

NEIL ABERCROMBIE
GOVERNOR



DWIGHT Y. TAKAMINE
DIRECTOR

JADE T. BUTAY
DEPUTY DIRECTOR

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

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813

<http://labor.hawaii.gov>

April 2, 2014

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

Date: Wednesday, April 2, 2014

Time: 3:00 p.m.

Place: Conference Room 308, State Capitol

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

Re: S.B. No. 2609 S.D.1 H.D.1 RELATING TO MINIMUM WAGE

The DLIR strongly supports an increase in the minimum wage and notes that the trigger mechanism in the measure would not pose any enforcement challenges.

The DLIR offers the following information to provide the Committee a sense of the fiscal impact of this measure. The executive agencies currently employ 164 workers at the minimum wage level, primarily students at libraries.

Department	Title	# of Employees
Education-Libraries	Student Helper I	135
Human Services	Clerk I	3
Human Services	General Laborer I	2
Human Services	Respite Companion	6
Human Services	THP Clerk I	1
Human Services	THP General Laborer I	4
Human Services	THP Janitor II	1
Human Services	THP Social Service Aid I	2
Labor & Industrial Relations	Work Experience Assistant	3
Labor & Industrial Relations	Work Experience Trainee	5
Labor & Industrial Relations	Work Experience Worker	1
Transportation	Student Helper I	1
TOTAL:		164

The following is the potential impact to the University of Hawaii System:

SB2609 HD1

- (1) \$6.25 per hour beginning January 1, 2003;
- (2) \$6.75 per hour beginning January 1, 2006; [and]
- (3) \$7.25 per hour beginning January 1, 2007[.];_
- (4) \$7.75 per hour beginning January 1, 2015;
- (5) \$8.50 per hour beginning January 1, 2016; (10% based on 2013FY)

10% increase - \$1,586,617

- (6) \$9.25 per hour beginning January 1, 2017; and

8.6% increase - \$1,500,939

- (7) \$10.10 per hour beginning January 1, 2018.

8.7% increase - \$1,648,974

2609 SD 1

- (1) \$6.25 per hour beginning January 1, 2003;
- (2) \$6.75 per hour beginning January 1, 2006; [and]

(3) \$7.25 per hour beginning January 1, 2007[.];_

(4) \$8.20 per hour beginning January 1, 2015;

6% increase - \$951,970

(5) \$9.15 per hour beginning January 1, 2016; and

10% increase - \$1,681.814

(6) \$10.10 per hour beginning January 1, 2017.

10% increase - \$1,849,995

The Department of Education (DOE) also employs workers at or slightly above minimum wage--Classroom Cleaners, Student Helpers and Adult Supervisors. The department is still working with DOE and will transmit the estimates on to the money committees as soon as possible.

The DLIR notes that Act 70 (SLH, 2013) requires employers to provide employees with specific wage and employer information in employees' pay records and requires employers to maintain accurate and timely wage recordkeeping. Act 70 increased the information that is required to be provided on pay statements of employees, which gives greater clarity and transparency to the worker on what he or she is being paid, at what rates and for how many hours.

Employers are also required to maintain accurate records of the same information provided to the employee. Further, Act 70 enhanced the investigatory and enforcement capabilities of the Wage Standards Division, which enabled the department to be more efficient and effective in assisting members of the public in the recovery of unpaid wages. There are no problems with the enforcement of the trigger mechanism in the proposal.



EXECUTIVE OFFICE ON EARLY LEARNING
HONOLULU

GG WEISENFELD
DIRECTOR

Testimony in **Support of the Intent of**
S.B. 2609 H.D. 1
By GG Weisenfeld, Director

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

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

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

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

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

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

OCS LETTERHEAD

April 1, 2014

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

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

From: Mila Kaahanui, Executive Director
Office of Community Services

Re: S.B. No. 2609, SD 1, Relating to Minimum Wage

I. OVERVIEW OF PROPOSED LEGISLATION

The proposal, as amended, would increase the minimum wage to \$10.10 an hour in three stages by January 2017. However, provisions in the original bill have been deleted that would authorize the Department of Labor and Industrial Relations to adjust the minimum wage thereafter by using the Consumer Price Index (CPI), and that would repeal the tip credit provision in chapter 387, Hawaii Revised Statutes (HRS).

