

# HB 916

NEIL ABERCROMBIE  
GOVERNOR



BARBARA A. KRIEG  
DIRECTOR

LEILA A. KAGAWA  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT**  
235 S. BERETANIA STREET  
HONOLULU, HAWAII 96813-2437

January 30, 2013

TESTIMONY TO THE  
HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
AND  
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

For Hearing on Friday, February 1, 2013  
10:30 a.m., Conference Room 309

BY  
BARBARA A. KRIEG, DIRECTOR

**House Bill No. 916**  
**Relating to Minimum Hourly Wage**

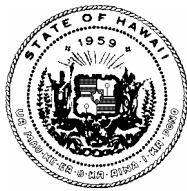
**WRITTEN TESTIMONY ONLY**

TO CHAIRPERSONS MARK NAKASHIMA AND CLIFT TSUJI AND MEMBERS OF  
THE COMMITTEES:

The purpose of H. B. No. 916 is to increase the minimum wage in Hawaii and tie future adjustments to the consumer price index for urban wage earners and clerical workers (CPI-W).

The Department of Human Resources Development offers these comments regarding this bill. The consumer price index is calculated by the United States (U.S.) Department of Labor by various geographical areas, for example, U.S. city average, region, metropolitan area, etc. We suggest that the bill specify which index will be used to calculate adjustments to future minimum wage increases.

Thank you for the opportunity to testify on this matter.



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

February 1, 2013

**MEMORANDUM**

TO: The Honorable Mark M. Nakashima, Chair  
House Committee on Labor & Public Employment

The Honorable Clift Tsuji, Chair  
House Committee on Economic Development & Business

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 916 - RELATING TO MINIMUM HOURLY WAGE**

Hearing: Friday, February 1, 2013; 10:30 a.m.  
Conference Room 309, State Capitol

**PURPOSE:** The purpose of H.B. 916 is to increase the minimum hourly wage to \$8.75 per hour beginning January 1, 2014; adjusts the minimum hourly wage thereafter in accordance with the consumer price index; and increases the tip credit to thirty cents.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) strongly supports this Administration bill, H.B. 916.

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. It's time for a New Day for Hawaii's poorest wage workers.

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



STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
**OFFICE OF COMMUNITY SERVICES**  
830 PUNCHBOWL STREET, ROOM 420  
HONOLULU, HAWAII 96813  
[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)

January 31, 2013

To: The Honorable Mark Nakashima, Chair  
House Committee on Labor & Public Employment

The Honorable Clift Tsuji, Chair  
House Committee on Economic Development & Business

Date: Friday, February 1, 2013  
Time: 10:30 am  
Place: Conference Room 309, State Capitol

From: Mila Kaahanui, MSW  
Executive Director  
Office of Community Services (OCS)

**TESTIMONY IN SUPPORT**

**Testimony for H.B. 916, Relating to Wages**

**I. OVERVIEW OF PROPOSED LEGISLATION**

The measure proposes to amend §387-2, Hawaii Revised Statutes, by changing the current minimum wage from \$7.25 per hour to \$8.75 per hour beginning January 1, 2014 and adjusting the minimum wage annually thereafter, calculated to the nearest 5 cents, and increases the tip credit to 30 cents.

The Office of Community Services strongly supports this Administration bill.

**II. CURRENT LAW**

Currently, Hawaii Revised Statutes §387-2 provides for a minimum wage at a rate of not less than \$7.25 and a tip credit of 25 cents.

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

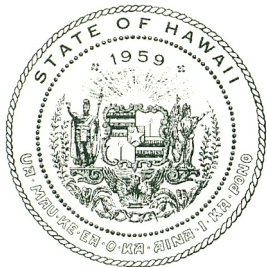
The Office of Community Services (OCS) is an advocate for the disadvantaged in Hawaii, and recognizes the economic and social benefits of investing in people, supporting their aspirations to become economically self-reliant, and strengthening their capacity to access and navigate available resources and services.

The minimum wage has not increased in Hawaii in 6 years and has not kept up with the rising cost of goods and services, making it increasingly difficult for local families working in minimum wage jobs. The proposed increase in the minimum wage and tip credit, while still not providing a "living wage", is a step in the right direction and well overdue.

We believe that advancing policies and programs that help people achieve their dreams and aspirations for a sustained quality of life for their families will not only produce a more equitable, cohesive and inclusive society, but a more prosperous, resilient and sustainable one.

I urge your support of H.B. 916 and thank you for your consideration.

HAWAII  
STATE  
COMMISSION  
ON THE  
STATUS  
OF  
WOMEN



Chair  
LESLIE WILKINS

COMMISSIONERS:

ELENA CABATU  
ADRIENNE KING  
CARMILLE LIM  
AMY MONK  
LISA ELLEN SMITH  
CAROL ANNE PHILIPS

Executive Director  
Cathy Betts, JD

Email:  
DHS.HSCSW@hawaii.gov  
Visit us at:  
humanservices.hawaii.gov  
/hscsw/

235 S. Beretania #407  
Honolulu, HI 96813  
Phone: 808-586-5758  
FAX: 808-586-5756

February 1, 2013

**Testimony in Support of HB 916, Relating to Minimum Hourly Wage**

**To:** Representative Mark M. Nakashima, Chair  
Representative Mark J. Hashem, Vice Chair  
Members of the House Committee on Labor and Public Employment

Representative Clift Tsuji, Chair  
Representative Gene Ward, Vice Chair  
Members of the House Committee on Economic Development and Business

**From:** Cathy Betts, Executive Director, Hawai'i State Commission on the Status of Women

**Re:** Testimony in Support of HB 916

The Hawai'i State Commission on the Status of Women is in strong support of HB 916. In Hawai'i, 47% of full time, minimum wage workers are women.<sup>1</sup> The minimum wage has not been raised since 2007. During that time, we have experienced a huge economic downturn and an increase in the cost of living, the impact of which has caused many of our full time working families to rely on state assistance. According to DBEDT, a single mother with a preschooler living on O'ahu would need to earn \$52,214 per year or \$25.10/hourly in order to become economically self sufficient. That number increases with additional children, even if there are two adults in the home.<sup>2</sup>

In 2011, women made up 2/3 of those making minimum wage or less nationwide, and 2/3 of workers in tipped occupations.<sup>3</sup> Studies have found that raising the minimum wage does not create job loss, even during difficult economic times and recession.<sup>4</sup> Additionally, for every \$1.00 increase in the minimum wage, low wage working households were found to have spent an additional \$2800.00 the following year, thereby boosting the economy.<sup>5</sup> An increase in the minimum wage makes sense for Hawai'i's working women and their families. We urge you to pass HB 916.

Thank you for this opportunity to testify.

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

<sup>1</sup> Bureau of Labor, Minimum Wage Workers in Hawaii (2011), available at <http://www.bls.gov/ro9/mwhi.pdf>, last accessed on January 31, 2013.

<sup>2</sup> Department of Business, Economic Development and Tourism, Self Sufficiency Income Standard Estimates for Hawaii (2011), available at [http://hawaii.gov/dbedt/info/economic/data\\_reports/reports-studies/2013-self-sufficiency.pdf](http://hawaii.gov/dbedt/info/economic/data_reports/reports-studies/2013-self-sufficiency.pdf), last accessed on January 31, 2013.

<sup>3</sup> National Women's Law Center, Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage, November 30, 2011, available at <http://www.nwlc.org/resource/fair-pay-women-requires-increasing-minimum-wage-and-tipped-minimum-wage>, last visited on January 31, 2013.

<sup>4</sup> Mary Gable & Douglas Hall, EPI, The Benefits of Raising Illinois' Minimum Wage, at 2-3 (Jan. 2012), available at <http://www.epi.org/files/2012/ib321.pdf>, last accessed on January 31, 2013.

<sup>5</sup> Daniel Aaronson, Sumit Agarwal & Eric French, Fed. Reserve Bank of Chicago, The Spending and Debt Responses to Minimum Wage Increases, at 10 (Rev. Feb. 2011), available at [http://www.chicagofed.org/digital\\_assets/publications/working\\_papers/2007/wp2007\\_23.pdf](http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf).





Randy Perreira  
President

# HAWAII STATE AFL-CIO

320 Ward Avenue, Suite 209 • Honolulu, Hawaii 96814

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

The Twenty-Seventh Legislature, State of Hawaii  
House of Representatives  
Committee on Labor & Public Employment  
&  
Committee on Economic Development & Business

Testimony by  
Hawaii State AFL-CIO  
February 1, 2013

## H.B. 916 – RELATING TO MINIMUM HOURLY WAGE

The Hawaii State AFL-CIO strongly supports H.B. 916 which increases the minimum hourly wage to \$8.75 per hour beginning January 1, 2014 and adjusts the minimum hourly wage thereafter in accordance with the consumer price index.

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 year ago in 2007 and if Hawaii's minimum wage had been indexed to the Consumer Price Index (CPI) the minimum wage in 2012 would have been \$8.35 an 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, 19 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 \$10.29 an hour, and San Francisco has raised its minimum wage to \$10.55 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.

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 1996, 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 benefit 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."

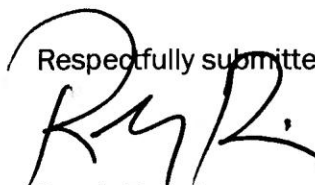
It should also be noted that ten states, some of them conservative have increased their minimum wage this year. The ten states that saw an increase to their minimum wage include Washington, Arizona, Colorado, Florida, Missouri, Montana, Ohio, Oregon, Rhode Island, and Vermont. Even Mayor Bloomberg of New York endorsed a 2012 proposal to increase New York's minimum wage above the federal level of \$7.25 an hour proclaiming "the genius of the free market is not always perfect."

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."

We hope the legislature recognizes the importance of raising the minimum wage and we strongly urge the passage of H.B. 916.

Thank you for the opportunity to testify.

