$10.10. I believe it should be \$15!
2. The tip credit should be eliminated, when you tip, you tip the wait staff, not the restaurant owner.
3. The wage should be increased over two or three years **not** four!

**Michael A. Murphy, AICP**

*91-1003 Hokuimo Street, Kapolei, HI 96707*

*(808) 861-5797*

[mikeamurphy1@gmail.com](mailto:mikeamurphy1@gmail.com)

## finance1

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**From:** Margaret Primacio <stibbardm003@hawaii.rr.com>  
**Sent:** Monday, February 24, 2014 12:25 PM  
**To:** FINTestimony  
**Subject:** Minimum Wage to \$10.10 support

Chair Luke and Committee Members:

I support a raise of \$10.10 to our State minimum for all workers over the next two years. I further support that tips not be credited towards that nor any credit be given which workers have earned due to their excellent service.

You can help to give families a hand up in our State's very high living costs.

Mahalo nui  
Margaret Primacio  
Kahuku

Sent from my iPhone

From: mailinglist@capitol.hawaii.gov  
Sent: Monday, February 24, 2014 12:48 PM  
To: FINTestimony  
Cc: abbycutter@gmail.com  
Subject: Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Abigail Cutter	Individual	Support	No

Comments: I respectfully urge the committee to increase the minimum wage to \$10.10 per hour, repeal the tip credit, and tie future increases in the minimum wage to the Consumer Price Index. Since Hawaii is one of the most expensive areas to live in the country, we desperately need to increase the minimum wage to reflect the cost of living. The average minimum wage worker does not fit the stereotype of a teenage working part-time. In actuality, 85% of minimum wage jobs are held by workers over 21, and 84% of minimum wage workers work more than 20 hours a week. The benefits of raising the minimum wage are clear. Increasing the minimum wage reduces poverty. At \$10.10 an hour, a full-time minimum wage worker would earn enough to lift a family of three out of poverty. As it stands, a minimum wage earner working full-time with one child would fall 16 percent below the federal poverty guidelines. Raising the minimum wage actually stimulates our economy, as low-income workers have increased buying power. Moreover, Hawai'i's own experience has shown that it does not reduce jobs: the last four increases in the minimum wage actually saw job growth in the following year. I also support the repeal of the tip credit. Tipped workers should keep what they earn for the quality of their service. Customers give tips to employees for their service, not to subsidize employers so they can pay less than the minimum wage. In addition, future increases in the minimum wage should be tied to the Consumer Price Index so our workers do not lose ground as they have over the last seven years. We should make sure that our minimum wage workers receive fair wages for their work and are better able to make ends meet by raising the minimum wage to \$10.10, repealing the tip credit, and indexing future increases for inflation.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

## finance1

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**From:** Lucienne de Naie <laluz@maui.net>  
**Sent:** Monday, February 24, 2014 12:59 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** Minimum wage

Aloha Finance Committee chair and members

I am a local small business owner who has always paid more than Hawaii's inadequate minimum wage to my employees. Please move the version of the proposed minimum wage hike bill forward that sets the minimum wage at \$10.10 and hour and increases it over the next two years, not four. Please support the version of the bill that eliminates the tip credit. I support the work being done by FACE/moveon.org to let the community have a voice on this important reform.

Lucienne de Naie  
PO Box 610  
Haiku, HI 96708



finance1

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From: Marta Greenleaf <Greenleaf.maui@yahoo.com>  
Sent: Monday, February 24, 2014 1:04 PM  
To: FINTestimony  
Subject: HB 2580

Aloha Chairperson Luke

I am strongly in support of HB 2580. FACE/Moveon.org has keep me updated on this important issue. I support a minimum wage of \$10.10 or more. I'm ok with incrementally moving to this amount over TWO years. The tip credit should be removed. Tips are for service and not to reduce the amount per hour the employer is paying in wages.

Thank you for your service and attention in this matter.

Marta Greenleaf  
Makawao, Maui  
GreenleafFarm

## finance1

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**From:** Ace Ellinwood <AceHI@hawaii.rr.com>  
**Sent:** Monday, February 24, 2014 1:07 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** I Support HB 2580

Thank you for hearing this bill.

I strongly support HB 2580. Raising the minimum wage to \$10.10 is a step in the right direction, and should take effect as soon as possible. It will restore some of the buying power that minimum wage workers have lost since the last increase several years ago, and will raise some of them out of poverty. Connecting the minimum wage to the CPI will help those workers keep their buying power in the future and eliminate the need to relegislate this issue.

Studies show that minimum wage increases are spent on necessities and go right back into the economy, supporting local business.

While a minimum wage increase will boost local spending and reduce the need for taxpayer aid to the poor, this is not just an economic issue. It's morally important that we give all who are working hard for a better standard of living a chance to achieve it.

Speaking as a consumer and retiree on a fixed income, I realize that some businesses will need to raise prices somewhat to accommodate additional wage and tax costs. I will happily pay higher prices to improve our economy, raise the standard of living of our poorest workers, and make life in Hawaii better for us all.

Aloha,

Bruce Ellinwood  
46-074 Puulena St #1126  
Kaneohe, HI 96744-3751  
808-398-9622  
AceHI@hawaii.rr.com

## finance1

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**From:** Melinda Ahn <melindaahn@hawaii.rr.com>  
**Sent:** Monday, February 24, 2014 1:26 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** Minimum Wage

Aloha,

I am  
Melinda Ahn  
47-004 Okana Place  
Kaneohe Hawaii 96744

I strongly support of HB 2580. I was contacted by FACE/Moveon.org

1. The wage should be set at at least \$10.10.
2. The tip credit should be eliminated, when you tip, you tip the wait staff, not the restaurant owner.
3. The wage should be increased over two or three years not four!

Thank you,  
Melinda Ahn MEd

Sent from my iPhone  
Sent from my iPhone

DATE: Tuesday, February 25, 2014

TIME: 2:00 P.M.

PLACE: Conference Room 308

### **IN SUPPORT OF HB2580**

My name is Kikko and I live and work on Maui. I am honored to submit my testimony today, I have never testified before to the Hawaii legislature. I am testifying today on behalf of my children, all of whom work hard but often make minimum wages.

Even when my grown children find fulltime work, even when they are supervisors or have to do heavy lifting, work all kinds of shifts, or load freezers, they often make minimum wages. I always told my children "work hard, show you boss you are a good workers, be on time and treat everyone with respect and you will go far." But my children are not going far in their jobs, even when they get promoted to supervisor like my daughter, pay is still around \$8.00.

I also want to say something on behalf of tipped workers who are being threatened with an even bigger tip credit. I just learned that tip "credit" is not a credit for the waiter or waitress, but a way for employers to pay these workers less than minimum wage. Many employers are claiming that their tipped workers are making such big money that no one should have to worry about them.

But consider me, I am a court interpreter on Maui and I get paid \$25 an hour because of my education and training. I must be rich, right? NO! because I cannot depend on regular hours, just like many tipped workers. I make a lot per hour, but I never have full-time hours, just like all the tipped workers I know. I am the highest paid poor person I know.

Please consider the whole situations workers are facing before making your ruling today.

***KIKKO SANA ERAM***

NIHAU STREET  
KAHULUI, MAUI

finance1

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From: Rico & Terri (Myrna) Reed <ricoterrimyrna@gmail.com>  
Sent: Monday, February 24, 2014 1:56 PM  
To: FINTestimony  
Subject: minium wage

I'm a retired person who will probably need to hire help on my property in the future however that does not mean I would not want to be able to pay a decent wage. I think the \$10.10 proposal is good and that it should not need more than a year to fully implement. Even when I was last in business, 20 years ago, I figured that if a person was not worth \$10 an hour then they weren't worth hiring.

Richard Reed  
P O Box 178  
Hakalau, Hi 96710

finance1

---

From: Jason Kimura <jkimura256@gmail.com>  
Sent: Monday, February 24, 2014 1:38 PM  
To: FINTestimony  
Subject: HB 2580 opposition

Dear Finance Testimony,

TO:  
HOUSE COMMITTEE ON FINANCE  
Rep. Sylvia Luke, Chair  
Rep. Scott Nishimoto and Rep. Aaron Johanson, Vice Chairs, Sen. Laura Thielen, Rep. Cynthia Thielen

Date: February 25, 2014  
Time: 2:00pm  
Place: Conference Room 308

Re: HB 2580  
Position: Strong Opposition

Chair Luke, Vice Chairs Nishimoto and Johanson, Sen. Thielen, Rep. Thielen, and members of the committee:

This bill will have drastic and long-term negative effects on businesses, their employees, and on consumers. Please stop this bill now and do not let it move any further. If you are intent on passing a minimum wage increase please lower the increase to no more than 25 cents a year over three years and do not tie the minimum wage to CPI.

The cost of employing someone is more than just the cost of their wages, and the pay structure of all employees' is linked. A rapid and high minimum wage increase will cost businesses much more than the amount of the increase itself. This affects every aspect of Hawai'i businesses, especially the number of employees that they can afford to maintain and the prices they can charge.

I would especially like to note one of the worst parts of the bill is that in the future, it would tie the minimum wage to the consumer price index. This is something that I strongly oppose in particular. Tying wages to the unpredictable price index would mean it would be impossible to plan ahead and make a budget for businesses. This is the kind of thing that can put companies out of business completely.

Rapid increases of more than 25 cents a year also make budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. Due to the fact that we live in an isolated island state with extremely expensive labor and healthcare regulations, businesses already pay high prices for food and other goods, and driving prices up even more is something we all want to avoid. Due to the highly competitive nature of the food industry, businesses in the industry operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

Most businesses care about their employees and their customers. They want to continue to be able to offer jobs with good wages and benefits, and want to continue to give customers the quality products they need at prices they can afford. Businesses want to continue to contribute to the economy in my community and our state. Any one of these bills could compromise their ability to do those things. Plus the ripple affect would extend to everybody, making it even harder to live in Hawaii.

For these reasons I ask that you all please vote no on this destructive measure.

I thank you for your time and for the opportunity to testify.

Sincerely,

Jason Kimura  
256 Pouli Rd  
Kailua, HI 96734



February 24, 2014

To: Chairperson Sylvia Luke  
Vice Chairperson Aaron Ling Johanson  
Members of the Finance Committee

From: Matthew Darrah

Subject: Support of HB2580, Relating to labor.

Aloha, my name is Matthew Darrah and I'm a freshman at Kalaheo High School in the windward district. I am in support HB2580, in annually increasing the minimum wage and allowing the DLIR to adjust the minimum wage accordingly with the Hawaii consumer price index.

Hawaii is a state with a very high cost of living, primarily due to the shipping of most our goods from the mainland, local workers trying to get through day by day are having it rough. "Food costs are 60 percent higher than on the mainland."(Hawaii Appleseed Center) The state of Hawaii is in desperate need of a new minimum wage increase, with the last increase from \$6.75 to \$7.25 taking place more than seven years ago (Chad Blair).

With the low wages fighting the high cost of living, poverty is at an all-time high, with more than 11% of our residents currently living below the poverty line with 5.8% considered to be living in extreme poverty ([spotlightonpoverty.org](http://spotlightonpoverty.org)). With the need for money on the rise and people looking for any kind of work, only 5% of people in Hawaii are unemployed. Shockingly, 28% of working families in Hawaii are living paycheck to paycheck. Considering that 19 other states including the District of Columbia have higher minimum wage than Hawaii, a change should be made for our hard working locals.

An increase in the minimum wage will benefit our local society. With more money in pocket, young workers well spend more at our locally owned and operated stores, giving an economic boost to small business owners throughout Hawaii. The money earned will circulate within our state, granting greater economic prosperity in a time we need it most.

With this in mind, I humbly ask for your support in HB2580; Mahalo for your valuable time and consideration.

finance1

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From: dimsumnyc@aol.com  
Sent: Monday, February 24, 2014 2:15 PM  
To: FINTestimony  
Cc: repluke@capital.hawaii.gov

Lisa Darcy  
1334 W. Kuiaha Rd  
Haiku, HI 96708

Via email

February 24, 2014

Aloha House Finance Committee,

I write to day in full support of HB 2580. As a member of Moveon.org and FACE, I often receive information regarding the changes in our community. Please support this.

I believe the wage should be at least \$10.10.

I believe the tip credit should be eliminated, when you tip, you tip the wait staff and not the restaurant owner.

I support the wage increase to NOT exceed two years.

Mahalo for your support!

Lisa Darcy

Cc: Rep. Sylvia Luke

## finance1

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**From:** Patricia Blair <patriciablair@msn.com>  
**Sent:** Monday, February 24, 2014 2:18 PM  
**To:** FINTestimony  
**Cc:** Rep. Sylvia Luke  
**Subject:** HB 2580

I support a minimum wage of at least \$10.10/hour, no tip credit, with a wage increase every two years. Patricia Blair, Kailua, 888-6393 Sent from my iPad

**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 24, 2014 2:51 PM  
**To:** FINTestimony  
**Cc:** nancyhedlund@yahoo.com  
**Subject:** Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nancy Hedlund	Individual	Oppose	No

Comments: Strong support for HB2580: I write to convey my strong support for HB2580. I believe that increasing the minimum wage now to \$10 or \$10.10 is an immensely positive step to take, for workers, for the economy, and for the social conscience of our State and our Nation. Increasing the minimum wage will put more money into the economy, which will increase demand for products and increase the productivity of those involved in production. It will simultaneously benefit workers with respect to food security. That is, workers who get a salary increase will increasingly be able to purchase a sufficiently adequate food supply so as to go off food stamps and other assistance, as is relevant. And children will be more likely to go to school with adequate nutrition. And it increases self esteem in workers to be able to earn one's way. I am aware that a federal budget office report suggested an increase in minimum wage might cause loss of jobs, this was MIGHT and it was considered a rare and unlikely possibility. I am submitting testimony after being contacted by FACE/Moveon.org. I believe in increasing the minimum wage even higher, such as \$15 per hour. Please support HB 2580. Thank you.. Nancy Hedlund Honolulu, Hawai'i

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

## finance1

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**From:** Dawn Christopher <christopherdawn3@gmail.com>  
**Sent:** Monday, February 24, 2014 3:03 PM  
**To:** FINTestimony  
**Subject:** Full Time student at 60

Hi,

It is imperative that a state like HI, raise the minimum wage to ATLEAST 10.10. HI is one of the most expensive states to live in, and has a tourist based economy. It is absurd to not insure that the service industry laborers are not minimally acknowledged for labor contributions. If you cannot pay and support the basic needs of workers, there will be no workers.