II. CURRENT LAW

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

III. COMMENTS ON THE SENATE BILL AS AMENDED BY SD1

The Office of Community Services (OCS) strongly supports an increase in the minimum wage and supports indexing the minimum wage to preserve the purchasing power of minimum wage workers. OCS is statutorily mandated, pursuant to HRS Chapter 371K, to advocate and provide services for the economically disadvantaged.

OCS believes that an increase in the minimum wage is essential to help low-wage workers cope with the extremely high cost of living in Hawaii. Our minimum wage, even if enhanced by the increases proposed by this bill, still is nowhere being a "living wage." This bill is just a small step toward relieving the very substantial economic pressure that our minimum wage workers receive.

We urge the House Finance Committee to consider restoring the provision in the original bill that would build automatic minimum wage increases into our law. Without such a provision, the State would leave in place a system where legislators have to wrestle with bills to increase the minimum wage every three or four years.

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. 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. This generates additional economic activity.

The Department of Labor and Industrial Relations and others have made the detailed arguments in support of a robust increase in the minimum wage. We will not repeat the details here, but we wish to reiterate our support of these arguments in favor of increasing the minimum wage. We are now in the eighth year without an increase. This must not continue.

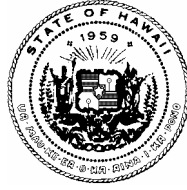
Thank you very much for the opportunity to testify on this very important bill.

MILA KAAHANUI, MSW
Executive Director

¹⁰ R&S, DLIR

¹¹ U.S. Census Bureau, 2006-2012 American Community Survey, calculated by Restaurant Opportunities Center United.

NEIL ABERCROMBIE
GOVERNOR



PATRICIA McMANAMAN
DIRECTOR
BARBARA A. YAMASHITA
DEPUTY DIRECTOR

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

April 2, 2014

MEMORANDUM

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

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2609, S.D.1, H.D.1 - RELATING TO MINIMUM WAGE**

Hearing: Wednesday, April 2, 2014; 2:00 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of the measure is to increase minimum wage rate to \$7.75 per hour beginning on 1/1/15, \$8.50 per hour beginning on 1/1/16, \$9.25 per hour beginning on 1/1/17, and \$10.10 per hour beginning on 1/1/18; increase the tip credit to 50 cents per hour beginning on 1/1/15, 75 cents per hour beginning on 1/1/16, and \$1 per hour beginning on 1/1/17 if the gross amount the employee receives in wages and tips is at least 250 per cent of the poverty level for each calendar year based upon the United States Department of Health and Human Services poverty guidelines for Hawaii.

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

According to the United States Department of Labor, Bureau for Labor Statistics, of the 321,000 hourly workers in Hawaii, 8,000 were paid the minimum wage of \$7.25 in 2011 while an additional 7,000 residents were paid below the minimum wage. For

those workers earning minimum wage at a full-time job, annual earnings total \$15,080. This measure will ensure that Hawaii's lowest paid workers will earn wages that will at least support their basic needs.

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

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

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

Raising the minimum wage is also good for Hawaii's working women who, together with their children, will benefit from increased economic security. In Hawaii, 47% of full-time minimum wage workers are women, and 75% of our heads of

household for TANF/TAONF programs are women. Across the nation, women workers are concentrated in low-wage industries such as food service, retail, and home health care and despite the progress women have made, women still earn less overall than men in all occupations – a wage gap that translates into thousands of dollars of unearned income over a lifetime. As applied to Hawaii’s TANF/TAONF beneficiaries, women with children are disproportionately represented in low wage jobs and will accrue the greatest benefits from an increase in the minimum wage.

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

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

COUNTY COUNCIL

Jay Furfaro, Chair
Mason K. Chock, Sr., Vice Chair
Tim Bynum
Gary L. Hooser
Ross Kagawa
Mel Rapozo
JoAnn A. Yukimura



OFFICE OF THE COUNTY CLERK

Ricky Watanabe, County Clerk
Jade K. Fountain-Tanigawa, Deputy County Clerk

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Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawai'i 96766

April 1, 2014

TESTIMONY OF TIM BYNUM
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
SB 2609, SD1, HD1 RELATING TO MINIMUM WAGE
Committee on Finance
Wednesday, April 2, 2014
2:00 p.m.
Conference Room 308

Dear Chair Luke and Committee Members:

Thank you for this opportunity to submit testimony in strong support of SB 2609, SD1, HD1, relating to the increase in the minimum wage. My testimony is submitted in my individual capacity as a Councilmember of the Kaua'i County Council.