Respectfully submitted,



Randy Perreira  
President

**Al Lardizabal, Government Relations  
Hawaii Laborers' Union  
1617 Palama Street  
Honolulu, HI 96817  
Phone 808.841.5877**

**Labor and Public Employment Committee  
Economic Development and Business Committee  
February 1, 2013  
10:30 a.m.  
Room 309**

**TESTIMONY IN SUPPORT  
HB916 – Relating to Minimum Wage**

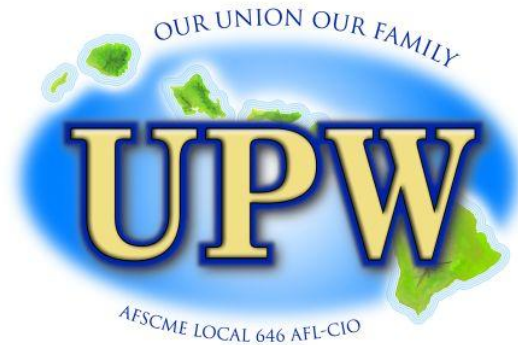
Chairs Nakashima and Tsuji:

Hawaii has about 200,000 persons living in poverty. Many are sole providers for their families. We must search for reasonable ways to share the wealth and provide the opportunity to increase their meager earnings. The increase in minimum wage will circulate back into the economy – to benefit others.

Please raise the minimum wage to \$8.75 per hour and adjust it with the CPI.

Mahalo,

Al Lardizabal



THE HAWAII STATE HOUSE OF REPRESENTATIVES  
The Twenty-Seventh Legislature  
Regular Session of 2013

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

The Honorable Rep. Mark Nakashima, Chair  
The Honorable Rep. Mark Hashem, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

The Honorable Rep. Clift Tsuji, Chair  
The Honorable Rep. Gene Ward, Vice Chair

DATE OF HEARING: Friday, February 1, 2013  
TIME OF HEARING: 10:30 A.M.  
PLACE OF HEARING: Conference Room 309

**TESTIMONY ON HB916 RELATING TO MINIMUM HOURLY WAGE**

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

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 11,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 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.

The UPW strongly supports HB916 relating to the increase in the minimum hourly wage. 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.

For the reasons stated above, we ask that the respective Committees pass this measure.

Thank you for the opportunity to testify on this measure.

**Testimony to the House Committee on Labor and Public Employment and  
Economic Development and Business  
Friday, February 1, 2013 at 10:30 A.M.  
Conference Room 309, State Capitol**

**RE: HOUSE BILL 916 MINIMUM HOURLY WAGE**

Chairs Nakashima and Tsuji, Vice Chairs Hashem and Ward, and Members of the Committees:

The Chamber of Commerce of Hawaii ("The Chamber") **opposes HB 916 Relating to Minimum Hourly Wage.**

The Chamber is the largest business organization in Hawaii, representing more than 1,100 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 the bill which raises the minimum wage on January 1, 2014 from \$7.25 per hour to \$8.75 per hour. This is a huge increase for business at a time when the economic recovery for many industries and businesses is still fragile.

While only a small percentage of workers make minimum wage, this will 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 2 years ago and earns \$8.50 per hour and Lisa just started and is under the new law at \$8.75 per hour, the employer will have to raise John's hourly rate not just to the new minimum wage but over that to compensate for those at the lower part of the pay scale. This could increase businesses labor cost by up to 20% in the first year.

Also, workers' compensation, Social Security tax, Medicare tax, temporary disability insurance and unemployment insurance tax are all based on wage. This bill will not only increase businesses' direct labor costs but will also increase their mandated benefits costs and taxes.

Lastly, many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums which have gone up an average of 7-10% each year. This benefit is almost entirely paid for by small business. With this increase in the minimum wage some businesses may have to cut back hours or possibly lay off employees.

Thank you for this opportunity to express our views.



Labor Caucus  
Democratic Party of Hawaii

February 1, 2013

Representative Mark M. Nakashima, Chair of the Committee on Labor and Public Employees  
Representative Mark J. Hashem, Vice Chair  
Representative Clift Tsuji, Chair of the Committee on Economic Development & Business  
Representative Gene Ward, Vice Chair  
Hawaii State Capital  
415 South Beretania Street, Room 329  
Honolulu, Hawaii 96813

Subject: H.B. No.916 Hearing February 1, 2013 Testimony in Support.

To: Representative Mark M. Nakashima and Representative Clift Tsuji, the Committee on Labor & Public Employment, and the Committee on Economic Development & Business.

Aloha, my name is Steve Canales, and I strongly support H.B. 916, Relating To Minimum Wage.

This measure will increase the minimum wage from \$7.25 to \$8.75 as of January 1, 2014. The benefits of this measure will be helping students under the age of 21, and the elderly.

According to Robert Trumble,, a business school professor at Virginia Commonwealth University and director of the Virginia Labor Studies Center at VCU. Is quoted as saying; "Positions that pay minimum wage tend to be labor-intensive jobs that cannot be replaced by technology".

2007 was the last time the minimum wage was increased. This measure will give many of the minimum wage workers, a little boost to their incomes.

I strongly support H.B. 916. I would like to thank, the Committee on Labor & Public Employment, and the Committee on Economic Development & Business for this opportunity to testify.

Sincerely,

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



House of Representatives  
Twenty-Seventh Legislature, 2013  
State of Hawai'i

February 1, 2013

TO: Honorable Mark Nakashima, Chair  
Honorable Clift Tsuji, Chair  
Honorable Mark Hashem, Vice Chair  
Honorable Gene Ward, Vice Chair  
Members of the Committee on Labor & Public Employment  
Members of the Committee on Economic Development & Business

DATE: Friday, February 1, 2013

TIME: 10:30 AM

PLACE: Conference Room 309  
Hawai'i State Capitol  
415 South Beretania Street  
Honolulu, Hawai'i 96813

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

**RE: HOUSE BILL 916, RELATING TO MINIMUM HOURLY WAGE**

Chair Nakashima, Chair Tsuji, Vice Chair Hashem, Vice Chair Ward and members of the Committees,

Thank you for the opportunity to testify in opposition of HB 916. NFIB Hawaii respectfully **opposes** this measure.

This legislation would increase minimum wage to \$8.75 per hour for 2014 and adjusts the minimum hourly wage thereafter in accordance with the consumer price index. No one has greater incentive, responsibility or ability to lead an economic recovery than America's small business owners - 350,000 of whom are NFIB members. Therefore, we ask lawmakers to help ensure that public policies help spur economic growth by taking into account the unique perspective of those who own and operate a small business in America. We note that small businesses play a major role in the American economy, representing 99% of all employer firms, employing about half of private-sector employees and generating 60 – 80 percent of net new jobs annually over the last decade.

NFIB opposes increases in the current minimum wage. 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.



**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 30, 2013 6:55 AM  
**To:** LABtestimony  
**Cc:** ghanagami@palamameat.com  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM

**HB916**

Submitted on: 1/30/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gary Hanagami	Palama Holdings LLC	Oppose	No

Comments: Re: HB 916 We strondly oppose the measure to raise the minimum wage to \$8.75/hour, but oppose the automatic adjustment to the CPI even more. As an employer of approximately 100 salaried and hourly paid employees, we cannot simply pass on this type of incremental costs to our customers and consumers. As we seek our way out of the difficult economic turmoil of the last few years, having to face another expense that may not any foundation on our direct costs makes no economic sense. We encourage the committee to vote against this measure.

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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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 30, 2013 12:54 PM  
**To:** LABtestimony  
**Cc:** andrew\_chun@ktasuperstores.com  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM

**HB916**

Submitted on: 1/30/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
AndrewChun	KTA Super Store	Oppose	No

Comments: Such a large increase in the minimum wage will be a burden on many companies. Unintended consequences could be a reduction in workforce, reduction in hours, etc. Also, tying it in to the CPI-W is not an exact science. Its needs to be averaged out over many years. Also, In years that business is affected by a poor economy or increased competition, I need the flexibility to maneuver my business through the rough times.

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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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 30, 2013 3:42 PM  
**To:** LABtestimony  
**Cc:** cvancamp3@hawaii.rr.com  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM

**HB916**

Submitted on: 1/30/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Carol A. VanCamp	Japanese Chamber of Commerce & Industry of Hawaii	Oppose	No

Comments: This bill will result in employers reducing their workforce rather than hiring additional workers, especially at a time with healthcare costs are increasing.

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 CATHOLIC CONFERENCE**

6301 Pali Highway  
Kaneohe, HI 96744-5224

**ONLINE SUBMITTAL**

Hearing on Friday, February 1, 2013 @ 10:30 a.m.  
Conference Room #309

**DATE:** January 30, 2013

**TO:** **House Committee on Labor & Public Employment**      **House Committee on Economic Development & Business**  
Rep. Mark Nakashima, Chair      Rep. Clift Tsuji, Chair  
Rep. Mark Hashem, Vice Chair      Rep. Gene Ward, Vice Chair

**FROM:** Walter Yoshimitsu, Executive Director

**RE:** Support for HB 916 Relating to Minimum Hourly Wage

I am Walter Yoshimitsu, **representing the Hawaii Catholic Conference**. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in the State of Hawaii under the leadership of Bishop Larry Silva. We urge the Committee to support HB 916 and increase the minimum wage in Hawaii. We believe such an increase is consistent with the tenets of Catholic social teaching on the dignity of workers, the needs of low income wage earners in our state, and the principles that have driven welfare reform at both the state and federal levels.

For over a century, the Catholic Church has addressed the rights of workers in modern industrial societies in light of the principles of Catholic social teaching. A number of these principles are relevant to a discussion over the minimum wage and I offer them for thought.

**The Dignity of Workers.** Ultimately, the value of work is grounded in the dignity of the human beings who toil in various workplaces across our great state. Every life has value and every worker has dignity. Wages are a critical way by which we recognize that dignity.

**Rights and Responsibilities.** Our rights are grounded in our own personal responsibility as well as to those in our community. Each of us has the twin responsibility of developing our own God given skills to its fullest and being able to provide for the needs of our families. This is why Catholic social teaching has long defined a just wage in terms of a "family wage," or that which is necessary to meet the needs of a family.

**Strengthening the Family.** Many of these working people are parents. In this context, raising the minimum wage is one way to strengthen the families of Hawaii. We strongly believe that an increase in the minimum wage is a matter of fairness and justice, and we hope it can be addressed as soon as possible so that it will benefit the people in Hawaii that need it most.

In light of these considerations, raising the state minimum wage is good public policy and we encourage you to pass this bill. Mahalo for the opportunity to testify.



## HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)

1050 Bishop St. PMB 235

Honolulu, HI 96813

Fax : 808-791-0702

Telephone : 808-533-1292

**TO: COMMITTEE ON LABOR & PUBLIC EMPLOYMENT**

**Rep. Mark M. Nakashima, Chair**

**Rep. Mark J. Hashem, Vice Chair**

**FROM: HAWAII FOOD INDUSTRY ASSOCIATION**

**Lauren Zirbel, Executive Director**

**DATE: Friday, February 1, 2013**

**TIME: 10:30 A.M.**

**PLACE: Conference Room 309**

**RE: HB 916 RELATING TO MINIMUM HOURLY WAGE**

**Position: Strong Opposition**

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.

The intent of this bill is to increase the wage for the lowest paying jobs to ensure that the minimum wage keeps up with inflation. The bill intends to have the minimum wage raised in proportion to the rate of inflation Hawaii experienced over the past few years. The concept is to ensure that workers earning a minimum wage can make ends meet and we truly understand and emphasize especially given this current economic situation.

Economists have argued, however, that raising the minimum wage will not improve the quality of life for minimum wage earners and will actually hurt those who are seeking entry-level jobs. 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, which 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.

An increase in the minimum wage will cause inflation and a reduction in the number of available entry-level jobs. The cost of goods sold will go up because of the increased cost of labor.

The enactment of a minimum wage increase at this time 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.

**Many entry-level jobs in the retail and food industry are for younger workers who may still be in high school. These younger workers do not need to have their wages increased. If industry is forced to raise these workers pay then they must also raise the pay of all of their employees along the labor chain which results in a huge increase in labor cost for the business and a corresponding increase in the price of the goods that are for sale. If the minimum wage is tied to the consumer price index the minimum wage will likely increase by 3-4% each year. This will mean an automatic increase in the minimum wage of about 30 to 40 cents a year. The net result will be higher grocery costs for all consumers.**

Thank you for the opportunity to testify.



S U S T A I N A B L E   G R O W T H

January 30, 2013

Re: HB 916

To Whom It May Concern:

I am writing to express my concern and opposition to HB 916. This is the first time my company or I have written to express support or opposition to any political matter. I am the Executive Director for Pacific Quest, an organization that provides care for at-risk adolescents and young adults on the Big Island.

As an employer of approximately 135 employees this bill could very well mean the end of our company, or at the very least, mean the end of employment for a large number of individuals at my company. It has been a challenge to remain open during this difficult economy and this significant of a raise in the minimum wage would be detrimental to our ability to operate.

Pacific Quest takes great care of its employees and provides a sustainable standard of living. It is necessary for many of our employees to start at the current minimum wage and work their way to higher pay. This allows us to employ a large number of employees, which helps our local economy and our local communities. We provide more than the required PTO and vacation benefits as well as our obligations towards the required health care benefits. We provide employee wellness rewards and team building events and trainings. We do these things because we believe that it enhances our employees' quality of life and investment in our company. We do this because the current minimum wage gives us the room to support our employees in these ways.

I do not believe that this is the right time to further burden small businesses with additional expenses. I strongly believe that it will hurt our economy and lead to higher unemployment in Hawaii.

Sincerely,

Michael McKinney  
Executive Director

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15 Kanoa Street, Hilo, Hawaii 96720

[WWW.PACIFICQUEST.ORG](http://WWW.PACIFICQUEST.ORG)

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, January 31, 2013 7:47 AM  
**To:** LABtestimony  
**Cc:** bobs@times-supermarket.com  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM

**HB916**

Submitted on: 1/31/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Bob Stout	Times Supermarkets	Oppose	No

Comments: The overall effect would hurt all consumers in Hawaii as companies will be forced to raise prices against such a huge hike-over20%. Who gets 20% pay raises?? There are also various taxes that would increase as well for employers and this has to get passed on to consumers.

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**hashem1 - Kenneth**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, January 31, 2013 9:47 AM  
**To:** LABtestimony  
**Cc:** dy@kyd-inc.com  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM

**HB916**

Submitted on: 1/31/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dexter Yamada	KYD, Inc	Oppose	No

Comments: This proposed bill to increase the minimum wage to \$8.75 will hurt businesses, increase costs and eventually decrease the work force. We strongly oppose this bill

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## Testimony Regarding HB 916

Aloha. We strongly oppose tying the employee minimum wage to the Consumer Price Index. We are a non-profit Hawaiian organization primarily serving the needs of native Hawaiians, although we also support the entire community with our comprehensive programs. As a grant funded organization (mostly Federal), we must build in labor costs when we apply for grants, and are held to those costs for the duration of a 3-5 year grant. There is no room for this type of increase, as it is unpredictable at best, and not necessarily a reflection of the DOL wage and earnings standards built on actuals for job types. We are not funded for this, and it would devastate our ability to successfully compete with other non-profits for limited funding, as we must be able to provide exact numbers for the awards. Please do not hamper our ability to bring this revenue to our state and our community of native Hawaiians.

In addition, we strongly concur with the position of the Hawaii Employers Council as stated below:

*"For [HB 916](#), many employers may be concerned about the steep and sudden increase of \$1.50 per hour, which represents over a 20% increase in the minimum wage. As an example, an employer with 50 employees who work 40 hours a week at minimum wage would see an increase of over \$150,000 a year in wages.*

*In addition, tying the minimum wage to the CPI-W is a dangerous proposition, because it could conceivably cause the minimum wage to increase almost every year. In addition, annual adjustments to the minimum wage based on the CPI-W are risky because the economy often needs to be evaluated over a longer period of time than just one year. Finally, if the minimum wage is tied to the CPI-W, employers who have needed to implement wage freezes in the past due to a slowdown in the economy may be prevented from doing so in the future if the CPI-W increases almost every year, as it has recently."*

We do our very best to provide competitive wages and excellent benefits to our employees. We consistently surpass the minimum wage, even with the state subsidized SEE program that only requires the minimum wage. Please do not force us to err on the side of caution because we are unsure about where the minimum may fall.

I would be more than happy to appear in person should you find a need for voices at the hearing.

Aloha,

Laura McVaney  
Director of HR and Organizational Development  
Keiki O Ka 'Aina Learning Centers  
Office 843-2502 x3015  
Fax: 843-2572  
"Educating Children, Strengthening Families, Enriching Communities,  
Perpetuating Culture"

C: Hawaii Employers Council  
Momi Akana Executive Director



## HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)

1050 Bishop St. PMB 235

Honolulu, HI 96813

Fax : 808-791-0702

Telephone : 808-533-1292

**TO: COMMITTEE ON LABOR & PUBLIC EMPLOYMENT**

**Rep. Mark M. Nakashima, Chair**

**Rep. Mark J. Hashem, Vice Chair**

**FROM: HAWAII FOOD INDUSTRY ASSOCIATION**

**Lauren Zirbel, Executive Director**

**DATE: Friday, February 1, 2013**

**TIME: 10:30 A.M.**

**PLACE: Conference Room 309**

**RE: HB 916 RELATING TO MINIMUM HOURLY WAGE**

**Position: Strong Opposition**

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.

The intent of this bill is to increase the wage for the lowest paying jobs to ensure that the minimum wage keeps up with inflation. The bill intends to have the minimum wage raised in proportion to the rate of inflation Hawaii experienced over the past few years. The concept is to ensure that workers earning a minimum wage can make ends meet and we truly understand and emphasize especially given this current economic situation.

Economists have argued, however, that raising the minimum wage will not improve the quality of life for minimum wage earners and will actually hurt those who are seeking entry-level jobs. 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, which 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.

An increase in the minimum wage will cause inflation and a reduction in the number of available entry-level jobs. The cost of goods sold will go up because of the increased cost of labor.

The enactment of a minimum wage increase at this time 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.

**Many entry-level jobs in the retail and food industry are for younger workers who may still be in high school. These younger workers do not need to have their wages increased. If industry is forced to raise these workers pay then they must also raise the pay of all of their employees along the labor chain which results in a huge increase in labor cost for the business and a corresponding increase in the price of the goods that are for sale. If the minimum wage is tied to the consumer price index the minimum wage will likely increase by 3-4% each year. This will mean an automatic increase in the minimum wage of about 30 to 40 cents a year. The net result will be higher grocery costs for all consumers.**

Thank you for the opportunity to testify.

**hashem1 - Kenneth**

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, January 31, 2013 10:05 AM  
**To:** LABtestimony  
**Cc:** nokumura@vipfoodservice.com  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM

**HB916**

Submitted on: 1/31/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nelson T. Okumura	VIP Foodservice	Oppose	No

Comments: Our clients are restaurants who employ waiters and waitresses whom are paid minimum wages plus tips. These business will be impacted negatively by higher costs due to an increase in minimum wages which will negatively impact business like us who depend on the ability of restaurants to stay in business. Please vote against this bill

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, January 31, 2013 10:30 AM  
**To:** LABtestimony  
**Cc:** kyle@okimotocorp.com  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM  
**Attachments:** HB 916 RELATING TO MINIMUM HOURLY WAGE.doc

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

**HB916**

Submitted on: 1/31/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kyle Okimoto	Okimoto Corp, dba Waianae Store, dba Nanakuli Super	Oppose	No

Comments: Labor is our biggest expense. Raising the minimum wage basically raises everyone's wages if we are to continue rewarding valuable workers. Small businesses are already struggling with out of control expenses like electricity and health benefits. Its hard enough to battle the Big Box Retailers, but here we are battling our own government. If you do not agree with us, then you surely don't know what its like to be a business owner. Thank you for your time and consideration.

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**hashem1 - Kenneth**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, January 31, 2013 9:49 AM  
**To:** LABtestimony  
**Cc:** csdp@kyd-inc.com  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM

**HB916**

Submitted on: 1/31/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Carmelita Dayao-Phillips	Hawaii Foam Products, LLC	Oppose	No

Comments: We strongly oppose this bill. The result of increased minimum will increase all costs of doing business and will result in decrease in employment

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TO: COMMITTEE ON LABOR & PUBLIC EMPLOYMENT  
Rep. Mark M. Nakashima, Chair  
Rep. Mark J. Hashem, Vice Chair

FROM: ITO EN (USA) Inc.  
Leighton Horiuchi, President

DATE: Friday, February 1, 2013  
TIME: 10:30 A.M.  
PLACE: Conference Room 309

RE: HB 916 RELATING TO MINIMUM HOURLY WAGE

**Position: Strong Opposition**

[www.itoen.com](http://www.itoen.com)

ITO EN (USA) INC.  
125 PUUHALE ROAD  
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TEL 808 847 4477  
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45 MAIN STREET, SUITE 3A  
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TEL 718 250 4000  
FAX 718 246 1325

Employee pay is only one of many expenses companies must review from year to year when preparing budgets. Employee benefits, equipment purchases, facility repairs and upgrades, raw materials, leases, etc. Requiring a raised minimum wage and then tying it to the CPI would have a very negative impact on businesses which will be faced with cutting back spending in other areas and/or passing on costs to their customers.