Dawn Christopher

HOUSE OF REPRESENTATIVES  
THE TWENTY-SEVENTH LEGISLATURE  
REGULAR SESSION OF 2014  
COMMITTEE ON FINANCE

# LATE TESTIMONY

Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair  
Rep. Aaron Ling Johanson, Vice Chair

Rep. Ty J.K. Cullen	Rep. Richard H.K. Onishi
Rep. Mark J. Hashem	Rep. Gregg Takayama
Rep. Kaniela Ing	Rep. James Kunane Tokioka
Rep. Jo Jordan	Rep. Justin H. Woodson
Rep. Bertrand Kobayashi	Rep. Kyle T. Yamashita
Rep. Nicole E. Lowen	Rep. Beth Fukumoto
Rep. Dee Morikawa	Rep. Gene Ward

Testimony in Support of HB 2580

Aloha Members of the Committee on Finance,

My name is Rev. Tasha Kama and I currently reside on the island of Maui, House District 8.

I just completed my junior year at Kalani High School and went to work for the very first time at Dole Pineapple Cannery. They hired me as a full time seasonal worker, with my very own locker and bongo number. I would get off from work to turn around 8 hours later to repeat the same. It was hard that first summer, getting up early in the morning, going to catch the bus, transferring in Kaimuki to the Navy bus and then the long ride to Dillingham Boulevard on the HRT. I was paid \$1.60 an hour to work 10, 12, 14 hours a day. As long as the pine kept coming, I was kept trimming. The year was 1968.

46 years later, the minimum wage is \$ 7.25. That averages out to be around a \$ .12 increase a year. The price of gas, bread, a movie ticket, cracked seed, saimin, tobacco, alcohol and a host of many of things have increased 100, 200 some 400 times as much since that time, and let's not forget that by law we must have car insurance, and now health insurance and hopefully we can afford life insurance for those end of life final expenses.

We live in a place with the highest cost of living and we subject our people to have to work 2 or 3 jobs to put food on the table, clothe their families and keep a roof over their heads. We allow "at will companies" to pay their employees minimally, while their profit margins continue to increase. We talk about cutting social service programs like food stamps and welfare, and yet these families are working hard and rely upon assistance to make ends meet. Companies need to pay their employees a living wage therefore I support the increase of minimum wage to \$10.10, and support eliminating the tip credit, and adjust Hawaii's Minimum Wage to reflect changes in the Consumer Price Index (CPI).

I urge you to pass this bill.



From: Mary Lou Mellinger <marylou.maui@gmail.com>  
Sent: Tuesday, February 25, 2014 11:25 AM  
To: FINTestimony; repluke@caitol.hawaii.gov  
Subject: Minimum Wage



*We are in STRONG SUPPORT OF HB-2580. We have been contacted by FACE/Moveon.org to let you know what we have been telling FACE over the last month. Please increase the minimum wage to \$10.10 as soon as possible and build in another increase in two years!*

*We all shop and are served by folks every week that make a wage too small to live on for themselves or make a meaningful contribution to a family's well being. As conscientious neighbors interested in doing what is right please raise the minimum wage.*

Mary Lou Mellinger  
Everett Senter  
540 S. Alu Road  
Wailuku HI 99693  
808-205-1860  
[marylou.maui@gmail.com](mailto:marylou.maui@gmail.com)



From: mailinglist@capitol.hawaii.gov  
 Sent: Tuesday, February 25, 2014 11:45 AM  
 To: FINTestimony  
 Cc: gdnnelson@gmail.com  
 Subject: Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**LATE**

**HB2580**

Submitted on: 2/25/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gregg Nelson	Individual	Oppose	No

Comments: Dear Finance Committee, Regarding HB2580, Though I support raising the minimum wage, I am opposed to this bill. The proposed increases range from 8.6% to 10.3% annually over three years. I don't know about you but I don't know anyone receiving those types of increases. A more modest increase would be acceptable but it should not be for more than one year at a time. Minimum wage should be reviewed annually not preset for three years. Tying the increase to CPI is also wrong. We have no idea what the economy will be like later this year let alone next year and the year after. Approach this modestly and only one year at a time, please. Aloha Gregg Nelson

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Rev. Edna Kazuko Yano  
*Associate Minister*

**LATE**

207 Muliwai Avenue, Wahiawa, HI 96786  
Tel: (808) 621-6667

February 25, 2014

To: House Finance Committee  
Hearing Date/Time: Tuesday, February 25, 2014 at 2:00 p.m.  
Place: Room 308

RE: In Support of HB 2580

Aloha Chair Luke and members of the Finance Committee:

To help meet the basic needs of all the people of Hawaii by having economic equality, we ask the legislators to raise the minimum hourly wage in accordance with the Honolulu region consumer price index, along with the elimination of tip credit.

The rising costs of goods and services with no increase in wage is causing a strain on hard-working individuals who are working two, even three jobs to support their livelihood. The increased stress in trying to keep up with the economy could be a contributing factor in the increase of crime, homelessness, drug abuse and violence. To lift even one stone off the shoulder of these hard-working individuals who are getting paid the minimum wage, we feel that raising the minimum wage is the right thing to do.

Mahalo,

Rev. Edna Kazuko Yano  
*Minister*

From: mailinglist@capitol.hawaii.gov  
 Sent: Tuesday, February 25, 2014 12:50 PM  
 To: FINTestimony  
 Cc: robertmiller@hawaii.rr.com  
 Subject: Submitted testimony for HB2580 on Feb 25, 2014 14:00PM



**HB2580**

Submitted on: 2/25/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Miller	Individual	Oppose	No

Comments: My name is Bob Miller, I am the business manager for Pizza Bob's In Haleiwa which employees about 40 people. I strongly oppose an increase in the minimum wage with out a corresponding increase in the tip credit. Anyone who has ever studied economics realizes that whenever the government increases taxes or imposes artificial price constraints on the market, there are frequently unintended consequences that usually outweigh the intended benefits. Raising the minimum wage always sounds good, after all who doesn't want to see everyone make more money. But if it's really such a good idea why don't we raise the minimum wage to \$100/hour and make everybody rich? Of course we all realize that such an increase would cause a massive disruption to our economy and couldn't possibly work. Why is it so difficult to recognize a smaller increase will still cause economic disruption and is not likely to work as intended? As an employer, if we are required to pay more money for the same amount of productivity, something has to give. Our profit margins have already been severely depressed by rising costs for products, health insurance, taxes, and other business expenses. Our only relief for a minimum wage increase is to reduce hours for our employees (making the remaining employees work harder during the hours they keep) and/or to increase prices. Unfortunately raising prices usually results in fewer customers which means we need fewer employment hours. On an overall basis, an increase in the minimum wage is likely to result in fewer jobs, fewer hours, and a general increase in price levels. A few may benefit from the higher wage but many will face fewer hours of employment or no employment at all, and we all will wind up paying increased prices for pretty much anything we have to buy. The many unemployed, under-employed, and new entrants to the job market will be especially hard hit. A higher minimum wage will be little consolation for the unemployed when there are fewer minimum wage jobs to be found. Raising minimum wage on hospitality businesses like ours is particularly needless and unfair. All of our "minimum wage" employees also earn tips, the reported portion of which are in excess of \$10/hour for our business. Due to an incredibly small tip credit of 25 cents per hour, our "minimum wage" employees earn in excess of \$17 per hour, an amount about 15 to 20% more than our experienced cooks earn. Giving tipped employees a raise will mean almost no chance for non-tipped employees to get a raise, and will also result in increasing our prices which will likely result in a decrease in customer counts which will lower hours for all employees. At the very least, no increase in the minimum wage should be considered without an equal increase in the tip credit. Small businesses in Hawaii are major job creators and tax payers. We are besieged by rising product costs, rising health care costs, rising insurance costs, rising taxes, rising utility and many other increases at a time when our customers are feeling considerable uncertainty and trying to find ways to reduce their

spending. Is it too much to hope that our elected representatives would try to reduce the burdens on small businesses and encourage their prosperity? Thank you for your consideration.

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Gordon Takaki  
PO Box 4425  
Hilo, HI 96720



February 25, 2014

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee,

Re: HB 2580 re to the Minimum Wage (February, 25 at 2:00 p.m. FIN Hearing)

Please do not pass the minimum wage increase bills as proposed. The increase is far too high and will impact our local economy. Most of employees who earn the minimum wage are not primary household wage earners. What the increase will affect is raising the floor that provides points for labor unions to justify increasing their members to keep up. My fear is that the minimum wage increase will force many small businesses to reduce their payroll or in some cases encourage them to close their business.

Sincerely,  
Gordon Takaki

Christopher Riemer  
P.O.Box 306  
Lihue, HI 96766

February 25, 2014

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee,

Re: HB 2580 re to the Minimum Wage (February, 25 at 2:00 p.m. FIN Hearing)

Please do not pass the minimum wage increase bills as proposed.

The burdons on business that will be caused by this change will cause decreases in the number of jobs available to workers.

I oppose the minimum wage increase bills, HB 1488, HB 1623, HB 1890, HB 2136, HB 2278, and HB 2580. The proposed increases are too steep and will have an impact on my business, especially as many of the other costs are increasing.

Sincerely,  
Christopher Riemer

Antya Miller  
59-661 Alapio Road  
Haleiwa, HI 96712

February 25, 2014

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee,

Re: HB 2580 re to the Minimum Wage (February, 25 at 2:00 p.m. FIN Hearing)

Aloha,  
Please do not pass the minimum wage increase bills as proposed.

Much of the literature on this subject shows that increasing the minimum wage will hurt high school kids and low-skilled employees. "At 16.2 percent, the March 2013 unemployment rate of workers under age 25 was slightly over twice as high as the national average. Though the labor market is now headed in the right direction, it is improving very slowly, and the prospects for young high school and college graduates remain dim."

Most employers do not pay the minimum wage. In Haleiwa, retail sales people are paid at least \$10. Some jobs start at minimum wage, but employers move the wage rate up as the employee proves themselves. It's a tight labor market, so employers must pay more to get experienced and/or skilled workers

I also spoke to economist Paul Brewbaker. He said that the conversation should be about training programs for the low skilled, not about increasing the minimum wage rate.

In regards to restaurants, I'm told that most wait staff make \$20+ an hour including tips and that the tip credit needs to be increased to account for this, as it is completely outdated.

Please vote against this bill.

Sincerely,  
Antya Miller



Sidney Lynch  
524 Kalihi St  
Honolulu, HI 96819

February 25, 2014

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee,

Re: HB 2580 re to the Minimum Wage (February, 25 at 2:00 p.m. FIN Hearing)

Please do not pass the minimum wage increase bills as proposed.

I am a very small business and have always offered my employees full time hours and medical. Most earn around \$8- \$10/hr. If the minimum wage is increased too fast and too much I will not be able to raise the cost of my services and products enough to cover the increase in my employees salaries. I will most likely have to offer only part time employment causing my workers to have a higher per hour salary, fewer hours and no health insurance.

Many of my employees live in government housing and their rents are raised every time they get an increase in salary. Your committee should think about all the ramifications before making this decision.

Sincerely,  
Sidney Lynch

**COUNTY COUNCIL**

Jay Furfaro, Chair  
Mason K. Chock, Sr., Vice Chair  
Tim Bynum  
Gary L. Hooser  
Ross Kagawa  
Mel Rapozo  
JoAnn A. Yukimura



**OFFICE OF THE COUNTY CLERK**

Ricky Watanabe, County Clerk  
Jade K. Fountain-Tanigawa, Deputy County Clerk

Telephone (808) 241-4188  
Fax (808) 241-6349  
Email cokcouncil@kauai.gov

Council Services Division  
4396 Rice Street, Suite 209  
Lihu'e, Kaua'i, Hawai'i 96766

February 25, 2014

**LATE**

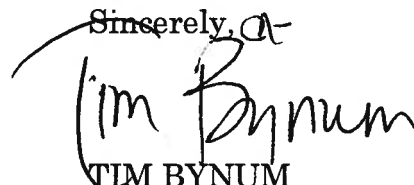
TESTIMONY OF TIM BYNUM  
COUNCILMEMBER, KAUAI COUNTY COUNCIL  
ON  
HB 2580, RELATING TO LABOR  
Committee on Finance  
Tuesday, February 25, 2014  
2:00 p.m.  
Conference Room 308

Dear Chair Luke and Committee Members:

Thank you for this opportunity to submit testimony in strong support of HB 2580, relating to the increase in the minimum wage. My testimony is submitted in my individual capacity as Councilmember of the Kaua'i County Council.

Increasing the minimum wage for Hawai'i residents is imperative to assist low-income families who struggle with poverty. Since the last increase in the minimum wage in 2007, the cost of living drastically increased, making it difficult for individuals, especially single parent households, to support their families. In addition, this measure will generate economic activity across our State, as families will have more to spend on goods and services.