Increasing the minimum wage for Hawai'i residents is imperative as it assists low-income families who struggle with poverty. Since the minimum wage was last increased in 2007, the cost of living drastically increased, making it difficult for individuals, especially single parent households, to support their families. In addition, this measure will generate economic activity across our State, as families will have more to spend on goods and services.

For the reasons stated above, I respectfully ask that this Committee approve SB 2609, SD1, HD1. Again, thank you for this opportunity to submit testimony.

Sincerely,

TIM BYNUM
Councilmember, Kaua'i County Council

AB:mn



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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

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

Testimony by
Hawaii Government Employees Association
April 2, 2014

S.B. 2609, S.D. 1, H.D. 1 – RELATING TO MINIMUM WAGE

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2609, S.D. 1, H.D. 1 which increases the minimum wage rate over three years, beginning with an increase to \$7.75 per hour effective January 1, 2015, \$8.50 per hour effective January 1, 2016, \$9.25 per hour effective January 1, 2017, and \$10/10 per hour effective January 1, 2018.

The current minimum wage is \$7.25 per hour and has not changed since January 1, 2007, which equates to 8 years of salary stagnation for minimum wage employees. An increase to the minimum wage, in conjunction with repealing the tip credit, will directly benefit those who need it the most – the working class. The gradual increases over four years contained in S.B. 2609 will help spur Hawaii's economic recovery by increasing a minimum wage earner's purchasing power and thus generating much needed consumer spending.

We respectfully request passage of the measure. Thank you for the opportunity to testify in strong support of S.B. 2609.

Respectfully submitted,

Randy Perreira
Executive Director

HAWAII
STATE
COMMISSION
ON THE
STATUS
OF
WOMEN

April 2, 2014

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

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

Re: Testimony in Strong Support, SB 2609 Relating to the Minimum Wage

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



Chair
LESLIE WILKINS

COMMISSIONERS:

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

Executive Director
CATHY BETTS, JD

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Current Minimum Wage and Subsidization of the Minimum Wage

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

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

How the Minimum Wage Financially Affects Women

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

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

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

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

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

Thank you for this opportunity to testify.

¹ Research and Statistics Office, Department of Labor and Industrial Relations (DLIR).

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

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

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

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

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

⁷ Id.

⁸ Id.

⁹ The Restaurant Opportunities Centers United, *Tipped Over the Edge: Gender Inequity in the Restaurant Industry 1* (2012).

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

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

¹² Research and Statistics Office, DLIR.

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 01, 2014 10:30 AM
To: FINTestimony
Cc: tabalos@hsta.org
Subject: Submitted testimony for SB2609 on Apr 2, 2014 14:00PM

SB2609

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tanya Abalos	Hawaii State Teachers Association	Comments Only	No

Comments: The Honorable Chair Sylvia Luke and Members of the Committee: HSTA is the exclusive representative of more than 13,500 public and charter school teachers statewide. As the state affiliate, of the 3.2 million members of the National Education Association, HSTA supports an increase in the minimum wage. In 1960, the federal minimum wage earned by a single worker was enough to keep a family of two out of poverty. Today, however, there are only four states in the entire country where the minimum wage is enough for even an individual worker with no family to earn a living wage, meaning one in which a worker can afford food, housing, utilities and other basic expenses. Fortunately, Senate Democrats and President Obama are pushing for an increase of the federal minimum wage to \$10.10, which would pull more than half of our country's working poor out of poverty. In the 2014 State of the union speech, President Obama addressed the issue of rising inequality and declining mobility. He stated, "Today the federal minimum wage is worth about twenty percent less than it was when Ronald Reagan first stood here. And Tom Harkin and George Miller have a bill to fix that by lifting the minimum wage to \$10.10. It's easy to remember: 10.10. This will help families. It will give businesses customers with more money to spend. It does not involve any new bureaucratic program. So join the rest of the country. Say yes. Give America a raise. Give 'em a raise." Workers all across the country are struggling to make ends meet. With the federal minimum wage at a dismal \$7.25 an hour, many workers are unable to earn a wage that meets basic expenses such as food, clothing and housing. Research by the National Education Association tells us that 27% of education support professionals earn less than the proposed \$10.10 per hour, and we know that educators deal with the effects of poverty on their students every day. Students are still coming to school hungry. Most of our students' parents are unable to attend meetings because they are forced to work multiple jobs just to put food on the table. Many education support professionals at our schools are being forced to jump ship for more lucrative jobs. HSTA believes that the proposed bill will improve the economic viability for current minimum wage workers by giving workers some fiscal stability. We look to the legislative body to find ways for job creation, hubs of innovation and economic development. Thank you for the opportunity to provide comments on SB 2609, SD1, HD1.