1. The minimum wage bills proposed this year will require businesses to raise pay rates when they might not be able to afford them. The payroll budget is not the only expense impacted by a minimum wage increase - workers compensation premiums, temporary disability insurance premiums and unemployment insurance premiums are all tied to earnings and will increase as a result. The added expense that cannot be borne by the employer could be passed on to their customers in the form of higher prices.
2. We are a local beverage manufacture of Aloha Maid juice, Royal Mills iced coffees and ITOEN green tea drinks, and we support other local industries. Purchasing raw material that are grown locally such as sugar and fruit purees, and aluminum cans that are manufactured locally supports our island economy. Some of these suppliers pay minimum wage to their entry level positions. Like other local businesses, we realize buying local already comes at a premium, and raising the minimum wage on our local suppliers will further increase the costs of purchasing materials locally. Many businesses may have to source cheaper alternatives from overseas.
3. The minimum wage bills propose adjusting the minimum wage in future years to the consumer price index. This is a projected 3-4% increase from year to year which means an estimated \$0.30 to \$0.40 cents per year increase to the minimum wage. Some companies' profits do not measure up to a 3-4% increase each year – how will they afford it?

The enactment of a minimum wage increase at this time 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.

Thank you for the opportunity to testify.

Leighton Horiuchi  
President, ITO EN (USA) Inc.



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January 31, 2013

Labor and Public Employment Committee Chair Mr. Nakashima and committee members  
Economic Development and Business Committee Chair Mr. Tsuji and committee members

Regarding HB 1028 and HB 916

Greetings,

My name is Gwendolyn Purdy. I am the Vice President of Island Princess in Honolulu. We own a candy factory in Honolulu and a Macadamia orchard in Hilo. We employ 150 employees. Please allow me a moment to contribute some thoughts on the two bills referenced above being considered by your committees on February 1.

Undoubtedly, you have already surmised that I intend to discourage these committees from moving forward on either of these bills. Both will make extra-ordinarily difficult demands on businesses that are still struggling in the current economic theater. Both will cheapen the hard work and commitment of hourly employees who have lifted themselves from minimum wage to compensation in the range proposed by these bills. Both will discourage employment growth in the state. Both are likely designed simply to fatten the state coffers with additional employment taxes.

While mandated compensation increases at this magnitude will likely benefit some, it will just as easily damage others. Marginal workers, whose performance at \$7.25 per hour is adequate, will probably find themselves unemployed at \$8.75. This is simply because if they were worth \$8.75 per hour, most companies would be compensating them at that level. Unemployed workers and young people with no experience looking to get into the work force will find companies reluctant to expand their ranks due to the additional costs. Workers who have loyally toiled for some time to reach \$8.75 will suddenly find themselves, once again, at the bottom of the wage scale, working next to new hires that the company must, by law, pay this same wage. (Please don't fool yourself into thinking that businesses are going to just give their entire staff a \$1.50 raise simply because the state legislature has determined our current minimum wage is "unfair to the work force".)

The costs to businesses from these proposed changes would be devastating coming on top of recent UI rate increases. It is estimated that a company with 50 workers would need to generate \$150,000 in additional revenue to cover this mandate. My calculator tells me this is equivalent to eight more workers that will likely not be hired. Unfortunately, it cannot calculate how many workers will be let go and how many companies will throw their hands up and shut their doors.

A Division of Purdyco Ltd.

Corporate Office:  
2846 Ualena Street  
Honolulu, Hawaii 96819-1910  
Phone: (808) 839-5222  
Fax: (808) 836-2019  
e-mail: [info@islandprincesshawaii.com](mailto:info@islandprincesshawaii.com)  
Website : [www.IslandPrincessHawaii.com](http://www.IslandPrincessHawaii.com)

Kea'au Location:  
16-261 Shipman Rd.  
Kea'au, HI 96749  
Phone : 808-966-7451  
Fax : 808-966-8507

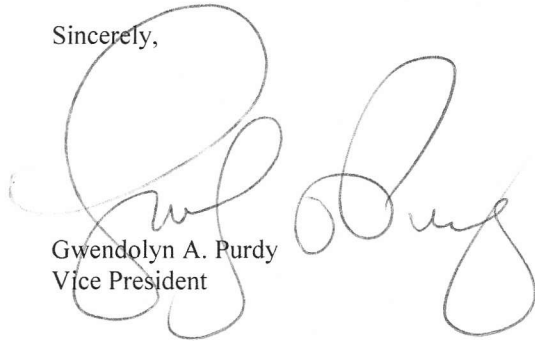
In an economic environment that has our representatives ostensibly encouraging job creation, these measures are undeniably inconsistent with that objective.

The minor change in UI contributions being offered in HB 1028 is a pathetic carrot dangled in the faces of business owners. The link to CPI proposed in HB 916 has been shown in other states to be patently unfair given that it is absurd to assume the government will ever mandate lowering a person's wage if the index were to fall. After all, the same forces that act on business profitability act on an individual's as well.

Finally, as with many other proposals I have found myself obliged to respond to over the years, these two bills have all the characteristics of veiled efforts to raise tax revenue for the state on the back of businesses. Propose a popular notion (that people are suffering), link it to the entrenched animosity the public has for capitalism (that it is all about business greed) and sit back to collect the increases in taxation. If this is not the case, then I challenge you to concurrently amend the state tax code in such a way as to increase the minimum income necessary for individuals to be taxed to a level that corresponds to these proposed minimum wage increases. (Indeed, I think that idea would enjoy equal popularity as these bills.)

Island Princess is not opposed to reasoned and gradual increases in the minimum wage. Show us the evidence that it is necessary for the health of the work force and give us time to adjust to the increases and we won't object. I will tell you, however, I am still hiring people on a regular basis at \$7.25 per hour and I am still getting thanks from them for the opportunity we give them. And, what is more, we continue to give wage increases for productivity, skills development and seniority. Not a single soul, hired at Island Princess at minimum wage last year, passed their probation is still making only minimum wage. We call this personal growth. The process empowers people and makes them strong.

Sincerely,



Gwendolyn A. Purdy  
Vice President

A Division of Purdyco Ltd.

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Website : [www.IslandPrincessHawaii.com](http://www.IslandPrincessHawaii.com)

Kea'au Location:  
16-261 Shipman Rd.  
Kea'au, HI 96749  
Phone : 808-966-7451  
Fax : 808-966-8507

Representative Mark M. Nakashima, Chair  
Representative Mark J. Hashem, Vice Chair  
Committee on Labor & Public Employment

Representative Clift Tsuji, Chair  
Representative Gene Ward, Vice Chair  
Committee on Economic Development & Business

State Capitol, Honolulu, Hawaii 96813

HEARING      Friday, February 01, 2013  
                    10:30 am  
                    Conference Room 309



**RE      HB916, Relating to Minimum Hourly Wage**

Chairs Nakashima and Tsuji, Vice Chairs Hashem and Ward, and Members of the Committees:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

**RMH strongly opposes HB916**, which increases the minimum hourly wage to \$8.75 per hour beginning January 1, 2014; adjusts the minimum hourly wage thereafter in accordance with the consumer price index; and increases the tip credit to thirty cents.

When the economy faltered in 2008, retailers took significant measures to maintain employment levels by containing employment costs through across-the-board wage and salary reductions, while keeping benefits intact.

Five years later, the retail industry has seen reasonable growth, with existing companies opening new locations and new retailers entering the marketplace. Hundreds of new retail jobs are being created, with compensation levels based on the current economic conditions and employment regulations. Increasing the minimum wage is counterproductive to this growth.

An increase in the minimum wage causes a compression of wages between newly hired, inexperienced workers and veteran, experienced employees. An attempt to mandate scheduled but indeterminate adjustments at the lowest tier of the employment scale would cause a tremendous and prohibitive increase in overall employment costs. Furthermore, an increase in payroll costs would also lead to increases in benefit costs that are based on wages, including vacation and holiday pay, unemployment insurance, social security and Medicare, and workers' compensation premiums.

An additional, but generally not considered tangible, benefit within the retail industry is the employee discount which is provided to all employees. Generally in the 25% to 30% range, this discount represents a measurable savings to employees, particularly in the grocery and apparel categories.

Our economy remains tenuous. Our focus should be on stabilizing our businesses so as to enable increasing employment and hastening recovery.

The members of the Retail Merchants of Hawaii respectfully request that you hold HB916. Thank you for your consideration and for the opportunity to comment on this measure.

Carol Pregill, President

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 30, 2013 10:56 AM  
**To:** LABtestimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for HB916 on Feb 1, 2013 10:30AM\*

**HB916**

Submitted on: 1/30/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 30, 2013 11:07 AM  
**To:** LABtestimony  
**Cc:** teresa.parsons@hawaii.edu  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM

**HB916**

Submitted on: 1/30/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

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

Comments: The cost of living in Hawai'i is higher than many locations in the US. It is important to acknowledge the struggle of families to make a "living wage" by supporting this change in the minimum wage. I urge you to support the Governor's initiative to raise the minimum wage in Hawai'i. Mahalo for your consideration for the people of Hawai'i.

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**hashem1 - Kenneth**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, January 31, 2013 8:35 AM  
**To:** LABtestimony  
**Cc:** jscottj65@gmail.com  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM

**HB916**

Submitted on: 1/31/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
J. Scott Janusch	Individual	Support	No

Comments: Please support the passage of this important bill which would allow tens of thousands of Hawaii's residents (mostly adults) to invest in our communities by having enough money to buy food, medicines, and other necessities for their families. Economic multipliers indicate that for every dollar per hour increase in wages a proportionally higher level of economic activity is a result. Thank you.