For the reasons stated above, I respectfully ask that this Committee approve HB 2580. Again, thank you for this opportunity to submit testimony.

Sincerely,  
  
TIM BYNUM  
Councilmember, Kaua'i County Council

AB:lc



*Maui Hotel & Lodging*  
ASSOCIATION

**LATE**

Testimony of  
**Lisa H. Paulson**  
Executive Director  
Maui Hotel & Lodging Association  
on  
**HB2580**  
**Relating To Labor**

COMMITTEE ON FINANCE  
**Tuesday, February 25, 2014, 2:00pm**  
**Room 308**

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 150 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 20,000 local residents. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA would like to offer concerns and comments on HB2580 which annually increases minimum wage 1/1/15 - 1/1/17. On 9/30/17 and thereafter requires DLIR to adjust the minimum hourly wage in accordance with the Honolulu region consumer price index. Deletes tip credit.

- We are particularly concerned with mandating annual increases in accordance with the Consumer Price Index (CPI). The CPI fails to account for the future economic environment and would be unsustainable for many small businesses. Within 5 years of the enactment of the escalator the minimum wage could be \$11.00 per hour. When you include all the taxes associated with wages, this makes the wage cost around \$12.20 per hour (Not including healthcare and other costs).
- We oppose the repeal of the tip credit. We feel that if there is an increase in minimum wage, there should likewise an equivalent increase in the tip credit
- Wage compression: While only a small percentage of workers make minimum wage, a large increase would greatly impact many businesses as they will be forced to raise the rates of many of their employees. This could increase businesses labor cost by up to 15-20% in the first year alone.

Thank you for the opportunity to testify.

finance1

**LATE**

From: Clementina Ceria-Ulep <clem@hawaii.edu>  
Sent: Tuesday, February 25, 2014 9:22 AM  
To: FINTestimony  
Cc: Rep. Sylvia Luke  
Subject: Testimony to Increase Minimum Wage in Hawaii--HB 2580

Date: 25 February 2014

To: Representative Sylvia Luke; Chair & Members of Finance Committee

From: Clementina D. Ceria-Ulep, Member  
Faith Action for Community Equity (FACE)

RE: Support for HB 2580

I urge you all to please support HB 2580 to increase the minimum wage in Hawaii. The high cost of living in Hawaii including housing and food costs make it imperative that the minimum wage be increased for better living conditions for the people of Hawaii.

Thank you for the opportunity to provide this testimony.

Sincerely

Clementina D. Ceria-Ulep, PhD, RN  
Associate Professor & Department Chair  
University of Hawaii at Manoa  
School of Nursing & Dental Hygiene  
Department of Nursing  
2528 McCarthy Mall, Webster Hall  
Honolulu, HI 96822; Phone#: 808-956-5225; FAX#: 808-956-3257

finance1

**LATE**

From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, February 25, 2014 9:36 AM  
To: FINTestimony  
Cc: Kent@TRIsland.com  
Subject: \*Submitted testimony for HB2580 on Feb 25, 2014 14:00PM\*

**HB2580**

Submitted on: 2/25/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kent Fonoimoana	Individual	Support	No

Comments:

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Tammy Berger  
905 Kalanianaʻole Hwy Box 21  
Kailua, HI 96734



February 24, 2014

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee,

Re: HB 2580 re to the Minimum Wage (February, 25 at 2:00 p.m. FIN Hearing)

Please pass the minimum wage increase bills as proposed.

Sincerely,  
Tammy Berger



From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, February 25, 2014 6:54 AM  
To: FINTestimony  
Cc: nimboy44@aol.com  
Subject: Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/25/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Bill	Individual	Support	No

Comments: I strongly support HB 2580. Our minimum wage is way too low. History has shown that raising the minimum wage does not reduce the number of jobs available at minimum wage. Most low paid jobs in Hawaii are at levels higher than the minimum wage. A limited number of businesses, mainly restaurants and often owned by large mainland companies, is taking advantage of our low minimum wage to boost their bottom line. They can afford to pay a higher minimum wsage and our workers deserve and need the additional money.

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**LATE**

From: Lynette Ching <lynette.ching@gmail.com>  
Sent: Monday, February 24, 2014 7:29 PM  
To: FINTestimony  
Cc: Rep. Sylvia Luke  
Subject: HB 2580

I was contacted by FACE/Moveon.org and am in strong support of HB 2580. I feel the minimum wage should be at least \$12.00, and put into effect over 2-3 years.

I also feel that the tip credit should be eliminated, tips should be for the wait staff ONLY! I have been a waitress in the past for many years, when there was no such thing as a tip credit. Wait help relies on tips as part of their salaries.

Sincerely,

Lynette Ching  
Phone: (808) 744-8945  
Cell: (808) 722-1742  
Email: [lynette.ching@gmail.com](mailto:lynette.ching@gmail.com)

**LATE**

**RE: Testimony in Support of HB 2580 Relating to Labor**  
**TO:** Rep. Sylvia Luke, Chair; Rep. Scott Nishimoto, Vice Chair; Rep. Aaron Ling  
Johanson, and members of the House Committee on Finance  
**HEARING:** Tuesday, February 25, 2014, 2:00 PM, Room 308

I respectfully urge the committee to increase the **Minimum Wage to \$10.10** per hour, repeal the **Tip Credit**, and tie future increases in the minimum wage to the **Consumer Price Index**.

Hawai'i is the most expensive in the country, yet we set our minimum wage at the federal level. Twenty-one states and the District of Columbia have higher minimum wages, despite their lower cost of living.

The average minimum wage worker does not fit the stereotype of a teenage working part-time. In actuality, 85% of minimum wage jobs are held by workers over 21, and 84% of minimum wage workers work more than 20 hours a week.

The benefits of raising the minimum wage are clear. Increasing the minimum wage reduces poverty. At \$10.10 an hour, a full-time minimum wage worker would earn enough to lift a family of three out of poverty. As it stands, a minimum wage earner working full-time with one child would fall 16 percent below the federal poverty guidelines.

Raising the minimum wage actually stimulates our economy, as low-income workers have increased buying power. Moreover, Hawai'i's own experience has shown that it does not reduce jobs: the last four increases in the minimum wage actually saw job growth in the following year.

I also support the repeal of the **Tip Credit**. Tipped workers should keep what they earn for the quality of their service. Customers give tips to employees for their service, not to subsidize employers so they can pay less than the minimum wage.

In addition, future increases in the minimum wage should be tied to the **Consumer Price Index** so our workers do not lose ground as they have over the last seven years.

We should make sure that our minimum wage workers receive fair wages for their work and are better able to make ends meet by raising the minimum wage to \$10.10, repealing the tip credit, and indexing future increases for inflation.

I urge your support on **HB 2580**.

T. J. DAVIES JR.  
Volunteer, AARP & Kokua Council for Senior Citizens  
Kakaako (District 23 / Senate District 12)

**COMMITTEE ON FINANCE**  
**Rep. Sylvia Luke, Chair**  
**Rep. Scott Y. Nishimoto, Vice Chair**  
**Rep. Aaron Ling Johanson, Vice Chair**

**LATE**

DATE: Tuesday, February 25, 2014  
TIME: 2:00 P.M.  
PLACE: Conference Room 308

**STRONG SUPPORT FOR HB 2580 that:** would annually increase the minimum wage 1/1/15 - 1/1/17. On 9/30/17 and thereafter would require DLIR to adjust the minimum hourly wage in accordance with the Honolulu region consumer price index. Delete the tip credit.

Aloha Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and committee members,

The Hawai'i Women's Coalition is in strong support of this measure which is desperately needed to help working women and men survive in our high-cost state.

**Specifically we support**

- 1. A minimum wage of at least \$10.10.**
- 2. The elimination of the discriminatory tip credit**
- 3. A wage increase over two or three years not four**

The argument by some business interests that raising the minimum wage would destroy jobs is false. Christine Owens of the National Employment Law Project argues that the increased cost to employers of having to pay workers more is partly offset by reduced turnover and improvements in morale and productivity. She notes when the state of Maryland required its contractors to pay a higher wage, more companies actually started bidding on government work.

Low-ball employers were no longer able to compete by driving wages down, and so some of the better employers who pay better wages were more eager to compete for public contracts. So it actually increased the number of bidders and increased the quality of bids.

Logically this situation would result in a wash or better with respect to numbers of jobs created or lost, but more importantly could result in better quality jobs. Most importantly, this raise in minimum wage would pull large numbers of our citizens out of poverty.

Consider the following.

Minimum wage workers are critical to our economy, but are falling further and further behind in their ability to make ends meet and this is contributing to our homelessness problem. Hawai'i needs a raise to build economic opportunity and stability for all of our workers

Hawai'i is the most expensive state to live in, yet 21 states and the District of Columbia have a higher minimum wage.

- Washington's minimum wage is \$9.32, which is 29% higher than Hawaii's, but the cost of living in Washington is 55% lower
- Nevada's minimum wage is \$8.25, which is 14% higher than Hawai'i's, but the cost of living is 64% lower
- Oregon's minimum wage is \$9.10, which is 26% higher than Hawai'i's, but the cost of living is 49% lower

A single parent of one child working at minimum wage 40 hours per week, 52 weeks per year, earns \$2,770 or 16% below the federal poverty guidelines for a family of two. Hawai'i's poverty rate of 17.3% makes Hawai'i the 9th poorest in the nation. If the minimum wage were to be increased to 10.10 per hour, thereby boosting annual earnings, it would be enough to **pull a family of three out of poverty.**

**Women receive a double whammy – low minimum wage suppressed even lower by the “tip credit”. This dubious policy has been justified by the mythology that restaurant workers are mainly kids working their way through school or some such. But the facts don't bear this out.**

- 2 in 3 tipped workers are women, many of them single parents
- 1 in 3 are parents and half are 30 years old or older.
- 1 in 6 rely on free lunches to feed their children.
- 1 in 7 rely on SNAP (food stamps)
- 1 in 4 people of color working for tips lives in poverty.

Bottom line on the “tip credit” it’s not a credit it’s a subterfuge designed to take money out of employees paycheck thereby lowering their hourly pay even more.

Do not buy the argument that employers need the tip credit in order to pay their “back of the house” employees. This is using the idea that it’s an ethical business practice to rob Peter in order to pay Paul. A living wage should be factored into every business plan as the first cost of doing business.

**It’s time for the taxpayer to stop subsidizing businesses by paying larger sums than necessary for the social safety net, if only the workers were paid a decent wage. It’s time to hold the restaurant industry in particular accountable for paying their workers, most of whom are women, a decent minimum wage. The tip credit should not be a work-around for avoiding the minimum wage law.**

Mahalo for the opportunity to testify,  
Ann S. Freed Co-Chair, Hawai`i Women’s Coalition  
Contact: [annsreed@gmail.com](mailto:annsreed@gmail.com)

**COMMITTEE ON FINANCE**  
**Rep. Sylvia Luke, Chair**  
**Rep. Scott Y. Nishimoto, Vice Chair**  
**Rep. Aaron Ling Johanson, Vice Chair**

**LATE**

DATE: Tuesday, February 25, 2014  
TIME: 2:00 P.M.  
PLACE: Conference Room 308

**STRONG SUPPORT FOR HB 2580 that:** would annually increase the minimum wage 1/1/15 - 1/1/17. On 9/30/17 and thereafter would require DLIR to adjust the minimum hourly wage in accordance with the Honolulu region consumer price index. Delete the tip credit.

Aloha Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and committee members,

The Hawai'i Women's Coalition is in strong support of this measure which is desperately needed to help working women and men survive in our high-cost state.

**Specifically we support**

- 1. A minimum wage of at least \$10.10.**
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- 3. A wage increase over two or three years not four**

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Low-ball employers were no longer able to compete by driving wages down, and so some of the better employers who pay better wages were more eager to compete for public contracts. So it actually increased the number of bidders and increased the quality of bids.

Logically this situation would result in a wash or better with respect to numbers of jobs created or lost, but more importantly could result in better quality jobs. Most importantly, this raise in minimum wage would pull large numbers of our citizens out of poverty.

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- Oregon's minimum wage is \$9.10, which is 26% higher than Hawai'i's, but the cost of living is 49% lower

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- 1 in 4 people of color working for tips lives in poverty.

Bottom line on the “tip credit” it’s not a credit it’s a subterfuge designed to take money out of employees paycheck thereby lowering their hourly pay even more.

Do not buy the argument that employers need the tip credit in order to pay their “back of the house” employees. This is using the idea that it’s an ethical business practice to rob Peter in order to pay Paul. A living wage should be factored into every business plan as the first cost of doing business.