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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HOUSE COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice-Chair
Rep. Aaron Ling Johanson, Vice-Chair
Wednesday, April 2, 2014, 2:00 p.m.
Conference Room 308

SB 2609, RELATING TO MINIMUM WAGE

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

Thank you for this opportunity to testify today in SUPPORT of this bill, with amendments.

The State Central Committee of the Democratic Party of Hawai'i voted on January 11th to make raising the minimum wage the number one legislative priority for this session.

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

We feel that the implementation schedule set forth in this bill has been stretched unnecessarily and respectfully request that it be amended and returned to its original levels culminating in a \$10.10 minimum wage in 2017. This implementation schedule provides ample time for the legislature to measure the impacts of the new wage law and make future modifications, if necessary.

We do not support raising the tip credit from its current level and, in fact, welcome the elimination of the tip credit entirely. However, if passage of this measure is contingent upon an amended tip credit, we agree that the poverty level qualifications, as presently worded, appear to be reasonable.

The minimum wage law protects employers who may wish to give their employees a raise, but do not out of fear it would put them at a disadvantage to their competitors. When all employers are required to hike the minimum wage, that disadvantage disappears. In addition, a strong case can be made that a hike in the minimum wage, by significantly increasing the income of low wage workers, will result in an increase in spending, resulting in more consumption, which, in turn, leads to the hiring of more employees. Rather than suppressing the economy, it actually tends to boost it.

For these reasons, both economic and for social justice, we strongly support passage of SB 2609. Please let me know what I can do to help. Thank you for this opportunity to testify.

Dante Carpenter
Chair
Democratic Party of Hawai'i

DEMOCRATIC PARTY OF HAWAII

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



House Committee on Finance

The Hon. Sylvia Luke, Chair

The Hon. Scott Y. Nishimoto, Vice Chair

The Hon. Aaron Ling Johanson, Vice Chair

Testimony in Support of Senate Bill 2609, SD1, HD1

Relating to Minimum Wage

Submitted by Robert Hirokawa, Chief Executive Officer

April 2, 2014, 2:00 pm., Room 308

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 2609, increasing the state minimum wage over each of the next three years.

The HPCA is a staunch believer in the social determinants of health, those economic and social conditions that influence an individual and a community's health status. These conditions serve as risk factors endemic to a person's living and working environment, rather than their behavioral or genetic histories. Factors such as income, education, access to recreation and healthy foods, housing, and employment, can and do have measurable impacts on a person and a community, both in health and financial outcomes.

Senate Bill 2609 speaks to a fundamental determinant by taking steps to bring the state minimum wage up to a living wage standard. Here in Hawaii, the rate of unemployment is just 4.4%, while over 17% lives in poverty. This is in no small part because the state minimum wage of \$7.25 has not been adjusted in seven years, despite rapid rises in inflation and cost of living.

For these reasons, we strongly support this measure and thank you for the opportunity to testify.



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

COMMITTEE ON FINANCE

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

DATE OF HEARING: Wednesday, April 2, 2014
TIME OF HEARING: 2:00 PM
PLACE OF HEARING: Conference Room 308

TESTIMONY ON SB2609 SD1 HD1 RELATING TO MINIMUM WAGE

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

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

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

We ask that you pass this bill.

Thank you for the opportunity to testify on this measure.