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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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, January 31, 2013 7:59 AM  
**To:** LABtestimony  
**Cc:** alan.y.nakamura@tsocorp.com  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM

**HB916**

Submitted on: 1/31/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alan Nakamura	Individual	Oppose	No

Comments: The intent of this bill is to increase the wage for the lowest paying jobs to ensure that the minimum wage keeps up with inflation. The bill intends to have the minimum wage raised in proportion to the rate of inflation Hawaii experienced over the past few years. The concept is to ensure that workers earning a minimum wage can make ends meet and we truly understand and emphasize especially given this current economic situation. Economists have argued, however, that raising the minimum wage will not improve the quality of life for minimum wage earners and will actually hurt those who are seeking entry-level jobs. 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, which 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. An increase in the minimum wage will cause inflation and a reduction in the number of available entry-level jobs. The cost of goods sold will go up because of the increased cost of labor. The enactment of a minimum wage increase at this time 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. Many entry-level jobs in the retail and food industry are for younger workers who may still be in high school. These younger workers do not need to have their wages increased. If industry is forced to raise these workers pay then they must also raise the pay of all of their employees along the labor chain which results in a huge increase in labor cost for the business and a corresponding increase in the price of the goods that are for sale. If the minimum wage is tied to the consumer price index the minimum wage will likely increase by 3-4% each year. This will mean an automatic increase in the minimum wage of about 30 to 40 cents a year. The net result will be higher grocery costs for all consumers. Thank you for the opportunity to offer my personal opinion and testimony. Alan Nakamura

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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ISLAND PRINCESS

January 31, 2013

Labor and Public Employment Committee Chair Mr. Nakashima and committee members  
Economic Development and Business Committee Chair Mr. Tsuji and committee members

Regarding HB 1028 and HB 916

Greetings,

My name is David Schell. I manage the agricultural holdings of Island Princess in Kea'au on the Big Island. Please allow me a moment to contribute some thoughts on the two bills referenced above being considered by your committees on February 1.

Undoubtedly, you have already surmised that I intend to discourage these committees from moving forward on either of these bills. Both will make extra-ordinarily difficult demands on businesses that are still struggling in the current economic theater. Both will cheapen the hard work and commitment of hourly employees who have lifted themselves from minimum wage to compensation in the range proposed by these bills. Both will discourage employment growth in the state. Both are likely designed simply to fatten the state coffers with additional employment taxes.

While mandated compensation increases at this magnitude will likely benefit some, it will just as easily damage others. Marginal workers, whose performance at \$7.25 per hour is adequate, will probably find themselves unemployed at \$8.75. This is simply because if they were worth \$8.75 per hour, most companies would be compensating them at that level. Unemployed workers and young people with no experience looking to get into the work force will find companies reluctant to expand their ranks due to the additional costs. Workers who have loyally toiled for some time to reach \$8.75 will suddenly find themselves, once again, at the bottom of the wage scale, working next to new hires that the company must, by law, pay this same wage. (Please don't fool yourself into thinking that businesses are going to just give their entire staff a \$1.50 raise simply because the state legislature has determined our current minimum wage is "unfair to the work force".)

The costs to businesses from these proposed changes would be devastating coming on top of recent UI rate increases. It is estimated that a company with 50 workers would need to generate \$150,000 in additional revenue to cover this mandate. My calculator tells me this is equivalent to eight more workers that will likely not be hired. Unfortunately, it cannot calculate how many workers will be let go and how many companies will throw their hands up and shut their doors.

16-261 Shipman Road, P.O. Box 340, Keaau HI 96749  
Phone(808)966-7451 Fax(808)966-8507

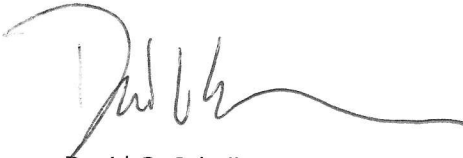
In an economic environment that has our representatives ostensibly encouraging job creation, these measures are undeniably inconsistent with that objective.

The minor change in UI contributions being offered in HB 1028 is a pathetic carrot dangled in the faces of business owners. The link to CPI proposed in HB 916 has been shown in other states to be patently unfair given that it is absurd to assume the government will ever mandate lowering a person's wage if the index were to fall. After all, the same forces that act on business profitability act on an individual's as well.

Finally, as with many other proposals I have found myself obliged to respond to over the years, these two bills have all the characteristics of veiled efforts to raise tax revenue for the state on the back of businesses. Propose a popular notion (that people are suffering), link it to the entrenched animosity the public has for capitalism (that it is all about business greed) and sit back to collect the increases in taxation. If this is not the case, then I challenge you to concurrently amend the state tax code in such a way as to increase the minimum income necessary for individuals to be taxed to a level that corresponds to these proposed minimum wage increases. (Indeed, I think that idea would enjoy equal popularity as these bills.)

Island Princess is not opposed to reasoned and gradual increases in the minimum wage. Show us the evidence that it is necessary for the health of the work force and give us time to adjust to the increases and we won't object. I will tell you, however, I am still hiring people on a regular basis at \$7.25 per hour and I am still getting thanks from them for the opportunity we give them. And, what is more, we continue to give wage increases for productivity, skills development and seniority. Not a single soul, hired at minimum wage last year, passed their probation and is still with us at Island Princess in Kea'au, is making only minimum wage. We call this personal growth. The process empowers people and makes them strong.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Schell', with a long horizontal flourish extending to the right.

David G. Schell  
GM, Island Princess Kea'au Farm Operations

16-261 Shipman Road, P.O. Box 340, Keaau HI 96749  
Phone(808)966-7451 Fax(808)966-8507



Committee: Committee on Labor & Public Employment  
Hearing Date/Time: Friday, February 1, 2013, 10:30 a.m.  
Place: Conference Room 309  
Re: Testimony of the ACLU of Hawaii in Support of HB 916, Relating to Minimum Hourly Wage

Dear Chair Nakashima and Members of the Committee on Labor & Public Employment:

The American Civil Liberties Union of Hawaii (“ACLU of Hawaii”) writes in support of H.B. 916, Relating to Minimum Hourly Wage. We applaud this effort to raise the hourly minimum wage to \$8.75, beginning in 2014, and to use consumer price indexes to ensure that the wages adjust with inflation in the future.

The ACLU of Hawaii is committed to the defense and preservation of workers’ rights and we support H.B. 916 primarily because a higher minimum wage allows greater income security and a higher quality of life for employees living in the country’s most expensive state. Similarly, as prices rise and inflation occurs, previous minimum wages are worth less and less, which places an unreasonable and unjust burden on employees whose cost of living cannot be reasonably met.

We urge you to recognize the importance of employment security and increased minimum wages by supporting H.B. 916.

Thank you for this opportunity to testify.

Sincerely,  
Laurie A. Temple  
Staff Attorney and Legislative Program Director  
ACLU of Hawaii

*The American Civil Liberties Union of Hawaii (“ACLU”) has been the state’s guardian of liberty for 47 years, working daily in the courts, legislatures and communities to defend and preserve the individual rights and liberties equally guaranteed to all by the Constitutions and laws of the United States and Hawaii. The ACLU works to ensure that the government does not violate our constitutional rights, including, but not limited to, freedom of speech, association and assembly, freedom of the press, freedom of religion, fair and equal treatment, and privacy. The ACLU network of volunteers and staff works throughout the islands to defend these rights, often advocating on behalf of minority groups that are the target of government discrimination. If the rights of society’s most vulnerable members are denied, everyone’s rights are imperiled.*

American Civil Liberties Union of Hawai'i  
P.O. Box 3410  
Honolulu, Hawai'i 96801  
T: 808-522-5900  
F: 808-522-5909  
E: [office@acluhawaii.org](mailto:office@acluhawaii.org)  
[www.acluhawaii.org](http://www.acluhawaii.org)

**TO: COMMITTEE ON LABOR & PUBLIC EMPLOYMENT**

**Rep. Mark M. Nakashima, Chair**

**Rep. Mark J. Hashem, Vice Chair**

**FROM: KUALAPUU MARKET, LTD.**

**Sonya M. Yuen, Secretary/Treasurer**

**DATE: Friday, February 1, 2013**

**TIME: 10:30 A.M.**

**PLACE: Conference Room 309**

**RE: HB 916 RELATING TO MINIMUM HOURLY WAGE**

**Position: Strong Opposition**

Kualapuu Market, Ltd. is a family owned business that has been doing business in Hawaii since 1938. We operate a grocery store on the island of Molokai.

The intent of this bill is to increase the wage for the lowest paying jobs to ensure that the minimum wage keeps up with inflation. The bill intends to have the minimum wage raised in proportion to the rate of inflation Hawaii experienced over the past few years. The concept is to ensure that workers earning a minimum wage can make ends meet and we truly understand and emphasize especially given this current economic situation.

Economists have argued, however, that raising the minimum wage will not improve the quality of life for minimum wage earners and will actually hurt those who are seeking entry-level jobs. 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, which 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.

An increase in the minimum wage will cause inflation and a reduction in the number of available entry-level jobs. The cost of goods sold will go up because of the increased cost of labor in addition to other high variables, such as freight, electricity, etc. We do have an extra burden on the island of Molokai.

The enactment of a minimum wage increase at this time 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.

Many entry-level jobs in the retail and food industry are for younger workers who may still be in high school. These younger workers do not need to have their wages increased. If industry is forced to raise these workers pay then they must also raise the pay of all of their employees along the labor chain which results in a huge increase in labor cost for the business and a corresponding increase in the price of the goods that are for sale. If the minimum wage is tied to the consumer price index the minimum wage will likely increase by 3-4% each year. This will mean an automatic increase in the minimum wage of about 30 to 40 cents a year. The net result will be higher grocery costs for all consumers.

Thank you for the opportunity to testify.

RE: I OPPOSE HB 1028 and HB 916 dealing with the unemployment insurance and minimum wage increase.

My name is Carol Ai May and I am a resident of Oahu and Owner/Vice President of City Mill Company, Ltd, a 114-year old kama'aina family business. We employ about 500 Oahu residents and would be severely impacted financially with the passing of a bill like this one. We are facing tough times with our slow economy, fierce mainland competition and quickly escalating costs to do business with rate increases on freight, cost of goods and the generous health benefits we already provide our employees. Now is NOT the time to increase the difficulty to do business in this state.