**It’s time for the taxpayer to stop subsidizing businesses by paying larger sums than necessary for the social safety net, if only the workers were paid a decent wage. It’s time to hold the restaurant industry in particular accountable for paying their workers, most of whom are women, a decent minimum wage. The tip credit should not be a work-around for avoiding the minimum wage law.**

Mahalo for the opportunity to testify,  
Ann S. Freed Co-Chair, Hawai`i Women’s Coalition  
Contact: [annsreed@gmail.com](mailto:annsreed@gmail.com)



From: mailinglist@capitol.hawaii.gov  
 Sent: Monday, February 24, 2014 8:20 PM  
 To: FINTestimony  
 Cc: veronika.geronimo@gmail.com  
 Subject: Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Veronika Geronimo	Individual	Support	Yes

Comments: RE: Testimony in Support of HB 2580 TO: Rep. Sylvia Luke, Chair; Rep. Scott Nishimoto, Vice Chair; Rep. Aaron Ling Johanson, and members of the House Committee on Finance  
 HEARING: Tuesday, February 25, 2014, 2:00 PM, Room 308 I respectfully urge the committee to increase the minimum wage to \$10.10 per hour, repeal the tip credit, and tie future increases in the minimum wage to the Consumer Price Index. Hawai'i is the most expensive in the country, yet we set our minimum wage at the federal level. Twenty-one states and the District of Columbia have higher minimum wages, despite their lower cost of living. The average minimum wage worker does not fit the stereotype of a teenage working part-time. In actuality, 85% of minimum wage jobs are held by workers over 21, and 84% of minimum wage workers work more than 20 hours a week. The benefits of raising the minimum wage are clear. Increasing the minimum wage reduces poverty. At \$10.10 an hour, a full-time minimum wage worker would earn enough to lift a family of three out of poverty. As it stands, a minimum wage earner working full-time with one child would fall 16 percent below the federal poverty guidelines. Raising the minimum wage actually stimulates our economy, as low-income workers have increased buying power. Moreover, Hawai'i's own experience has shown that it does not reduce jobs: the last four increases in the minimum wage actually saw job growth in the following year. I also support the repeal of the tip credit. Tipped workers should keep what they earn for the quality of their service. Customers give tips to employees for their service, not to subsidize employers so they can pay less than the minimum wage. In addition, future increases in the minimum wage should be tied to the Consumer Price Index so our workers do not lose ground as they have over the last seven years. We should make sure that our minimum wage workers receive fair wages for their work and are better able to make ends meet by raising the minimum wage to \$10.10, repealing the tip credit, and indexing future increases for inflation.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)





02/24/14

**LATE**

House Finance Committee  
Chairman Sylvia Luke  
Vice Chairs Aaron Ling Johanson & Scott Y Nishimoto  
Committee Members:

I am in opposition to HB2580 because the Tip Credit is eliminated and the minimum wage is tied to a CPI factor which does not necessarily relate to a business's ability to increase wages or prices.

I am not opposed to modest increases in the minimum wage over time.

However, eliminating the Tip Credit is absolutely counter productive to increasing the wages of the lowest paid workers in Hawaii's largest private sector employer, the hospitality industry.

Tipped employees earning 2 to 5 times the minimum wage in tips do not need minimum wage protection. They already earn well above what many consider a "living wage".

Mandating restaurateurs to increase the wage they pay their tipped employees significantly reduces their ability to increase the wages of their other un-tipped workers being paid above the minimum wage, but not nearly as much as the tipped employees. This creates a huge wage disparity between the service staff and the production staff.

The lack of a meaningful tip credit puts undue pressure on restaurateurs to keep kitchen wages low. Please enact meaningful tip credit and help us pay our kitchen workers more. We want to.

I suggest changing the tip credit from 25 cents to 25% of hour tip income claimed by the employee, but the employer not paying less than \$5 per hour.

Under this formula, an employee claiming \$20 per hour in tips would be subject to a \$5 tip credit. However, since the employer cannot pay the employee less than \$5 per hour, the employee would be making \$25 in total wages and tips.

I would hope that the committee members and others would recognize the restaurant industry for providing so many above "living wage" employment opportunities that do not require a college education and can be filled by single



moms and others as part time second jobs.

So many of our kitchen workers earning above the minimum wage could benefit from wage increases too if restaurateurs were able to get credit for the highly compensated tipped positions they create.

Note: Federal labor laws prohibit employer mandated tip pools that include kitchen staff.

It may seem counter intuitive, but increasing the Tip Credit will help increase the wages of the lowest paid restaurant workers. Please believe me. All the testimony in favor of repealing the tip credit is essentially ideological and disregards the reality facing Hawaii largest provider of tipped job opportunities, restaurant owners. Failure to increase the Tip Credit will have the unintended consequences of continued pressure to keep kitchen worker wages down. The highest earners will get pay increases and kitchen workers will not.

#### Key Points:

- The "not less than \$5 per hour" provision could be any amount equal to or less than the current \$7 "Cash Wage".
- A tip credit based on tips claimed as income is fair across a variety of restaurants and across industries (taxi driver, nail & beauty salon workers, valets, bellman, others)
- Consistent with current law it is the responsibility of the employer to justify the tip credit with accurate payroll and tip report records.
- Increases in the minimum wage are intended to provide additional income for those earning the lowest wages.
- Demographically servers tend to be younger than kitchen workers with fewer dependents.
- Continued increases in tipped employee's minimum wage actually jeopardizes those jobs which can be minimized with digital ordering systems.
- Hawaii's restaurants should be encouraged to create more server jobs, not less.
- Employers are required to pay FICA [ 7.5% ] on reported tip income yet cannot count the tip income against the minimum wage.

Sincerely,

*Thomas H Jones*

President

REI Food Service, LLC

d.b.a. Gyotaku Japanese Restaurants

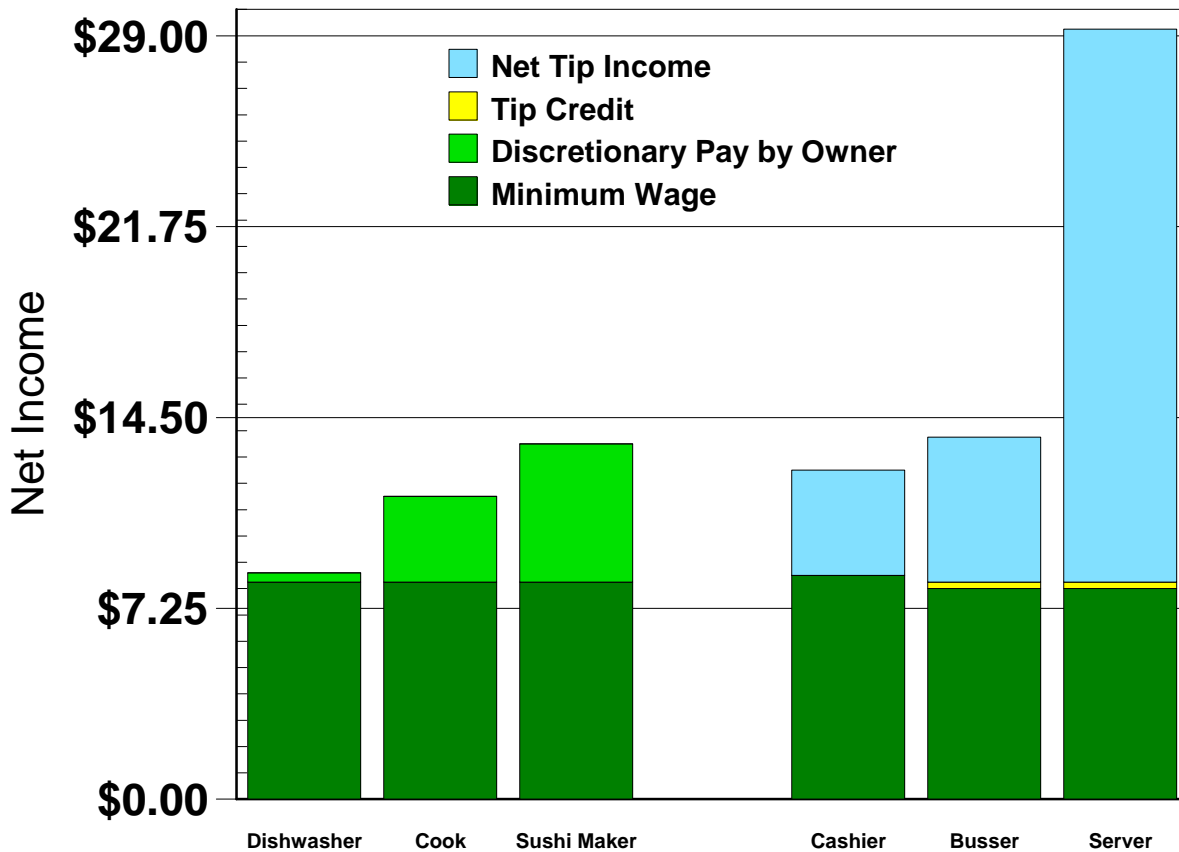
# Tip Credit Data

At Gyotaku Restaurants Servers earn on average about \$34 per hour in tips and share some of those tips with other Front of the House staff (Bussers and Hosts). Their net tip income is about \$22 per hour on average. That combined with their Cash Wage (Minimum Wage less 25 cent Tip Credit) of \$7, results in net hourly income of about \$29.

An increase in the Minimum Wage without an increase in the Tip Credit will result in immediate increase in Server and Busser wages. An will not result in automatic increases for the kitchen staff. In fact, the amount paid to tipped employees will decrease every restaurateur's ability to continue to pay wages several dollars over minimum wage. In our restaurants there are 1.3 Server and Busser hours worked for every 1 hour worked in the kitchen.

## Wage & Tip Income Analysis

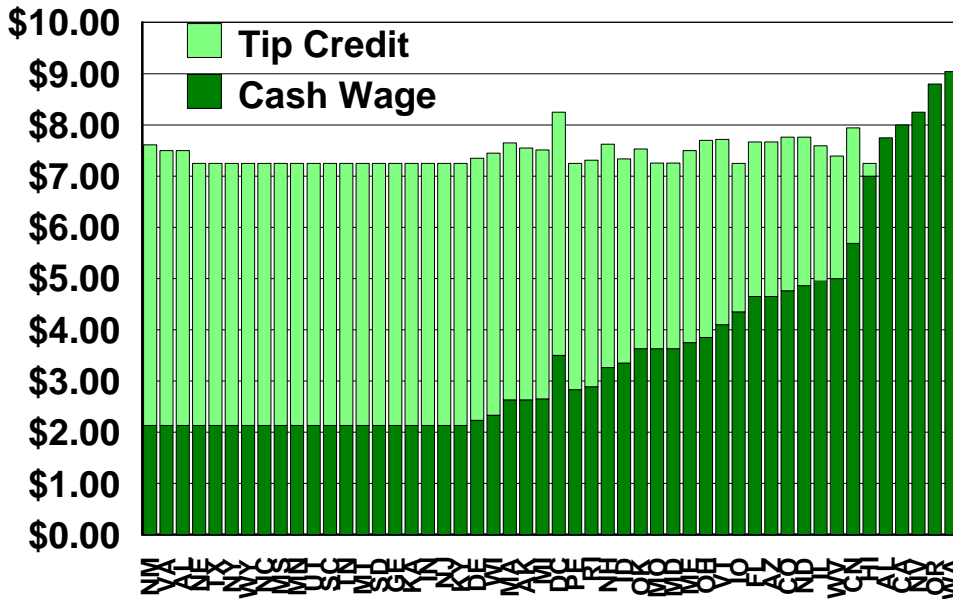
Gyotaku Japanese Restaurants  
December 2013



Prepared by Gyotaku Japanese Restaurants

# Tip Credit Data

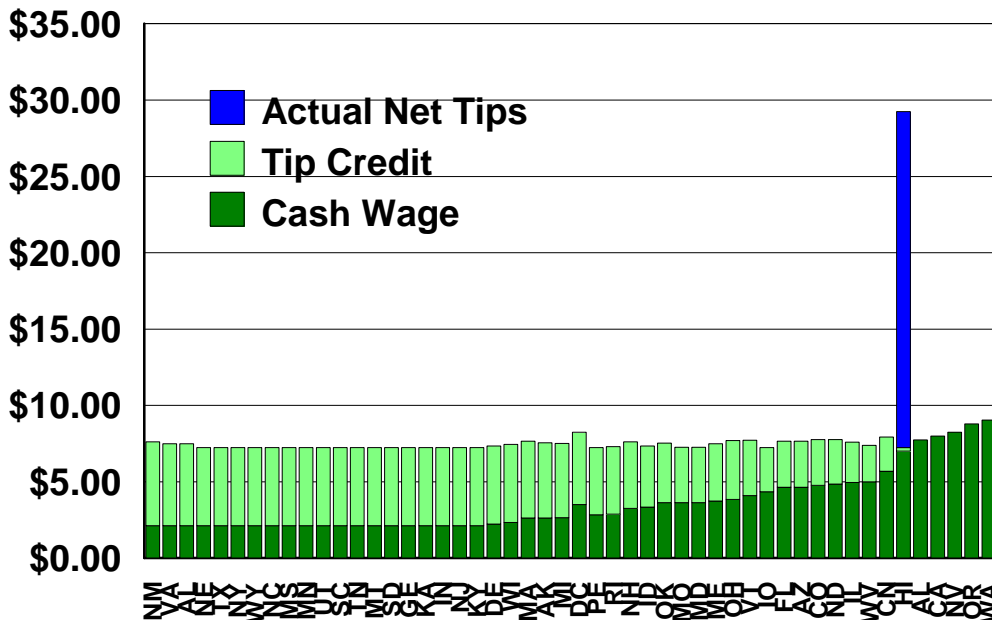
## Tip Credit By State Ranked Highest Tip Credit To Lowest



ABOVE: 42 States have Tip Credits on over \$2 per hour. 24 are over \$5.

BELOW: You see our servers tip income on top of the Min Wage & Tips Credit relative to all 50 state min wage and tip credit.

## Tip Credit By State Ranked Highest Tip Credit To Lowest





## *Japanese Chamber of Commerce & Industry of Hawaii*

**LATE**

Testimony Regarding  
House Bill 2580, Minimum Wage Increase  
Monday, November 6<sup>th</sup> 2013  
State House of Representative

February 24, 2014

On behalf of the Japanese Chamber of Commerce and our 280 members, we strongly recommend that you "Do Not" support House Bill 2580, Minimum Wage Increase.

Nationally and within our own state and county, the overall economic climate remains extremely vulnerable. This is further being supported by our continuous high unemployment rate and slow projected economic growth.