Twenty-Seventh Legislature
Regular Session of 2014

HOUSE OF REPRESENTATIVES

Committee on Finance

Rep. Sylvia Luke, Chair

Rep. Scott Y. Nishimoto, Vice Chair

Rep. Aaron Ling Johanson, Vice Chair

State Capitol, Conference Room 309

Wednesday, April 2, 2014; 2:00 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2609, SD1, HD1
RELATING TO MINIMUM WAGE**

The ILWU Local 142 **strongly supports** S.B. 2609, SD1, HD1, which increases the minimum wage to \$7.75 per hour beginning 1/1/15, to \$8.50 per hour beginning on 1/1/16, to \$9.25 per hour beginning on 1/1/17, and to \$10.10 per hour beginning on 1/1/18, and increases the tip credit to 50 cents per hour beginning on 1/1/15, 75 cents per hour beginning on 1/1/16, and \$1 per hour beginning on 1/1/17, if the gross amount the employee receives in wages and tips is at least 250% of the federal poverty level for Hawaii.

Although we continue to support the original S.B. 2609, which called for the minimum wage to increase to \$10.10 an hour in three years, eliminated the tip credit, and tied future minimum wage increases to the Consumer Price Index as the best vehicle for the interests of minimum wage earners, the ILWU understands the political realities under which the Legislature operates. HD1 represents a remarkable compromise that addresses the concerns of both proponents and opponents of a minimum wage increase.

HD1 will raise the minimum wage to \$10.10 in four years instead of three, something that may be a disappointment for advocates of a minimum wage increase, but it does address the concerns that small businesses have raised about too much too soon. Neither advocates nor opponents are completely satisfied with HD1, but that is the nature of a compromise.

HD1 also addresses the tip credit issue in a unique way. Employers who support an increase in the tip credit will get it—but only for those workers who earn wages and tips totaling more than 250% of the federal poverty level, which is \$33,550 in 2014. That means the tip credit will not apply to tipped employees whose tips are relatively modest, but it will apply to those making more in tips. Again, a compromise.

As for those who argue that application of the tip credit trigger is cumbersome and too difficult, the alternative is to keep the tip credit where it currently is—or eliminate it altogether. However, we believe the trigger is indeed manageable. Restaurants already report tips to the IRS and can easily use those numbers to determine if the tip credit will be triggered. In addition, some restaurants routinely calculate total tips and should have no problem determining who would be subject to the tip credit. The tip totals may not be completely accurate (i.e., may not include cash tips), but neither is the amount of tips reported to the IRS.

We commend the legislators who worked on trying to balance the needs of both sides on this issue. Advocates and opponents should recognize the effort made to work out this compromise measure. Compromise and working together is what needs to occur more if we are to have a society that is fair and equitable.

Last year, the minimum wage increase failed because no compromise could be reached on the tip credit issue. Many minimum wage workers were sorely disappointed since they had not had a wage increase for seven years. We cannot go another year without an increase. S.B. 2609, HD1 is a good compromise that all can live with.

The ILWU urges passage of S.B. 2609, SD1, HD1 without amendments, to take effect upon approval. However, if the trigger mechanism is, for whatever reason, deleted from the bill, the tip credit should at most remain at 25 cents, with no increase.

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



Randy Perreira
President

HAWAII STATE AFL-CIO

320 Ward Avenue, Suite 209 • Honolulu, Hawaii 96814

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

Telephone: (808) 597-1441
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Testimony by
Hawaii State AFL-CIO
April 2, 2014

S.B. 2609, SD1, HD1 – RELATING TO MINIMUM WAGE

The Hawaii State AFL-CIO supports S.B. 2609, SD1, HD1 which increases the minimum wage rate to \$7.75 per hour beginning on 1/1/15, \$8.50 per hour beginning on 1/1/16, \$9.25 per hour beginning on 1/1/17, and \$10.10 per hour beginning on 1/1/18 and increases the tip credit to 50 cents per hour beginning on 1/1/15, 75 cents per hour beginning on 1/1/16, and \$1 per hour beginning on 1/1/17 if the gross amount the employee receives in wages and tips is at least 250 per cent of the poverty level for each calendar year based upon the United States Department of Health and Human Services poverty guidelines for Hawaii.

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 over seven years ago in 2007 and if Hawaii's minimum wage had been indexed to the Consumer Price Index (CPI) the minimum wage in 2013 would have been \$8.68 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, 21 states and the District of Columbia have a higher minimum wage than Hawaii and all of them have a lower cost of living. Additionally, Santa Fe has raised its minimum wage to \$10.51 an hour, and San Francisco has raised its minimum wage to \$10.74 an hour becoming the two highest mandatory minimum wages in the country. Even with the higher minimum wages, a number of studies have indicated San Francisco and Santa Fe's minimum wage hasn't had a negative affect on vital components of their economy, such as job creation and unemployment.