Although I am in support of the unemployment insurance tax section, I oppose the steep increase in the minimum wage as it would negatively impact my business. These bills could increase my labor costs by 10-20%. Please do not pass these bills out as the economic recovery for many industries and businesses is still fragile.

While only a small percentage of workers make minimum wage, this will greatly impact many businesses as they will be forced to raise the rates of many of their employees.

Also, workers' compensation, Social Security tax, Medicare tax, temporary disability insurance and unemployment insurance tax are all based on wage. This bill will not only increase businesses' direct labor costs but will also increase their mandated benefits costs and taxes.

Lastly, many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums which have gone up an average of 7-10% each year. This benefit is almost entirely paid for by small business. With this increase in the minimum wage some businesses may have to cut back hours or possibly lay off employees.

Please OPPOSE both these bills. Mahalo.

Carol Ai May  
Vice President  
City Mill Company, Ltd.

CC: My Legislator

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, January 31, 2013 3:43 PM  
**To:** LABtestimony  
**Cc:** local627@boilermakershawaii.com  
**Subject:** Submitted testimony for HB916 on Feb 1, 2013 10:30AM

**HB916**

Submitted on: 1/31/2013

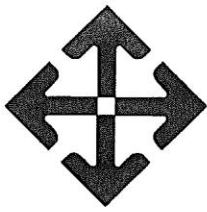
Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gary Aycock	Boilermakers L-627	Support	No

Comments: I feel this is a no brainer!

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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# The Hawaii Business League

1188 Bishop St., Ste. 1003, Honolulu, Hawaii 96813

Phone: (808) 533-6819 Facsimile: (808) 533-2739

February 1, 2013

Testimony To: House Committee on Labor & Public Employment  
Representative Mark M. Nakashima, Chair

House Committee on Economic Development & Business  
Representative Clift Tsuji, Chair

Presented By: Tim Lyons  
President

Subject: H.B. 916 – RELATING TO MINIMUM HOURLY WAGE

Chair Nakashima, Chair Tsuji and Members of the Joint Committees:

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

For some reason it seems difficult to get across the concept that when there is only so much of the pie to cut into wages, pension, health benefits, annuity benefits, sick leave, holiday pay, etc. that by dictating how much the employer will pay in one area, automatically means an 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 there is no extra money for most 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, 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 was earning minimum wage. An infusion of that nature won't even make the meter move.

Lastly, we object to using 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.

**From:** Duane Char [DChar@hitechsupport.net]  
**Sent:** Thursday, January 31, 2013 11:25 AM  
**To:** LABtestimony  
**Subject:** Chairs and My Legislator, I OPPOSE HB 1028 & HB 916

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Dear Chairs & Committee Members,

I OPPOSE HB 1028 and HB 916 dealing with the unemployment insurance and minimum wage increase.

Although I am in support of the unemployment insurance tax section, I oppose the steep increase in the minimum wage as it would negatively impact my business. These bills could increase my labor costs by 10-20%. Please do not pass these bills out as the economic recovery for many industries and businesses is still fragile.

While only a small percentage of workers make minimum wage, this will greatly impact many businesses as they will be forced to raise the rates of many of their employees.

Also, workers' compensation, Social Security tax, Medicare tax, temporary disability insurance and unemployment insurance tax are all based on wage. This bill will not only increase businesses' direct labor costs but will also increase their mandated benefits costs and taxes.

It is unfair to view small businesses as a cash cow to be milked whenever wages or state revenue needs to be increased. It raises the cost of everything here in Hawaii when the minimum wage is increased. Clearly, some legislators do not understand that some of those people who live off a minimum wage job cannot afford to live here in Hawaii and should be making plans to move to the continent where the cost of living would be much lower.

Lastly, many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums which have gone up an average of 7-10% each year. This benefit is almost entirely paid for by small business. With this increase in the minimum wage some businesses may have to cut back hours or possibly lay off employees.

Please OPPOSE both these bills. Mahalo.

CC: My Legislator

Sincerely,

Duane Char  
45-760 PUUPELE ST  
KANE OHE, HI 96744

The following individuals submitted testimony in  
Opposition to HB 1028 and **HB 916**

- 1 Duane Char
- 2 Stephanie Suzuki
- 3 Betty Prahler
- 4 Todd Hedrick
- 5 Tami Joslin
- 6 Terry Johnson
- 7 Ken Sanders
- 8 Marshall Joy
- 9 David Howle
- 10 Keith Robbins
- 11 Carolyn Matsutani
- 12 Lori Wong
- 13 Laura Valhuerdi
- 14 Joseph Zuiker
- 15 Jo Ann Konys
- 16 William Smith
- 17 Lane Muraoka
- 18 Charles Ota
- 19 Debra Finkiewicz
- 20 Gordon Inouye
- 21 Timon Leong
- 22 Kenneth Marcus
- 23 Kelly Zeek
- 24 Fiona Bland
- 25 Sandra Bangerter
- 26 Jerry Bangerter
- 27 Marietta Fujio
- 28 Dean Okimoto
- 29 Jan Kaeo - Dale Carnegie Training Hawaii
- 30 Gordon Takaki
- 31 Bernard Balsis
- 32 Jerry Gibson
- 33 Noelle Condon
- 34 Robert Stephenson
- 35 Sharon Amoroso - Oceanside Hawaii Assisted Living
- 36 Patrick Ching
- 37 Tessie Faustino
- 38 Phoebe Lambeth
- 39 Jerome Furukawa
- 40 Samrit Ounyoung



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

830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813

<http://labor.hawaii.gov>

January 31, 2013

**LATE TESTIMONY**

To: The Honorable Mark Nakashima, Chair,  
The Honorable Mark J. Hashem, Vice Chair, and  
Members of the House Committee on Labor & Public Employment

Date: February 1, 2013  
Time: 8:00 a.m.  
Place: Conference Room 309, State Capitol

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

**Re: H.B. No. 0916 Relating to Minimum Hourly Wage**

**I. OVERVIEW OF PROPOSED LEGISLATION**

This proposal increases the minimum wage from \$7.25 to \$8.75 as of January 1, 2014. As of January 1, 2015, it provides for an annual minimum wage increase adjusted according to the consumer price index for urban wage earners and clerical workers (CPI-W) as calculated by the United States Department of Labor. The proposal also provides an increased credit for tipped workers from 25 cents to 30 cents.

The department strongly supports this Administration measure.

**II. CURRENT LAW**

The current minimum wage is \$7.25. Employers are allowed to claim a tip credit of 25 cents for tipped employees, i.e. pay them \$7.00, provided the tipped employee actually makes at least \$7.75 an hour, or 50 cents above the minimum wage.

**III. COMMENTS ON THE HOUSE BILL**

The purpose of the proposal is to raise the minimum wage to further the economic recovery of Hawaii and lift Hawaii residents out of poverty and to match the minimum wage to the cost of inflation on an annual basis. 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 to support our continued recovery from the recession.

### **Minimum Wage is higher in 19 states and D.C. despite higher cost of living in Hawaii**

The following twenty states or jurisdictions have a higher minimum wage than Hawaii as of January 1 2013; ten of these states index their minimum wage to inflation so that the real value of the minimum wage does not fall every year.

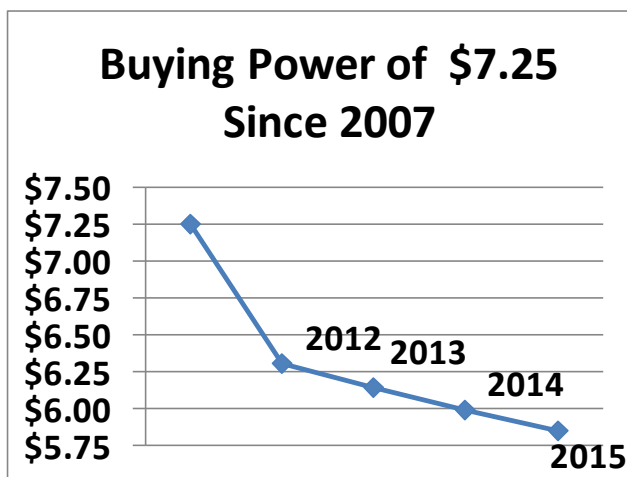
- \$9.19 Washington\*
- \$8.95 Oregon\*
- \$8.60 Vermont\*
- \$8.25 Connecticut\*, District of Columbia\*, Nevada\*, Illinois
- \$8.00 California, Massachusetts\*
- \$7.75 Alaska, Rhode Island
- \$7.85 Ohio\*
- \$7.79 Florida\*
- \$7.80 Arizona\*, Montana\*
- \$7.78 Colorado\*
- \$7.50 Maine\*, New Mexico
- \$7.40 Michigan, Rhode Island

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

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

This amendment will improve the quality of life for current minimum wage workers by adjusting the minimum wage for inflation to give workers more purchasing power. It will also provide an incentive for those moving from welfare to work to earn wages that will enable them to become self-sufficient. 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 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 that is updated semi-annually and using the Department of Business Economic Development and Tourism's (DBEDT) CPI-U forecast for 2013 to 2014, a worker would have to be paid \$8.78 by 2014 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 \$5.99 in 2014.

By increasing the minimum wage and providing a mechanism for it to keep up with the cost of inflation, the number of Hawaii residents living in poverty will decrease. The U.S. Census Bureau recently estimated that 17.4 percent of state residents live in poverty, or about one-fifth of Hawaii residents, and that makes Hawaii the seventh highest state with the percentage of people living in poverty. Minimum wage earners in Hawaii currently earn \$15,080 annually working 40 hours a week for 52 weeks.