There is no doubt the passing of House Bill 2580 will create additional undue pressure to all businesses and as a result, we respectfully request that you do not support this particular bill.

Sincerely,

Carol Van Camp  
President  
Japanese Chamber of Commerce



## *Japanese Chamber of Commerce & Industry of Hawaii*

**LATE**

Testimony Regarding  
House Bill 2580, Minimum Wage Increase  
Monday, November 6<sup>th</sup> 2013  
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February 24, 2014

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Nationally and within our own state and county, the overall economic climate remains extremely vulnerable. This is further being supported by our continuous high unemployment rate and slow projected economic growth.

There is no doubt the passing of House Bill 2580 will create additional undue pressure to all businesses and as a result, we respectfully request that you do not support this particular bill.

Sincerely,

Carol Van Camp  
President  
Japanese Chamber of Commerce

HOUSE OF REPRESENTATIVES  
THE TWENTY-SEVENTH LEGISLATURE  
REGULAR SESSION OF 2014

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair  
Rep. Aaron Ling Johanson, Vice Chair

Rep. Ty J.K. Cullen	Rep. Richard H.K. Onishi
Rep. Mark J. Hashem	Rep. Gregg Takayama
Rep. Kaniela Ing	Rep. James Kunane Tokioka
Rep. Jo Jordan	Rep. Justin H. Woodson
Rep. Bertrand Kobayashi	Rep. Kyle T. Yamashita
Rep. Nicole E. Lowen	Rep. Beth Fukumoto
Rep. Dee Morikawa	Rep. Gene Ward

Testimony in Support of HB 2580

Aloha Members of the Committee on Finance,

My name is Rev. Tasha Kama and I currently reside on the island of Maui, House District 8.

I just completed my junior year at Kalani High School and went to work for the very first time at Dole Cannery. They hired me as a full time seasonal worker, with my very own locker and bongo number. We got off work to turn around 8 hours later to repeat the same. It was hard that first summer, getting up early in the morning, going to catch the bus, transferring in Kaimuki to the Navy bus and then the long ride to Dillingham Boulevard on the HRT. I was paid \$1.60 an hour to work 10, 12, 14 hours a day. As long as the pine kept coming, I was kept trimming. The year was 1968.

46 years later, the minimum wage is \$ 7.25. That averages out to be around a \$ .12 increase a year. The price of gas, bread, a movie ticket, cracked seed, saimin, tobacco, alcohol and a host of many of things have increased 100, 200 some 400 times as much since that time, and let's not forget that by law we must have car insurance, and now health insurance and hopefully we can afford life insurance for those end of life final expenses.

We live in a place with the highest cost of living and we subject our people to have to work 2 or 3 jobs to put food on the table, clothe their families and keep a roof over their heads. We allow "at will companies" to pay their employees minimally, while their profit margins continue to increase. We talk about cutting social service programs like food stamps and welfare, and yet these families are working hard and rely upon assistance to make ends meet. Companies need to pay their employees a living wage therefore I support the increase of minimum wage to \$10.10, and support eliminating the tip credit, and adjust Hawaii's Minimum Wage to reflect changes in the Consumer Price Index (CPI).

I urge you to pass this bill.

**LATE**





Fritz Klasner  
721 Kukuau Street  
Hilo, HI 96720



February 24, 2014

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee,

Re: HB 2580 re to the Minimum Wage (February, 25 at 2:00 p.m. FIN Hearing)

Please PASS a minimum wage increase bill. The minimum wage is a floor wage. For many employees and families, minimum wage positions are their only form of financial support. While employers must invest time and money to train these individuals, the available economic research suggests both positive impacts along with economic uncertainties for employers. A mixed outcome such as this is a reality with all legislation, yet not a reason to oppose tangible societal and State benefits this legislation will bring.

If there is concern about well defined short-term, entry-level, salaries, the legislation can be adapted to accommodate a short-term or student-salary clause. There is NO rational reason however, to keep thousands of long-term employees paid at the current minimum wage rate.

This rate of increase is sustainable.

Sincerely,  
Fritz Klasner



**First Unitarian Church of Honolulu**

A Unitarian Universalist Welcoming Congregation  
2500 Pali Highway, Honolulu, Hawaii 96817  
Tel: 808-595-4047

Rev. Dr. Jonipher Kūpono Kwong  
*Minister*

David Hafner  
*President, Board of Directors*

**LATE**

February 24, 2014

To: House Finance Committee  
Hearing Date/Time: Tuesday, February 25, 2014 at 2 p.m.  
Place: Room 308

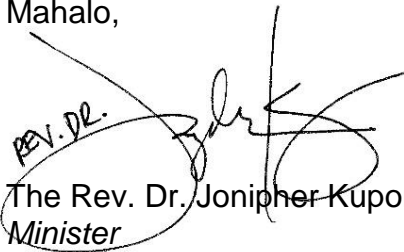
**Re: In Support of HB 2580**

Aloha e Chair Luke and members of the Finance Committee:

Because of our commitment to economic equity as one of the foundations for meeting basic needs throughout Hawai'i Nei, we urge legislators to pass the raising of minimum wage this session along with the elimination of tip credit.

Every hard-working individual deserves a living wage: "An honest day's pay for an honest day's work." One's paycheck ought to be enough to provide basic subsistence for one's family. It is the *pono* thing to do.

Mahalo,

*REV. DR.*  


The Rev. Dr. Jonipher Kūpono Kwong  
*Minister*

c.c. Steve Lohse & Susan Lebo, Co-Chairs, Social Justice Council

House Finance Committee Hearing on Minimum Wage  
Strong Support for HR 2580

**LATE**

Hawai'i's working poor are our children, specifically, my 25 year-old son. He has worked at several jobs since high school graduation; \$7.25 an hour with tips, \$8.00 an hour without tips and \$9.00 an hour without tips. None of these situations have made it possible for him to pay for both rent and monthly expenses. He works full-time and has no medical insurance which, significantly, is against the law in Hawai'i. Obviously some of Hawai'i's businesses will take advantage of our workers. There is one sure way we parents, relatives and tax payers, can support the next generation and that is to raise the minimum wage. We should do it now for at least \$10.10 an hour with no adjustments for tips. The employee is responsible for paying taxes on their tips and there is enforcement already in place to manage this issue. I for one do not want to see my son living on the street, but I also need him to be able to live an independent life out of his parent's home. Without a real working wage AND medical insurance, Hawai'i's newest generation of workers will be Hawai'i's next and most costly problem. Hawai'i's citizens need to do the right thing now and raise the minimum wage to at least \$10.10 an hour without restrictions on tips. Otherwise we will pay more in taxes later on to address horrible social conditions that continue to multiply. We must address Hawai'i's wage gap as soon as possible. Two years is a long time to wait for a raise. Please understand that if it takes 4 years our children will be very near 30 years old!

Respectfully Submitted,

Sally Lambert, Moveon.org member  
5168 Po'ola Street  
Honolulu, HI 96821

Cc: Rep. Sylvia Luke

finance8-Danyl

**LATE**

From: lauren a <alohalaurenjoy@gmail.com>  
Sent: Tuesday, February 25, 2014 8:23 AM  
To: FINTestimony  
Subject: minimum wage

I earn less than i did 50 years ago and the cost of food has risen dramatically, please do the right thing and raise the minimum wage so we can become part of the economy and spend not be in debt. mahalo

lauren achitoff  
53-372 B Kamehameha hwy  
Kaaawa Hi 96730

finance1

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From: mailinglist@capitol.hawaii.gov  
Sent: Monday, February 24, 2014 5:41 PM  
To: FINTestimony  
Cc: jlee@cochawaii.org  
Subject: Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**LATE**

**HB2580**

Submitted on: 2/24/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jenny Lee	Businesses of Chamber of Commerce Hawaii	Oppose	No

Comments: Aloha, These testimonies are submitted on behalf of members of the Chamber of Commerce Hawaii. Mahalo!

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

**February 25, 2014 – Tuesday, 2:00 PM  
Conference Room 308  
State Capitol**

**LATE**

**To: Representative Luke, Chair  
Representative Nishimoto, Vice Chair; Representative Johansen, Vice Chair  
House Committee on Finance**

**From: Lori Kamemoto, MD, MPH, FACOG**

**Re: HB2580, Relating to Labor**

**Position: Strongly Support**

Dear Chair Luke, Vice Chairs Nishimoto and Johansen, and Finance Committee Members:

Please note that I am submitting this testimony as a private citizen, and not representing any organization.

I strongly support an increase in the minimum wage, which will have a positive effect on the lives of many of Hawaii's women and their families.

As an obstetrician-gynecologist, I have had the opportunity to work with many of Hawaii's underserved populations. My experience includes caring for patients at: three federally-funded clinics in low-income areas, the neighbor islands, a free clinic volunteer seeing patients who had no medical insurance (> 10 years), resident training clinics, and an HIV clinic. Many of my patients have worked at fast-food establishments, as waitresses, and other minimum wage jobs.

As an example, the majority of patients I saw at the free clinic worked multiple minimum wage jobs, and each job made sure that they did not give my patient enough work hours to qualify for health insurance or benefits. Often, a patient would not be able to afford the medication needed for her health condition. She had a choice to either pay for her children's food, or the recommended medication. I often gave these patients money out of my own pocket to pay for the necessary treatment. This is not a unique situation, many physicians have felt the need to assist their patients in this way.

Nationally, the wage gap still exists between women and men. Even in my own profession as a physician, this wage gap still exists. Therefore, any increase in the minimum wage will help many women and their families earn a closer to living wage.

I urge you to increase the minimum wage to benefit Hawaii's women and families. Thank you for the opportunity to present this testimony.



finance1

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From: Martha Martin <mauimarttha@gmail.com>  
Sent: Monday, February 24, 2014 4:10 PM  
To: FINTestimony  
Cc: Rep. Sylvia Luke  
Subject: Support HB 2580, raising the minimum wage

**LATE**

Please raise the minimum wage quickly to at least \$10.10.

I have worked in Hawaii over 50 years, and know living costs are high and low minimum wages don't give workers enough to live fairly.

Their wages will be spent locally and will improve the local economy.

Martha E. Martin  
P.O.Box 790300  
Paia, HI96779. <mauimarttha@gmail.com>

Sent from my iPad

Alexandar San Nicolas  
1255 Nuuanu Ave., E611  
Honolulu, HI 96817



February 24, 2014

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee,

Re: HB 2580 re to the Minimum Wage (February, 25 at 2:00 p.m. FIN Hearing)

I think the passage of this bill would greatly benefit many people in Hawaii, considering the high cost of living over here. At one point, I heard from somewhere that working two minimum jobs full time in Hawaii is barely enough for one person (let alone families) to live within reasonable means. Please pass this legislation.

Sincerely,  
Alexandar San Nicolas



**Araki-Regan & Associates, LLC**

1823 Wells Street, Suite 2A, Wailuku, HI 96793  
Ph: (808) 244-6042 Fax: (808) 249-2872

**LATE**

Lynn A.S. Araki-Regan  
Stephen E. Pike  
Attorneys

Christopher R. Dang  
Garrick L.H. Goo  
Of Counsel

FEBRUARY 24, 2014

Re: **HB 2580 Minimum Wage Increase**  
**House Finance Committee Hearing: Feb. 25, 2014 @ 2:00 p.m.**

Dear Chair, Vice-Chair, and Members of the Committee:

I humbly ask that you not pass the above-referenced bill.

The proposed minimum wage Increase will dramatically impact my small business, as well as countless other small businesses throughout Hawaii, and will hamper our overall economic recovery.

I encourage you not to pass the above legislation.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'L.A.R.', written in a cursive style.

Lynn A.S. Araki-Regan



1654 South King Street  
Honolulu, Hawaii 96826-2097  
Telephone: (808) 941.0556  
Fax: (808) 945.0019  
Web site: [www.hcul.org](http://www.hcul.org)  
Email: [info@hcul.org](mailto:info@hcul.org)



Testimony to the House Committee on Finance  
February 25, 2014

**LATE**

Testimony in support of HB 2580, Relating to Labor

To: The Honorable Sylvia Luke, Chair  
The Honorable Scott Nishimoto, Vice-Chair  
The Honorable Aaron Johanson, Vice-Chair  
Members of the Committee on Finance

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 75 Hawaii credit unions, representing approximately 804,000 credit union members across the state.

We are in support of HB 2580, which raises the minimum wage gradually. A raise in the minimum wage would help many of our lower-income credit union members. This could also help to continue the economic recovery of our state.

Thank you for the opportunity to testify.

**LATE**

From: Peter and Sheila Dure-Smith <psdure@hawaiiantel.net>  
Sent: Tuesday, February 25, 2014 8:12 AM  
To: FINTestimony  
Cc: Rep. Sylvia Luke  
Subject: Minimum Wage - HB2580

We write in strong support of HB2580.

For many reasons, not least because of all worker's health and wellbeing, it is important to our society to increase the minimum wage to \$10.10 an hour. Spreading the increase over three years will allow the change to be smooth.

In fact \$10.10 is not adequate, but a start has to be made. Each of us should imagine what it must be like to survive and progress in society and become independent on such a low amount of money.

With respect,  
Peter and Sheila Dure-Smith

Cristina Valenzuela  
1822 Ke`eaumoku St.  
Honolulu, HI 96822



February 24, 2014

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee,

Re: HB 2580 re to the Minimum Wage (February, 25 at 2:00 p.m. FIN Hearing)

Please pass the minimum wage increase bills as proposed. Raising the minimum wage will allow for individuals and families to have an actual living wage and reduce poverty. As a human service worker I have seen too many children and families struggling to pay rent and have basic necessities b/c parents do not earn enough from low paying jobs. We regularly get request from individuals and families who need help paying their rent, utilities, food, etc. There are many individuals, single and married, who must take on 2/3 jobs just to live in Hawai`i. I urge you to raise the minimum wage and help individuals and families live better in Hawai`i. Poverty and homelessness continues to rise. Show the people of Hawai`i you care.