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

Moreover, the poverty line for a family of two in Hawaii in 2013, was \$17,850, and is increased to \$22,470 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, 52 weeks per year 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."

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

Thank you for the opportunity to testify.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Randy Perreira', written over the typed name below.

Randy Perreira
President



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Wednesday, April 2, 2014 at 2:00 P.M.
Conference Room 308, State Capitol**

RE: SENATE BILL 2609 SD1 HD1 RELATING TO MINIMUM WAGE

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

The Chamber of Commerce of Hawaii ("The Chamber") **opposes** SB 2609 SD1 HD1 Relating to Minimum Wage.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber opposes the bill which raises the minimum wage from the present \$7.25/hour to:

- \$7.75 per hour on January 1, 2015
- \$8.50 per hour on January 1, 2016
- \$9.25 per hour on January 1, 2017
- \$10.10 per hour on January 1, 2018

The bill also increases the tip credit amount by the following increments:

- \$0.50 per hour on January 1, 2015
- \$0.75 per hour on January 1, 2016
- \$1 per hour on January 1, 2017

This bill will **increase the minimum wage by \$2.85 per hour in four years**. This is a huge increase for business at a time when the economic recovery for many industries and businesses is still fragile. **This bill harms local businesses, the state economy and job creation because it contains a steep increase in the minimum wage.**

Hawaii is Different: Prepaid Healthcare Mandated Premium Costs for Employers

There has been much discussion that Hawaii should join the large rise in the minimum wage, similar to other states. Please keep in mind that Hawaii is the only state that mandates employers to provide health care to its employees including part time employees (20 or more hours per week). In addition, 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 benefit costs and taxes.**

The average annual premium for a single employee is about \$5,500. This benefit is almost entirely paid for by business. If you add this cost to the present minimum wage for a full time employee, the actual benefit to a minimum wage employee is **\$9.79 per hour**, or the highest in the country. Including payroll taxes, the present minimum wage cost is about **\$10.87 per hour**. Below is a chart of information for the present wage and proposed increases from SB 2609 SD1.

Cost for a minimum wage employee including health care premiums (\$5,500 annual premium cost 2014, 6% increase per year)														
Present Min. Wage			1st Year Increase			2nd Year Increase			3rd Year Increase			4th Year Increase		
Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost
\$7.25	\$ 2.54	\$ 9.79	\$7.75	\$ 2.70	\$ 10.45	\$8.50	\$ 2.83	\$ 11.33	\$9.25	\$ 3.00	\$ 12.25	\$10.10	\$ 3.34	\$ 13.44
Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost
\$7.25	\$ 3.42	\$ 10.67	\$7.75	\$ 3.61	\$ 11.36	\$8.50	\$ 3.82	\$ 12.32	\$9.25	\$ 4.05	\$ 13.30	\$10.10	\$ 4.45	\$ 14.55
Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost
\$7.25	\$ 5.18	\$ 12.43	\$7.75	\$ 5.48	\$ 13.23	\$8.50	\$ 5.81	\$ 14.31	\$9.25	\$ 6.15	\$ 15.40	\$10.10	\$ 6.68	\$ 16.78

Keep in mind that premium increases for small businesses are about 6-10% each year. On top of that, ACA federal and state taxes and fees will increase premium amounts this year and next year by about 4%. We expect prepaid premiums for single coverage to be almost \$6,000 per employee per year next year.

Many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums. The average annual premium for a single employee is almost \$5,500. This benefit is almost entirely paid for by business. With premiums rising 7-10% each year, and employers paying on average 90% of the premium, this represents a 2.7% to 3% increase in compensation to the employee.