**2013 Hawaii Poverty Guidelines**

Household size	100%	133%	150%	200%	300%	400%
1	\$12,860	\$17,104	\$19,290	\$25,720	\$38,580	\$51,440
2	17,410	23,155	26,115	34,820	52,230	69,640
3	21,960	29,207	32,940	43,920	65,880	87,840
4	26,510	35,258	39,765	53,020	79,530	106,040
5	31,060	41,310	46,590	62,120	93,180	124,240
6	35,610	47,361	53,415	71,220	106,830	142,440
7	40,160	53,413	60,240	80,320	120,480	160,640
8	44,710	59,464	67,065	89,420	134,130	178,840

Source: Calculations by Families USA based on data from the U.S. Department of Health and Human Services

It is also desirable for Hawaii to maintain a minimum wage standard that reflects the increase in the cost of living, especially considering Hawaii is the most expensive state to live in. (See 2012 ACCRA Third Quarter 2012 Cost of Living Data as published by the Missouri Economic Research and Information Center at [http://www.missourieconomy.org/indicators/cost\\_of\\_living/index.stm](http://www.missourieconomy.org/indicators/cost_of_living/index.stm)).

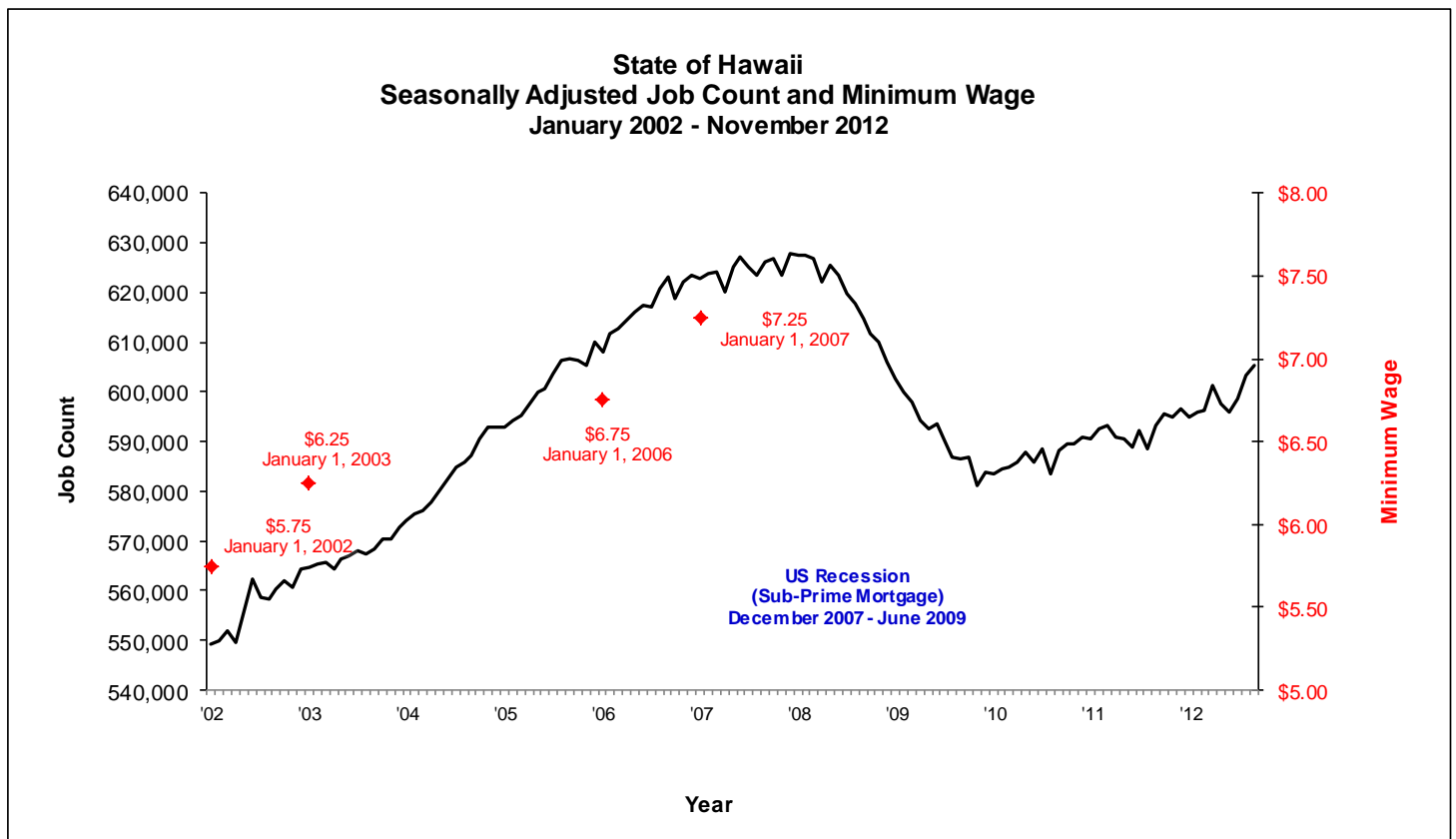
- ✓ The cost of living is twelve per cent higher than the next highest area (Washington, D.C.) and eighty-nine per cent higher than in Oklahoma, which is the least expensive area.
- ✓ The cost of groceries is fifteen per cent higher than in Alaska, which is the state with the second highest grocery costs, and seventy-one per cent higher than Kansas, which has the lowest grocery costs in the nation.
- ✓ Similarly, the cost of transportation is twelve per cent higher than Connecticut, which is the state with the second highest transportation costs, and forty-seven per cent higher than Mississippi, which has the lowest

transportation costs in the nation.

### Increased tip credit balances increase in minimum wage

The twenty per cent increase in the tip credit is proportional to the proposed increase in the minimum wage rate. The increase in tip credit will allow employers with tipped employees to pay their tipped employees \$8.45 per hour as long as they earn \$9.25 per hour including tips.

### Increase in minimum wage does not affect job count



Since 2002, the minimum wage has increased four times and on each of those occasions, the seasonally adjusted job count continued to grow.



**Testimony to the House Committee on Labor and Public Employment and  
Economic Development and Business  
Friday, February 1, 2013 at 10:30 A.M.  
Conference Room 309, State Capitol**

**RE: HOUSE BILL 916 MINIMUM HOURLY WAGE**

Chairs Nakashima and Tsuji, Vice Chairs Hashem and Ward, and Members of the Committees:

The Chamber of Commerce of Hawaii ("The Chamber") **opposes HB 916 Relating to Minimum Hourly Wage.**

The Chamber is the largest business organization in Hawaii, representing more than 1,100 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 the bill which raises the minimum wage on January 1, 2014 from \$7.25 per hour to \$8.75 per hour. This is a huge increase for business at a time when the economic recovery for many industries and businesses is still fragile.

While only a small percentage of workers make minimum wage, this will 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 2 years ago and earns \$8.50 per hour and Lisa just started and is under the new law at \$8.75 per hour, the employer will have to raise John's hourly rate not just to the new minimum wage but over that to compensate for those at the lower part of the pay scale. This could increase businesses labor cost by up to 20% in the first year.

Also, workers' compensation, Social Security tax, Medicare tax, temporary disability insurance and unemployment insurance tax are all based on wage. This bill will not only increase businesses' direct labor costs but will also increase their mandated benefits costs and taxes.

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. This escalator could lead to **a minimum wage in 10 years of \$11.50 per hour**. This rate is unsustainable. Furthermore, we disagree with the premise stated in the bill that raising the minimum wage will help solve a 13.7% unemployed and underemployed rate. We believe it will only make matters worse.

Lastly, many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums which have gone up an average of 7-10% each year. This benefit is almost entirely paid for by small business. With this increase in the minimum wage many businesses may have to cut back hours or possibly lay off employees.

Thank you for this opportunity to express our views.



# Hawai'i Island Chamber of Commerce

117 Keawe Street, Suite 205  
Hilo, Hawai'i 96720-2851  
Phone: (808) 935-7178  
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**LATE TESTIMONY**

## 2012-2013 Board

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Judith Fox-Goldstein

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Glenn Santos

Wesley Segawa

Alice Sledge

Donald Straney

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William Walter

Noreen Yamane

January 31, 2013

Submitted On-Line at <http://www.capitol.hawaii.gov/submittestimony.aspx>

Honorable Mark M. Nakashima, Chair  
House Committee on Labor & Public Employment  
Honorable Clift Tsuji, Chair  
House Committee on Economic Development & Business  
State Capitol  
415 South Beretania Street  
Honolulu, Hawai'i 96813

RE: Testimony in Opposition to HB 1028 and HB 916 dealing with the unemployment insurance and minimum wage increase

Dear Chairs Nakashima and Tsuji and Members of the Committees:

My name is Vaughn Cook and I am the President of the Hawaii Island Chamber of Commerce. With more than 230 member businesses and over 550 member representatives, the Chamber serves as an important voice of business in Hawaii.

The Chamber **strongly opposes** HB 1028 and HB 916, insofar as these bills increase the minimum wage. The Chamber supports the unemployment tax section of HB 1028 which will keep the contribution rate at Schedule F through 2013, preventing a hike in the rate which be harmful to our economic recovery.

However, the Chamber opposes the steep increase proposed in the minimum wage because the negative impact it would have on business and, by extension, our communities. While a small portion of employees actually earn the minimum wage, any increase to the minimum wage will causes wages to rise across the board. Here is the explanation I used on my 11 year old daughter:

Imagine you had a company that hired 2 workers – a high school student, with no experience, earning \$7.25 per hour and a college student, with 2 years experience, earning \$8.50 per hour. If the minimum wage were to increase to \$8.75, she would need to raise the high school student's by \$1.50, a 20%



# Hawai'i Island Chamber of Commerce

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increase. Because the less experienced worker is making more than the more experienced worker, she would need to raise the other worker's pay – probably to at least \$10.00 (a 17.6% increase) or even \$10.20, a matching 20% increase. Her costs have now increased by between \$3.00 to \$3.20 per hour (19% - 20%) with no increase in income. If she were operating at breakeven, she would need to increase what she charges her customers by 19% - 20%. If she cannot pass on that cost without reducing her revenues, she may need to cut costs to stay afloat. Even if she were able to pass along the costs to her customers, that cost increase would hurt the consumers by increasing inflation.

Also, workers' compensation, Social Security tax, Medicare tax, temporary disability insurance and unemployment insurance tax are all based on wage. These bills will not only increase businesses' direct labor costs but will also increase their mandated benefits costs and taxes.

Lastly, many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums which have gone up an average of 7-10% each year. This benefit is almost entirely paid for by small business. With this increase in the minimum wage some businesses may have to cut back hours or possibly lay off employees.

Our Chamber members are suffering. They are trying to recover from a prolonged economic downturn. The last thing we need is to burden them with more costs that will either harm their businesses or increase inflation. Both results are bad for our employers and bad for Hawaii.