Thank you!

Sincerely,  
Cristina Valenzuela

**LATE**

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the Finance Committee,

We are Patsy Izumo and Mona Chang Vierra, the owners of Grand Cafe & Bakery, your neighbors across the street. We are opposed to HB 2580 as it stands and respectfully offer the following as amendments to this bill. We believe that these are fair for both small business owners like ourselves and minimum wage earners.

1. **Scale back the minimum wage increase to \$2.00 and phase it over an eighteen month period.** Increasing the minimum wage in smaller increments would help small business owners to cope.

2. **Delete tying the minimum wage increase to the consumer price index.**

This makes budgeting and projections for each year impossible. Also, if the consumer price index were to drop, then would the minimum wage then follow suit and drop?

3. **Restore the tip credit for food servers.** Servers, on the average, make \$18.00 to \$25.00 per hour with the tips. This hourly amount is far in excess of wages that are earned by anyone else in the restaurant.

Thank you.





February 25, 2014

**LATE**

To: House Finance Committee  
Re: HB 2580 relating to the Minimum Wage

Dear House Finance Committee:

I am testifying in opposition to HB 2580 relating to the Minimum Wage.

Please do not pass this bill in your committee meeting today. This bill will raise the minimum wage by 75 cents for the next three years. Thereafter, it ties the increase to the Consumer Price Index, which means the wage will automatically increase each year after that. I steadfastly oppose any tying of the Minimum Wage increase to the Consumer Price Index as it removes the voice of business from future discussions.

Further, this bill repeals the tip credit which will hurt the restaurant industry.

Please feel free to call me at 808 870 1128 or email me at [nokumura@vipfoodservice.com](mailto:nokumura@vipfoodservice.com) for any questions.

Thank you for your consideration.

Yours truly,

Nelson T. Okumura  
President

# UNITE HERE!

LOCAL 5 HAWAII

*Eric Gill, Financial Secretary-Treasurer*

*Hernando Ramos Tan, President*

*Godfrey Maeshiro, Senior Vice-President*

Monday, February 24, 2014

The Honorable Sylvia Luke - Chair and Committee Members  
Hawaii State Legislature  
House Committee on Finance  
State Capitol  
415 S. Beretania Street

**LATE**

*RE: HB 2580 relating to Labor*

Chair Luke and members of the House Committee on Finance:

UNITE HERE Local 5, a local labor organization representing 10,000 hotel, health care and food service workers employed throughout our State, hereby registers our support for increasing our State's minimum wage-with periodic adjustments in accord with the consumer priced index, and a repeal of the "tip credit."

We stand in support of HB 2580.

As an organization representing workers in the health care and hospitality industries – two of Hawaii's most important – we understand first-hand the important role raising Hawaii's minimum wage can play in helping to sustain Hawaii's economic future.

As the standard quality of life for ordinary working people in our islands continue to deteriorate, Hawaii's economic future and our ability as a community to secure good jobs for our local people remain one of our greatest concerns. Our State has the highest cost of living in the nation and the lowest average adjusted income rate. Fifty-six percent of renters – many of whom are hourly wage earners – pay 30 percent or more of their income towards rent, fourth highest in the nation. And between 2006 & 2011 more than 3,200 jobs have been lost in the accommodations sector alone. Hundreds of good jobs have been lost in our hotels, and we are threatened with losing even more as we lose more of our hotel rooms to condominiums and timeshares. Ironically, data collected by the State's Department of Labor & Industrial Relations points to the fact that Hawai'i's most recent minimum wage increases have been coupled with considerable job growth, and not job loss as some would like you to believe.

Our people are being pushed off our islands while so many of us can't afford homes, and more and more of our local jobs go to mainland companies while locals struggle to earn a living wage. Added to all of this, we haven't seen an increase in our State's minimum wage for more than seven whole years. Our State government needs to play a bigger, more productive role in improving our lives, and we agree - there is no real substantiated need or reason for Hawai'i's tip credit law. In fact, it's more of a "tax" on Hawai'i's working people than a "credit." Tips are earned, and not part of a guaranteed wage.

It's our belief that Hawaii can be a place where good jobs are readily available and that is also why we helped launch a new movement called AiKea. AiKea is a movement that seeks to restore the confidence of Hawaii's working people to reclaim Hawaii for our future.

We thank you and would urge your Committee to pass a measure that would delete the tip "credit," increase Hawai'i's minimum wage and account for automatic adjustments based on the consumer priced index.

**LATE**

From: Bill Watts <billx@unforgettable.com>  
Sent: Monday, February 24, 2014 11:04 PM  
To: FINTestimony  
Cc: Rep. Sylvia Luke  
Subject: House Finance Committee hearing on HB 2580

Dear Committee Members,

I am in strong support of HB 2580. I have never had to work for minimum wage and find it abhorrent that our fellow citizens who provide us with valuable services do not receive a living wage. I support a minimum wage of \$15/hour but accept the proposed rate of \$10.10 as an interim measure. The tip credit should be eliminated because tips are to reward the server, not to subsidize the restaurant owner. If we respect serving staff we should not want them to have to grovel to obtain a basic wage. To cushion the transition the rate should be incremented in 6 month intervals over 2 years, not any longer. The sooner we raise minimum wage, the sooner we all benefit.

Opposition is largely based on blind dogma and selfish greed. The boost to minimum wage will be an immediate boost to the local economy. Since we have a tourism economy, Hawaii will also benefit from an increase in the inflow of dollars from the mainland and foreign countries.

I am associated with FACE/moveon.org but my opinion is my own. It is time for our legislature to do the right thing and place Hawaii at the forefront of change.

Sincerely,  
Bill Watts  
Kihei, HI 96753



HAWAI'I LODGING & TOURISM  
ASSOCIATION

**LATE**

Testimony of George Szigeti  
President & CEO  
HAWAI'I LODGING & TOURISM ASSOCIATION  
Committee on Finance  
Hearing on February 25, 2014, 2:00 p.m.  
House Bill 2580 Relating to Labor

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee. My name is George Szigeti and I am the President and CEO of the Hawai'i Lodging & Tourism Association.

The Hawai'i Lodging & Tourism Association (HLTA) is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms that benefit from and strengthen Hawai'i's visitor industry. Our membership includes over 150 lodging properties, representing over 48,000 rooms, and approximately 470 other Allied members. The lodging industry alone employs over 38,000 workers across the state of Hawai'i and generated over \$5.7 billion in annual sales in 2012. As part of the broader visitor industry – which employs 1/6 of all workers and 1/5 of those in the private sector, and generated \$14.4 billion in visitor spending in 2012 – we represent one of Hawai'i's largest industries and a critical sector of the economy.

On behalf of HLTA, permit me to offer these comments regarding HB2580, which would increase minimum hourly wage to \$8.00 beginning January 1, 2015, \$8.75 beginning January 1, 2016, and \$9.50 beginning January 1, 2017. HB2580 would also delete the tip credit and mandate annually adjusted minimum wage rates based on the Consumer Price Index.

While we are not strongly opposed to an increase in the minimum wage, the Hawai'i Lodging & Tourism Association has concerns with the bill as written. A dramatic increase in the minimum wage, even over the course of a few years, will have a negative impact on businesses that now must pay for increased wages without any related growth in profits. Additionally, we are particularly concerned and are opposed to mandating annual increases in accordance with the Consumer Price Index (CPI). The CPI fails to account for the future economic environment and would be unsustainable for many small businesses. We also request that any increase in the minimum wage incorporate a comparable increase in the tip credit.

The Hawai'i economy has seen consistent growth over the past few years, much of it driven by the visitor industry; however, the economy remains tenuous. Any increase to the minimum wage should take into account the impact of rising labor costs on Hawai'i businesses, which will be hit with larger wage burdens and increased expenditures for workers' compensation, Social Security taxes, Medicare taxes, temporary disability taxes, and unemployment insurance taxes. In order to meet the additional financial burden, many businesses will face the decision to either cut entry-level jobs or increase the price of their product, both of which are not good for our State.

Thank you for this opportunity to testify.



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Finance  
Tuesday, February 25, 2014 at 2:00 P.M.  
Conference Room 308, State Capitol**

**LATE**

**RE: HOUSE BILL 2580 RELATING TO LABOR**

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **opposes** House Bill 2580 Relating to Labor.

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.

The Chamber opposes HB 2580 which raises the minimum wage by 75 cents per year for three years followed by an automatic increase pegged to the consumer price index and removes the tip credit. **This bill harms local businesses, the state economy and job creation because it contains a steep increase in the minimum wage, provides automatic increases per CPI, and removes the tip credit.**

**Large increases would negatively impact business**

While only a small percentage of workers make minimum wage, a large increase would greatly impact many businesses as they will be forced to raise the rates of many of their employees. As an example, if John started with the company 1 year ago and earns \$8.50 per hour and Lisa just started and is under the new law at \$8.00 per hour, the employer will have to raise John's hourly to compensate for those at the lower part of the pay scale being increased. This could increase businesses labor cost by up to 15-20% in the first year alone.

We also oppose the automatic increase in the minimum wage tied to the consumer price index. We believe that this does not take into account the economic conditions of business and the employment situation. Within 5 years of the enactment of the escalator, the **minimum wage could be just short of \$11.00 per hour**. When you include all the taxes associated with wages, this makes the wage cost around **\$12.20 per hour** (Not including healthcare and other costs). This rate is unsustainable.

**Minimum Wage is Floor Wage**

We would also like to point out that the minimum wage is a floor wage. For many employees, it is their first job and generally, entry-level positions. Employers must invest time



and money to train these individuals. Also in the food and beverage industry, there are many at this wage who earn tips which allow them to earn anywhere from \$18-30 per hour.

We further **oppose the repeal of the tip credit**. We feel that if there is an increase in minimum wage, there should likewise be an equivalent increase in the tip credit.

### **Job Growth Data Unclear**

There is a great deal of data and studies on whether or not an increase in minimum wage affects job growth. Much of the research is based on national studies. Below is a chart that shows some data that reflects some business concerns. Keep in mind that this is not part of a longitudinal data survey but some snap shot stats of some of the low end wage occupations that the increase hopes to help. As you can see, while there is 3% growth for all sectors during the last minimum wage increase, **low wage earners in the food industry lost jobs**.

Hawaii								
Occupation	2005	Med. Hrly.	2006	% Change	Med. Hrly.	2007	% Change	Med. Hrly.
<b>All occupations</b>	583,630	\$ 14.39	599,130	3%	14.97	610,310	2%	\$ 15.54
<b>Food prep and serving</b>	70,850	\$ 8.92	71,290	1%	\$ 9.14	72,070	1%	\$ 9.75
Combined food prep and serving workers	10,120	\$ 7.24	9,710	-4%	\$ 7.39	9,270	-5%	\$ 8.26
Counter attendants, cafeteria, food and coffee shop	6,360	\$ 7.32	5,630	-11%	\$ 8.03	5,280	-6%	\$ 8.63
Dining room and caeteria attendants and bar helpers	4,440	\$ 9.59	4,540	2%	\$ 9.30	3,880	-15%	\$ 10.15
Source: www.bls.gov								

### **Hawaii is Different: Prepaid Healthcare Mandated Premium Costs for Employers**

There has been much discussion that Hawaii should join the large rise in the minimum wage, similar to other states. Please keep in mind that Hawaii is the only state that mandates employers to provide health care to its employees including part time employees (20 or more hours per week).

The average annual premium for a single employee is about \$5,500. This benefit is almost entirely paid for by business. If you add this cost to the present minimum wage for a full time employee, the actual benefit to a minimum wage employee is **\$9.79 per hour**, or the highest in the country (See table below). Including payroll taxes, the present minimum wage cost is about **\$10.87 per hour**.





# Chamber of Commerce HAWAII

*The Voice of Business*

**Cost for a minimum wage employee including health care premiums (\$5,500 annual premium cost and then prorated by hour with 1.5% wage cap)**

Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost
\$ 7.25	\$ 2.54	\$ 9.79	\$8.00	\$ 2.52	\$ 10.52	\$ 8.75	\$ 2.51	\$ 11.26
Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost
\$ 7.25	\$ 3.42	\$ 10.67	\$8.00	\$ 3.41	\$ 11.41	\$ 8.75	\$ 3.39	\$ 12.14
Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost
\$ 7.25	\$ 5.18	\$ 12.43	\$8.00	\$ 5.17	\$ 13.17	\$ 8.75	\$ 5.16	\$ 13.91

Keep in mind that premium increases for small businesses are about 6-10% each year. On top of that, ACA federal and state taxes and fees will increase premium amounts this year and next year by about 4%. We expect prepaid premiums for single coverage to be over \$6,000 per employee per year next year.

### **Important Considerations**

With this large increase in the minimum wage some businesses may have to cut back hours, reduce benefits or limit hiring of new employees. This does not even project what will happen at the next economic slowdown. Also keep in mind that this will put a strain on unskilled workers in the marketplace especially if the economy experiences a decrease.

Thank you for this opportunity to express our views.

**LATE**

From: Alexa Hatton <alexahatton33@gmail.com>  
Sent: Monday, February 24, 2014 4:01 PM  
To: FINTestimony; Rep. Sylvia Luke  
Subject: Support for HB 2580

Dear illustrious representative,

As a 25 year Hawaii resident I know too well the cost of living here. I am a strong supporter of HB 2580.