My 11 year old daughter understood. I hope you understand. PLEASE DO NOT INCREASE THE MINIMUM WAGE. PLEASE ALLOW OUR ECONOMY TO RECOVER.

We appreciate your consideration of this testimony and ask for the support of both Committees to OPPOSE ANY INCREASE IN THE MINIMUM WAGE.

Very Truly Yours

Vaughn G. T. Cook  
President

**LATE TESTIMONY**

Testimony of Glenn Ida  
Representing  
The Plumbers and Fitters Local 675  
1109 Bethel St., Lower Level  
Honolulu, Hi. 96744

**In Strong Support of HB916**

Before the House:  
Committee on Labor and Public Employment  
Rep. Mark Nakashima, Chair  
Rep. Mark Hashem, Vice-Chair

Committee on Economic Development and Business  
Rep. Clift Tsuji, Chair  
Rep. Gene Ward, Vice-Chair

Friday, Feb. 1, 2013  
10:30 AM, Conference Room 309

Aloha Chairs Nakashima and Tsuji, Vice-Chairs Hashem and Ward, and Members of the Committees,

My name is Glenn Ida representing the Plumbers and Fitters Local 675.

Local 675 Strongly supports HB916 which increases the minimum hourly wage to \$8.75 per hour beginning January 1, 2014; adjusts the minimum hourly wage thereafter in accordance with the consumer price index; and increases the tip credit to thirty cents.

An increase in the minimum wage is long overdue and the adjustments in accordance with the consumer price index would allow for modest raises in an attempt to keep up with inflation.

Therefore, Local 675 strongly supports HB916.

Thank you for this opportunity to testify.

Mahalo,  
Glenn Ida

Twenty-Seventh Legislature  
Regular Session of 2013

HOUSE OF REPRESENTATIVES  
Committee on Labor & Public Employment  
Rep. Mark M. Nakashima, Chair  
Rep. Mark J. Hashem, Vice Chair  
Committee on Economic Development & Business  
Rep. Clift Tsuji, Chair  
Rep. Gene Ward, Vice Chair

**LATE TESTIMONY**

State Capitol, Conference Room 309  
Friday, February 1, 2013; 10:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 916  
RELATING TO MINIMUM HOURLY WAGE**

The ILWU Local 142 supports H.B. 916, which increases the minimum hourly wage to \$8.75 per hour beginning January 1, 2014 and adjusts the minimum hourly wage thereafter in accordance with the consumer price index. We do, however, oppose the proposal in the bill to increase the tip credit to thirty cents.

The last time the minimum wage was increased in Hawaii was on January 1, 2007, more than six years ago. Since then, Hawaii's cost of living has continued to climb, making it among the highest in the nation. The high cost of food, housing, and health care have forced many working poor to turn to public and private resources for assistance.

While Hawaii's minimum wage has languished at \$7.25 an hour, other states and jurisdictions have increased their minimum far beyond. Oregon's minimum is currently at \$8.95 and adjusts annually for inflation. Washington's minimum wage is \$9.19 and also adjusts annually. The minimum wage in San Francisco is \$10.55, the highest in the country, and is also tied to the consumer price index and adjusts annually.

The opposition will pose the argument that increasing the minimum is a job killer. They will say that the increase will force employers, particularly small ones, to lay off employees to pay the increase. We respectfully reject this argument as shibai. The argument has been raised each time an increase was proposed, yet there have been no mass layoffs when the minimum was increased. We do not expect layoffs if the minimum is raised now, simply because employers consider business needs in determining staffing needs, not how much the minimum wage is.

The provision in the bill to adjust the minimum wage annually based on the consumer price index is a sound proposal to keep politics out of the equation. If the minimum is automatically increased, the political wrangling over the issue will be eliminated, the lowest wage earners will be assured of wages to help keep them out of poverty, and Hawaii's economy will be on a firmer footing.

Minimum wage earners spend every dollar they earn. If they manage to work two or more minimum wage jobs, they may be able to set aside some money for savings. But in general, minimum wage earners plow their earnings back into Hawaii's economy and help to keep employers, big and small, in business.

While we strongly support raising the minimum wage, we are as strongly opposed to increasing the tip credit, which allows employers to pay tipped employees less than the minimum. Any increase in the tip credit is unacceptable because tips are not guaranteed compensation. Tips, or gratuities, are provided at the discretion of the customer and not controlled by the employer.

We, therefore, recommend that paragraph (c) in Section 2 be deleted from H.B. 916. With this amendment, the ILWU urges passage of H.B. 916.

Thank you for the opportunity to share our views and concerns.



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

**LATE TESTIMONY**

February 1, 2013

House Committee on Labor and Public Employment  
Chair, Rep. Mark Nakashima  
Vice Chair, Rep. Mark Hashem

House Committee on Economic Development and Business  
Chair, Rep. Clift Tsuji  
Vice Chair, Rep. Gene Ward

Testimony in support of HB 916, with qualification

Pride At Work Hawai'i, an affiliate of the Hawai'i State AFL-CIO, strongly supports the provisions of HB 916 which would increase the minimum wage to \$8.75 and index future increases to the consumer price index. We oppose the provision to increase the tip credit, and request that it be deleted from the bill.

Raising Hawai'i's minimum wage is long overdue, as the last increase was in 2007. Nineteen states and the District of Columbia now have a higher minimum wage than Hawaii, and ten states index their minimum wage to inflation so that the real value of the minimum wage does not fall every year.

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. At the current minimum wage, full-time minimum wage worker in Hawaii who works 40 hours a week for 52 weeks would earn \$15,080 for the year - far from a living wage.

Increasing the minimum wage is especially important for lesbian, gay, bisexual, and transgender (LGBT) workers. Nationally, studies consistently show that LGBT workers are typically paid less than their heterosexual peers.

We oppose the tip credit increase, which unfairly reduces the minimum wage for tipped employees, as there is no way to guarantee that a tipped employee will earn enough tips to bring their wages to the minimum wage standard.

We hope you will support low-wage workers by passing HB 916 without increasing the tip credit. Thank you for your attention to this very important issue.

*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](mailto:prideatworkhi@gmail.com) [www.prideatworkhawaii.org](http://www.prideatworkhawaii.org)



## LATE TESTIMONY

January 31, 2013

RE: HB916

Aloha,

I am writing to express my concern and opposition to HB 916 that would increase the minimum wage to \$8.75 per hour beginning January 1, 2014. Additionally, beginning January 1, 2015 and each year thereafter, the minimum wage would be adjusted according to the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W"). If the CPI-W increases by 3% for the year, the minimum wage would increase by 3% accordingly.

While it appears that Hawaii is coming out of the recession, our economy has not completely rebounded just yet. Therefore, three scheduled increases to the minimum wage is concerning especially because we do not know how the economy will fare in the next four years.

As a small business owner who works full time as an HR Manager for Pacific Quest I am concerned about the steep and sudden increase of \$1.50 per hour, which represents over a 20% increase in the minimum wage. Employers with 3, 50 or more employees who work 40 hours a week at minimum wage would have a significant impact on the employers ability to retain their employees.

In addition, tying the minimum wage to the CPI-W is a dangerous proposition, because it could conceivably cause the minimum wage to increase almost every year. In addition, *annual* adjustments to the minimum wage based on the CPI-W are risky because the economy often needs to be evaluated over a longer period of time than just one year. Finally, if the minimum wage is tied to the CPI-W, employers who have needed to implement wage freezes in the past due to a slowdown in the economy may be prevented from doing so in the future if the CPI-W increases almost every year, as it has recently.

This bill should not be given any consideration at this time under these economic uncertainties, the result of supporting such a bill may lead to much more devastating repercussions than Hawaii has previously endured.

Sincerely,



Raylene Moses  
Officer, Ka'u Electric Incorporated  
HR Manager for Pacific Quest Corporation

*George M. Waialeale*

*910 Kapahulu Avenue #703*

*Honolulu, Hawaii 96816*

*Phone: (808) 737-4466*

*Email: [geedubbyou@aol.com](mailto:geedubbyou@aol.com)*

February 1, 2013

**Committee on Labor and Public Employment**

**Committee on Economic Development and Business**

**House Bill 916**

RELATING TO MINIMUM HOURLY WAGE

Increase the minimum hourly wage to \$8.75 per hour beginning January 1, 2014; adjust the minimum hourly wage thereafter in accordance with the consumer price index; and increases the tip credit to thirty cents.

I ask the members of both committees to pass this bill which has been sorely needed for working people.

Aloha and Mahalo,

George M. Waialeale

FORM LETTER

**From:** maria watanabe [mariawatanabe@hotmail.com]  
**Sent:** Friday, February 01, 2013 12:30 AM  
**To:** LABtestimony  
**Subject:** Chairs and My Legislator, I OPPOSE HB 1028 & HB 916

**LATE TESTIMONY**

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Dear Chairs & Committee Members,

I OPPOSE HB 1028 and HB 916 dealing with the unemployment insurance and minimum wage increase.

Although I am in support of the unemployment insurance tax section, I oppose the steep increase in the minimum wage as it would negatively impact my business. These bills could increase my labor costs by 10-20%. Please do not pass these bills out as the economic recovery for many industries and businesses is still fragile.

While only a small percentage of workers make minimum wage, this will greatly impact many businesses as they will be forced to raise the rates of many of their employees.

Also, workers' compensation, Social Security tax, Medicare tax, temporary disability insurance and unemployment insurance tax are all based on wage. This bill will not only increase businesses' direct labor costs but will also increase their mandated benefits costs and taxes.

Lastly, many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums which have gone up an average of 7-10% each year. This benefit is almost entirely paid for by small business. With this increase in the minimum wage some businesses may have to cut back hours or possibly lay off employees.

Please OPPOSE both these bills. Mahalo.

CC: My Legislator

Sincerely,

maria watanabe  
PO Box 828  
Kaunakakai, HI 96748

Individual Small Business Owners' Testimony in  
**Opposition to HB 1028 and HB 916 - LATE.**

**LATE TESTIMONY**

1	Maria Watanabe
2	Kawika Ruddle
3	Antya Miller
4	Holly Kessler
5	Monica Toguchi
6	Mike Dixon
7	David Buehler