- 1) I believe we should rase the minimum wage to \$15 but **at the very least** it should be set at \$10.10.
- 2) The tip credit should be eliminated
- 3) The wage should be increased over two or three years **not** four!

Thank you, Alexa Hatton



75-5737 Kuakini Hwy. Suite 208  
Kailua-Kona, HI 96740  
Phone: 329-1758 Fax: 329-8564  
www.Kona-Kohala.com info@kona-kohala.com

Testimony to the House Committee on Finance  
Tuesday, February 25, 2014  
2 p.m.  
Conference Room 308, State Capitol



Re: HB 2580

Aloha Chair Luke, Vice Chairs Nishimoto and Johanson and Members of this Committee:

My name is Vivian Landrum, and I am the President/CEO of the Kona-Kohala Chamber of Commerce (KKCC). KKCC represents over 525 business members and is the leading business advocacy organization on the west side of Hawai'i Island. KKCC also actively works to enhance the environment, unique lifestyle and quality of life in West Hawai'i for both residents and visitors alike.

The Kona-Kohala Chamber of Commerce supports a reasonable increase in the minimum hourly wage with manageable stepped increases to allow businesses to prepare and plan for them. The proposed \$.75 jump effective January 1, 2015, with \$.75 increases the next two years, is too aggressive for our businesses, particularly those who are only now experiencing their own economic recovery.

In addition, we cannot support future minimum wage increases tied to the consumer price index and are surprised that the repeal of the tip credit is still in consideration. This segment of the workforce needs to be treated with special circumstances to allow for businesses to fairly and proportionately compensate those within this business sector. The handling of tipped staff, including wait help, servers, kitchen help, hostesses, back of the house – all offer varied services for the business and in turn receive various benefits from the employer and their customers. To equate their minimum wage salary with those of a non-tipped employee is not fair and reasonable.

Let us not confuse minimum wage with a livable wage. Minimum wage is an entry-level wage, a base if you will, for employees to enter the workforce, acquire skills and, in essence, become "more employable." Statistics show that minimum wage earners are not heads of households, more than 50% are students or other young people (approximately 24% are teenagers)<sup>1</sup>, and nearly two-thirds get a raise in their first year.<sup>2</sup> Many of my Chamber members have shared they hire interns, college students and other career-minded young people during summers and holiday periods just to offer them an opportunity to expand their resume with real-life experience. Raising the minimum wage unrealistically, and at a rapid rate, will deter them from this hiring practice and possibly omit the youngest and least educated from finding work.

Raising the minimum wage needs to be done with caution, realistically and with both sides of the equation in mind. How employers will respond to a minimum wage increase and the impact on the overall economy are two factors that bear consideration.

<sup>1</sup> James Sherk, "Who Earns the Minimum Wage? Suburban Teenagers, Not Single Parents," Issue Brief #3866 on Labor, The Heritage Foundation, February 28, 2013.

<sup>2</sup> William E. Even and David A. Macpherson, "Wage Growth Among Minimum Wage Workers," Employment Policies Institute, June, 2004.

Testimony to the House Committee on Finance  
Tuesday, February 25, 2014  
Page Two

Mahalo for the opportunity to submit testimony.

Sincerely,

A handwritten signature in cursive script that reads "Vivian Landrum". The signature is written in black ink and is positioned below the word "Sincerely,".

Vivian Landrum  
President/CEO

finance1

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From: Wendee Wilson on behalf of Rep. Angus McKelvey  
Sent: Tuesday, February 25, 2014 9:29 AM  
To: 'Nelson Okumura'  
Cc: FINTestimony  
Subject: RE: HB 2580 relating to the Minimum Wage

**LATE**

Aloha Mr. Okumura,

Thank you for your email regarding HB2580. While Representative McKelvey does not sit on FIN, he does understand and shares your concerns.

I am forwarding your testimony to the committee on Finance in the event they have not already received it.

Please let us know if we can be of further service.

Mahalo,  
Wendee

Wendee J. Wilson  
Office Manager  
Representative Angus L. K. McKelvey  
District 10: West Maui, Maalaea, North Kihei  
State Capitol, Rm. 320  
Ph: (808) 586-6160  
Fax: (808) 586-6161  
Email: w.wilson@capitol.hawaii.gov

-----Original Message-----

From: Nelson Okumura [mailto:nokumura@vipfoodservice.com]  
Sent: Tuesday, February 25, 2014 8:59 AM  
To: Rep. Mele Carroll; Rep. Kaniela Ing; Rep. Angus McKelvey; Rep. Joseph Souki; Rep. Justin Woodson; Rep. Kyle Yamashita  
Subject: HB 2580 relating to the Minimum Wage

Dear Honorable Maui Representatives:

I have attached a copy of my testimony against HB2580 which is scheduled for a hearing today in the House Finance Committee. I want to let you all know how I feel about this bill.

Thank you for your consideration.

Yours truly,

Nelson Okumura President  
808.877.5055 ext. 229 (p) 808.870.1129 (c) 808.877.4960 (f)  
nokumura@vipfoodservice.com | www.vipfoodservice.com

---

finance1

**LATE**

From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, February 25, 2014 10:15 AM  
To: FINTestimony  
Cc: lkaili@mebaunion.org  
Subject: \*Submitted testimony for HB2580 on Feb 25, 2014 14:00PM\*

**HB2580**

Submitted on: 2/25/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
luke kaili	MEBA	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**LATE**

February 25, 2014

To: House Finance Committee Hearing Date/Time: Tuesday, February 25, 2014  
at 2 p.m. Place: Room 308

Re: In Support of HB 2580

Chair Luke and members of the Finance Committee:

The majority of the people who make their livings on jobs that pay only minimum wage are women. The disparity between the wages of women and of men nationally is that women make 82 cents for every dollar a man earns. Many of the women working in minimum wage jobs are single mothers who must work more than one job to pay the expenses of housing, food, and the other financial commitments that we all pay for. In addition, many of these moms must pay for childcare. It is a well-known fact that there is a scarcity of affordable childcare in Hawaii. As a result of the financial difficulties faced by single moms raising their children, they must turn to the state for welfare, food stamps and other government entitlement programs for assistance.

This situation doesn't make any sense at all. Raising the minimum wage to a living wage, one that doesn't keep wage earners living in poverty, is a realistic solution to reducing the number of families dependent upon government assistance, which is much more costly. The greater costs are by All taxpayers subsidize the greater costs of government assistance rather than the employers who do not pay a living wage, one that a family can live on

Because of our commitment to economic equity as one of the foundations for meeting basic needs throughout Hawai'i Nei, we urge legislators to pass the raising of minimum wage this session along with the elimination of tip credit.

Every hard-working individual deserves a living wage: "An honest day's pay for an honest day's work." One's paycheck ought to be enough to provide basic subsistence for one's family. It is the pono thing to do.

Mahalo,

*The Rev. Dr. Mary L. David*

Minister, Honpa Hogwanji Mission of Hawaii

February 23, 2014

To: Chairman Sylvia Luke  
Vice Chairman Scott Y. Nishimoto  
Vice Chairman Aaron Ling Johanson  
Members of the Finance Committee



From: Je'Quan Gold

Subject: Support HB2580, annually increases minimum wage 1/1/15 - 1/1/17. On 9/30/17 and thereafter requires DLIR to adjust the minimum hourly wage in accordance with the Honolulu region consumer price index. Deletes tip credit.

Aloha! My name is Je'Quan Gold, and I am currently a senior at Kalaheo High School in Kailua Oahu. I strongly believe in HB 2580, and I would like to ask for your support. As it stands minimum wage workers receive \$7.25 an hour. However, many Hawaii families of three or more cannot be supported on \$7.25. A steady dollar yearly increase in minimum wage for three years would give the families in need, a better chance of supporting themselves, especially one income families.

The average rental price for an apartment in Hawaii is \$1,600 (Crowley, Couch, Bolton, 2012). In order to make monthly rent of \$1,600 at minimum wage of \$7.25 a worker needs to work at least 56 hours a week, before taxes. In addition, there are necessities such as food and water. Then there are other expenses outside of rent that most residents of Hawaii at minimum wage don't receive, such as healthcare, dental care, and insurance. If minimum wage was increased then a minimum wage worker has a better chance of supporting their family.

Hawaii is the most expensive state to live in (Cohn 2013). The minimum wage for Hawaii is on average, the same rate of the other 49 states. However, the numbers do not add up. If Hawaii is the most expensive state to live in, then the minimum wage earned should be higher than every other state. Passing this bill will indeed increase the chance for the average minimum wage earning adult to provide better chance of success for his or her family.

Please support and pass HB2580 to give the average person a chance to stop barely making it and skipping payments, and help them become better citizens, Hawaii residents, and Americans.

Crowley, Sheila. (2012) "Out of Reach"  
<http://nlihc.org/oor/2012> Date accessed: 2/1/14

Cohn, Scott. (2013) "The Most Expensive US States to Live In"  
<http://finance.yahoo.com/news/the-most-expensive-state-to-live-180732578.html> Date accessed: 2/1/14

From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, February 25, 2014 10:26 AM  
To: FINTestimony  
Cc: ajc@aloha.net  
Subject: Submitted testimony for HB2580 on Feb 25, 2014 14:00PM

**LATE**

**HB2580**

Submitted on: 2/25/2014

Testimony for FIN on Feb 25, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alika Campbell	Individual	Support	No

Comments: I strongly support raising the minimum wage and encourage the committee to align this bill with the senate version which raises the wage to \$10.10.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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February 25, 2014

To: Chairperson Sylvia Luke  
Vice Chairperson Aaron Ling Johanson  
Members of Finance



From: Marlowe Wilson  
Kailua, Hawaii

Subject: Support of HB2580, Increasing Minimum Wage

Hello! My name is Marlowe Wilson and I am currently a freshman at Kalaheo High School on Oahu. I strongly support bill HB2580 and would like to give reasons on why this bill should be put into place.

In the latest polls in 2011, of the 321,000 workers paid hourly rates in Hawaii, only 8,000 of them earned exactly the prevailing Federal minimum wage of \$7.25 per hour (Bureau of Labor Statistics). Many of the people working at these jobs are trying to feed families or even just themselves and living off a small \$7.25 an hour isn't much. Although Hawaii already has minimum wage rates that are the same as the Federal, we should try and make it so we are in the 'higher than the Federal's minimum wage' zone (Bureau of Labor Statistics).

Hawaii is one of the most expensive places to live in the United States, which makes it hard for people living off of minimum wage rates. The cost to ship food across the ocean makes the grocery bill in Hawaii 66 percent higher than that of a family on the mainland, according to Alternative Hawaii, a travel Web site. The houses are also twice as much as they would be on the mainland because of the location.

HB2580 should be put into place because it will help the people who will need it and provide them with more money to buy food and a safe place to live.

Thank you for your time and I hope you consider my testimony in support of bill HB2580.

Testimony of Rebecca Lennon, CPA  
Treasurer and Controller of the Pioneer Inn Hotel

658 Wharf Street  
Lahaina, HI 96761

**LATE**

Relating to HB 2580 – Proposed increases in minimum and wage and elimination of Tip Credit

Committee on Finance  
Room 308

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and Members of the committee:

I would like to offer comments in opposition to the proposed annual increase in minimum wage commencing on January 1, 2015 and linked to the consumer price index effective 9/30/17

We are a hospitality company and the only minimum wage employees that we employ are wait staff and buss persons who earn not only the guaranteed minimum wage but also tips. As many others have stated, if the effective minimum wage increases to near ten dollars per hour then our non-tipped employees will expect a corresponding ( 37% ) increase to their wages. We will be forced to lay off employees and operate with a fewer number of non-tipped employees in order to maintain satisfaction among our housekeepers, guest service agents, maintenance and management staff.

I would also like to comment on the proposal to abolish the tip credit. Already, the tip credit in Hawaii is only twenty five cents which is much less than any other state. An increase in the minimum wage should be accompanied by an increase in the amount of the tip credit to keep the playing field equitable.

We have already made a study on the impact that this will have on our business and have determined that our only alternative would be to change our business model, lay off our tipped employees and convert our restaurant to a fast casual facility ( similar to Hyatt Place hotels on the mainland) that only employs one or two higher paid cashiers instead of a dozen tipped employees.

I am fairly certain that we are not the only small hospitality business in Hawaii that would be similarly impacted. I propose that in an effort to increase the standard of living in a state that has a large contingent of tipped employees, you would in fact be increasing the number of unemployed and/or creating a sub-culture of employers that pay employees cash under the table with no contributions made to either income tax or unemployment tax.

Thank you for the opportunity to testify.

Rebecca Lennon, CPA  
Controller  
Pioneer Inn Hotel



February 25, 2014

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee:

I represent Ritz-Carlton Hotels and employ 650 ladies and gentlemen on this beautiful Island of Maui.

I would like to offer our support of the testimony of the Maui Hotel & Lodging Association on HB2580, Relating to Labor.

We are also particularly concerned with mandating annual increases in accordance with the Consumer Price Index (CPI). The CPI fails to account for the future economic environment and would be unsustainable for many small businesses. Within 5 years of the enactment of the escalator the minimum wage could be \$11.00 per hour. When you include all the taxes associated with wages, this makes the wage cost around \$12.20 per hour (Not including healthcare and other costs).

We also oppose the repeal of the tip credit. We feel that if there is an increase in minimum wage, there should likewise be an equivalent increase in the tip credit.

Wage compression: While only a small percentage of workers make minimum wage, a large increase would greatly impact many businesses as they will be forced to raise the rates of many of their employees. This could increase businesses labor cost by up to 15-20% in the first year alone.

Thank you for the opportunity to testify.

Sincerely,

Alex Ahluwalia  
General Manager





**LATE**

**Testimony to the House Committee on Finance  
Tuesday, February 25, 2014  
Conference Room 308**

**RE: House Bill 2580 Relating to Minimum wage increase**

Chair Syliva Luke, Vice Chair Aaron Ling Johnson, Vice Chair Scott Nishimoto and members of the committee;

Mahalo for this opportunity to testify, my name is Jim Walsh, I am the General Manager for Atlantis Adventures - Maui. I am writing this testimony on behalf of Atlantis Adventures Hawaii. Atlantis Adventures **opposes HB2580.**

***I urge you Kill this Bill in committee.*** We all understand the hardships of living in Hawaii. The economy in Hawaii has not yet recovered. Yes, we see the visitor sector improving, however, the increase in arrivals doesn't directly translate down the economic ladder. People are not spending like they used to.

That being said, the business community is the one responsible for providing good jobs to the residents of our state. This bill will hurt the economic recovery, it will hurt the employment numbers, and ultimately, it will hurt those that you are trying to help.

Business owners and business leaders need the ability to manage our expenses. In effect, this bill takes away the ability for business to control our most costly expense. Salary and wages are by far, the greatest line item expense that we have. This bill proposes a mandatory 30% raise over the next 3 year and then adjusts to the CPI thereafter. The government is taking over control of the private sectors salary and wage line item.

The negative effect of this will be loss of jobs, increased unemployment, and the real possibility of leaving the unskilled worker behind. Businesses may choose to hire a skilled worker for a slightly higher wage than the unskilled worker, thus, this bill will hurt those you are trying to help.

The minimum wage was never intended to be a living wage. It is supposed to be an entry level starting point for the unskilled workforce. The business community takes all the risk in training and developing an entry level employee into a contributing member of the company.



I look forward to supporting bills that help businesses succeed, because as businesses become successful so does the worker, from the entry level on up.

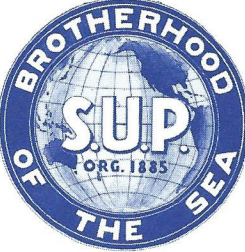
Thank you for your consideration in this matter.

Respectfully,

James Walsh  
General Manager  
Atlantis Adventures Hawaii  
658 Front Street, #175  
Lahaina, HI. 96761  
Tel (808) 667-6604  
Fax (808) 661-1210



*Sailors' Union of the Pacific*



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**GUNNAR LUNDEBERG • PRESIDENT/SECRETARY-TREASURER**

HEADQUARTERS: 450 HARRISON STREET  
SAN FRANCISCO, CALIFORNIA 94105



**LATE**

February 5, 2014

Aloha,

The Sailors Union of the Pacific (SUP) strongly supports a minimum wage increase of \$10.10 an hour.

We strongly support repeal of the tip credit, and strongly oppose any efforts to raise the tip credit.

Mahalo,

Michael Dirksen  
Honolulu Branch Agent  
Sailors Union of the Pacific  
707 Alakea St.  
Rm. 101  
Honolulu, Hi. 96813  
808-533-2777  
[suphono@suphono.com](mailto:suphono@suphono.com)

finance8-Danyl

**LATE**

From: Susan Anderson <lonepoethelloyou@hotmail.com>  
Sent: Tuesday, February 25, 2014 1:16 PM  
To: FINTestimony  
Cc: Rep. Sylvia Luke  
Subject: HB2580

Please support HB2580 to raise the minimum wage. The working poor deserve better treatment. The wage should be at least fifteen dollars per hour in order to offset high gas and food prices in Hawaii.

Thanks,  
Susan Kay Anderson  
P.O. Box 1055  
Keaau, Hawaii 96749  
808-965-7212

February 25, 2014

Testimony to the  
Committee on Labor & Public Employment

For Hearing on Tuesday, February 25, 2014  
2:00 p.m., House Conference Room 308



H.B. No. 2580 entitled:  
"A BILL FOR AN ACT RELATING TO LABOR,"

William Fay  
District 25 Pct 2

In 1938 a minimum wage of 25 cents an hour was enacted. In 2012 dollars that would be \$3.98 and would have required a worker to work 2,215 hours to earn the equivalent of the average Gross Domestic Product (GDP) per capita for that year.

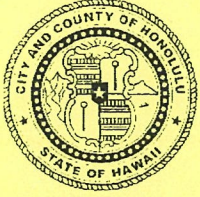
In 1950 the minimum wage was raised to \$1.00 an hour and in 2012 dollars would be \$7.01 and would have required a worker to work 2,165 hours to earn the equivalent of the average GDP per capita for that year. Again in 1968 the minimum wage was increased to \$1.60 or \$10.34 an hour in 2012 dollars and again it required a worker to work 2,296 hours to earn the equivalent of the average GDP per capita.

But by 1990 when the minimum wage was raised to \$3.80 or \$6.60 an hour in 2012 dollars then required a worker to work 5,575 hours, or more than two jobs, to earn the equivalent of the average GDP per capita. In 1997 the minimum wage was increased to \$5.15 or \$7.39 an hour in 2012 dollars now required a worker to work 5,741 hours to earn the equivalent of the average GDP per capita. When the minimum wage was again finally raised in 2007 to \$5.85 or \$6.53 an hour in 2012 dollars, a worker was having to work 7,747 hours to earn the equivalent of the average GDP per capita.

Granted, these are Federal figures with Hawaii state figures being somewhat higher, but the same trend holds true, since 1968 minimum wage workers have been benefiting less and less from the general increase in productivity enjoyed by others in this country.

I submit that increasing the minimum wage to \$8.00 in 2015, to \$8.75 in 2016 and \$9.50 in 2017 is a good start. That proposing to require automatic adjustments based on the CPI is even better, but there is an even more pressing underlying problem. Bringing the minimum wage back to a more reasonable proportion of the average GDP per capita will be the only measure which restores workers' wages to a more reasonable relation to their productivity.





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**LATE**

February 25, 2014

Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Scott Nishimoto, Vice-Chair  
Representative Aaron Johanson, Vice-Chair  
Capitol Conference Room 308  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

RE: Increases To Hawaii's Minimum Wage

Aloha Chair Luke, Vice-Chairs Nishimoto and Johanson,

I am submitting testimony in support of an immediate increase to Hawaii's minimum wage and providing for future, automatic, increases that are indexed to the Honolulu consumer price index.

While debates continue, locally and nationally, over how much respective minimum wages should be increased I believe that the bigger issue before all policymakers is ensuring that these debates be rational and mathematical rather than political. Minimum wage serves as a floor to ensure that an employer provides, at the very least, basic compensation to an employee for basic labor. Just as the cost of goods rise, so should the minimum wage.

Regardless of the dollar that your committee ultimately decides upon for future increases, I would strongly encourage that your committee do no less than pass legislation that ensures increases, moving forward, will be indexed to inflation. While government cannot control the cost of living we do have the ability to ensure that even the most basic labor receives fair and just compensation today, tomorrow and into the distant future.

I appreciate your time and consideration of this testimony.

Malama Pono,

A handwritten signature in black ink, appearing to read "I. Anderson", written over the typed name.

Ikaika Anderson  
Vice-Chair, Honolulu City Council



## Advocates For Consumer Rights

*Working for Hawaii's consumers since 1994*

Scott Foster, Communications Director

808-590-5880

[fosters005@hawaii.rr.com](mailto:fosters005@hawaii.rr.com)

**LATE**

### TESTIMONY SUPPORTING H.B. NO. 2580 "RELATING TO LABOR"

#### COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Scott Y. Nishimoto, Vice Chair

Rep. Aaron Ling Johanson, Vice Chair

Tuesday, February 25, 2014

2:00 P.M.

Conference Room 308

HB 2580

Aloha Representatives Luke, Nishimoto, Johanson and Honorable committee members;

My name is Scott Foster and I am the Communications Director for our 18-year old organization with some 2000 active members across the state. **We stand in strong support of HB-2580 which would increase Hawaii's minimum wage to \$10.10, repeals the tip credit and ties future increases automatically to the cost of living index.** We also believe that because the minimum wage has not been increased in nearly a decade, Hawaii's minimum wage should be increased over two or three years and not the four years being mentioned.

**Our research indicates that the majority of minimum wage workers in Hawai'i are women and the majority of tipped workers are women.** Regardless of the number of dependents, the state minimum wage is the same. Many women are single heads of households and many are houseless and share cramped space with parents, relatives or friends. A full time minimum wage worker in Hawaii earns only \$290.00 a week or \$15,080.00 annually and the negative effects of such a large underpaid segment of Hawaii's workforce are incalculable.

We also find that many women with families are working two jobs just to put food on the table with stress and deprivation the norm. **We have no doubt that this is having a severe impact on young children and their ability to concentrate on their educations.**

**Look around you and begin to notice the sad faces of Hawaii's minimum wage workforce. The stress and pain is palpable. For many, hope is all but gone in Hawai'i nei.**

Sincerely,  
Scott Foster,  
Communications Director





Testimony to the House Committee on Finance  
State Capitol, Conf. Room 308 at 2pm  
February 25, 2014

**RE: OPPOSING HB2580 TO INCREASE THE MINIMUM WAGE**

Dear Chair Luke, Vice Chairs Nishimoto and Johanson, and Committee Members:

The Maui Chamber of Commerce on behalf of our membership is asking that you oppose this bill. We adamantly OPPOSE this and feel it will have many harmful and unintended consequences, including job losses.

Close to 90% of our members are small businesses with 25 or fewer employees. While the economy is picking up, many are still operating with fewer employees than before and are struggling to keep up with rising costs that are beyond their control, especially with rising health care costs. They need an environment where they can stabilize their business, then grow and thrive. Raising the minimum wage right now will not help them do that. It will inflate many of their costs, starting with those in that pay category, and beyond. It does not increase productivity or add to the bottom line. In fact, it takes away from the bottom line and reduces money available for increases to workers who are making a measurable difference and growing the business.

Minimum wage increases cause a wage compression, squeezing or eliminating the gap between the wage of new hires and those who have been with a company a while, requiring employers to look at their pay structures across the board to be fair and equitable to all employees. According to the Chamber of Commerce of Hawaii, this could increase the cost of a business' labor by almost 30% in a span of 2 years (depending on the proposal). That, combined with other costs beyond their control, elevates costs to a rate that outpaces gains. It is not sustainable and threatens to put businesses out of business.

A fair amount of our members pay higher than the minimum wage now, but would still be hurt by it because the boost is subjective and creates wage increase expectations for all workers. Since it is not based on merit, why should some versus all, particularly those who have been employed with the business over time and working hard to help it succeed, not get an additional raise if new hires do.

But it doesn't stop there. Increasing the minimum wage, hikes all other related worker costs tied to wage, such as workers' compensation, Social Security tax, Medicare tax, temporary disability insurance, and unemployment insurance tax. This further adds to the already high cost of doing business in Hawaii. And, businesses are already challenged with other increasing costs, such as health care (particularly with the age banding), rising insurance and gas prices, etc. They are getting hit on many different levels. This will equate to another blow for those who pay minimum wage and those who don't but needed to amend their pay structures as a result of legislation.

Testimony in Opposition of Bills, As Written, to Increase the Minimum Wage  
Hearing in Conference Room 309 at 9am on February 11, 2014

We adamantly oppose tying future minimum wage increases to the Consumer Price Index because automatic increases takes away the opportunity to consider economic realities and hear business concerns on the matter moving forward. We believe that it will not achieve the stated expectations and will instead set the stage for economic hardships and job losses.

The minimum wage was never meant to be a living wage. It is a starting point for unskilled workers and businesses bringing in “unskilled workers” make huge investments in training those employees to give them skills, which they sometimes take elsewhere. Arbitrarily raising the minimum wage can decrease the incentive and/or desire for upward mobility to achieve higher wages and contribute to stagnant growth. Additionally, these measures could significantly hurt unskilled workers, those that often need jobs the most, as they may be bypassed for more skilled labor when the price differential is compressed.

Ultimately, we feel the negative impacts of this measure on businesses and our economy have not been adequately weighed. We feel more details are needed for better discussion, including:

- What percentage of overall workers are we talking about?
- Will it help to create new jobs or eliminate jobs?
- Will it contribute to further outsourcing to other countries?
- What is the average increase that businesses who pay minimum wage are likely to be hit with?
- What percentage of these businesses are small businesses?
- How will it impact businesses overall?
- Can significant economic gains be demonstrated to offset the cost?
- What will the impact be on internships and unskilled labor?
- Given our low unemployment, how much of a need is this right now?
- What will it do to the cost of goods and services in Hawaii?

We cannot continue to make decisions in a vacuum, absent the impact on businesses and the economy. Please stop this measure from moving forward.

We, therefore, ask that you oppose this bill as it is detrimental to businesses in Hawaii and would pass higher costs onto consumers, hitting all families here. We are looking for better measures that include a solid understanding of what businesses are facing and are happy to work with you on winning solutions.

Please contact me if I can answer any questions, provide you with additional information on what small businesses are up against, or help.

Sincerely,



Pamela Tumpap  
President

mike dixon  
p o box 461  
haleiwa, HI 96712

**LATE**

February 25, 2014

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee,

Re: HB 2580 re to the Minimum Wage (February, 25 at 2:00 p.m. FIN Hearing)

Please PASS the minimum wage increase bills as proposed.

We who own micro and small businesses need to have the spending power of most of our customers increased.

The Chamber as a whole has come to represent a narrow slice of our business community and are wrong in their opposition to increases in minimum wages,

Sincerely,  
mike dixon