Job Growth Data Unclear

There is a great deal of data and studies on whether or not an increase in minimum wage affects job growth. Much of the research is based on national studies. Below is a chart that shows some data that reflects some business concerns. Keep in mind that this is not part of a longitudinal data survey but some snap shot stats of some of the low end wage occupations that the increase hopes to help. As you can see, while there is 3% growth for all sectors during the last minimum wage increase, **low wage earners in the food industry lost jobs.**

Hawaii								
Occupation	2005	Med. Hrly.	2006	% Change	Med. Hrly.	2007	% Change	Med. Hrly.
All occupations	583,630	\$14.39	599,130	3%	\$14.97	610,310	2%	\$15.54
Food prep and serving	70,850	\$8.92	71,290	1%	\$9.14	72,070	1%	\$9.75
Combined food prep and serving workers	10,120	\$7.24	9,710	-4%	\$7.39	9,270	-5%	\$8.26
Counter attendants, cafeteria, food and coffee shop	6,360	\$7.32	5,630	-11%	\$8.03	5,280	-6%	\$8.63
Dining room and cafeteria attendants and bar helpers	4,440	\$9.59	4,540	2%	\$9.30	3,880	-15%	\$10.15
Source: www.bls.gov								

Minimum Wage is Floor Wage

We would also like to point out that the minimum wage is a floor wage. For many employees, it is their first job and generally, entry-level positions. Employers must invest time and money to train these individuals. Also in the food and beverage industry, there are many at this wage who earn tips which allow them to earn anywhere from \$18-30 per hour.

We oppose the mechanism for the poverty language in the bill because we believe that it will be difficult to administer and will not give the employer a clear gauge of when they will be able to take the credit. Additionally, the language in the bill is unclear as to whether or not the wage is based on a weekly pro-rated share of the yearly amount, or if employees need to make the yearly wage before taking any credit.

Large increases would negatively impact business

While only a small percentage of workers make minimum wage, a large increase would greatly impact many businesses as they will be forced to raise the rates of many of their employees. As an example, if John started with the company 1 year ago and earns \$8.50 per hour and Lisa just started and is under the new law at \$8.00 per hour, the employer will have to raise John's hourly to compensate for those at the lower part of the pay scale being increased. This could increase businesses labor cost by up to 15-20% in the first year alone.

Important Considerations

With this large increase in the minimum wage, some businesses may have to cut back hours, reduce benefits, or limit hiring of new employees.

Furthermore, the Council on Revenues recently lowered the forecast for the next couple of years because of the projected slowdown, along with recent study by the Congressional Budget Office that shows some job loss with minimum wage at \$10.10 and a survey by CFO's that showed reduced hiring, we hope would add to the discussion of limiting the increases in the minimum wage.

Thank you for this opportunity to express our views.

HARA Voice of Hawaii's Seniors

*Hawaii Alliance for Retired Americans, An Affiliate of the Alliance for Retired Americans
1953 South Beretania Street, Suite 5C, Honolulu, Hawaii 96826*

Submitted by email to: FINtestimony@capitol.hawaii.gov

Testimony of Al Hamai in support of SB2609, SD1, HD1, Re: Min. Wage Increase

House Committee on Finance

April 2, 2014, 2 p.m. Conference Room 308

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

HARA strongly supports SB2609, SD1, HD1, which proposes to increase the minimum wage annually to \$10.10 on January 1, 2018.

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

We urge your Committee to keep your "eyes on the prize" and do the right thing to provide an increase in the minimum wage, as proposed. Based on your findings in Section 1 of the bill, there is no dispute on the need to increase the minimum wage. If there is disagreement on the controversial tip credit, why not simply suspend the implementation of the current tip credit and ask the employers to report back on the impact of the suspension. The main thing is to increase the minimum wage of our lowest paid workers. Clearly, there is a strong **public policy interest** in increasing the minimum wage. What is the public policy interest in continuing to subsidize only a certain group of employers, who use the tips received by their employees to reduce their payroll costs? We think none to trump this very important public policy interest to increase the minimum wage.

We urge your Committee to approve SB2609, SD1, HD1 not only for the benefit of our lowest wage earners but in the public policy interest toward making our state an even better place to live.

Mahalo and Aloha.

HARA Affiliates: HGEA Retirees, HSTA-Retired, ILWU Retirees, UPW Retirees, AFT Retirees, Kokua Council, Hawaii Family Caregivers Coalition, Kupuna Education Center.

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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 2609 Relating to Minimum Wage
House Committee on Finance
Scheduled for Hearing April 2, 2014, 2:00 PM, Room 308

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

Thank you for the opportunity to testify in strong support of incrementally raising the minimum wage to \$10.10. We respectfully urge that the Committee amend SB 2609 to: increase the minimum wage to **\$10.10 in three years**, with an increase to **\$8.20** or more **by 2015**; repeal the tip credit; and automatically **index the minimum wage to increases in the Consumer Price Index** after 2017.

Hawai'i has the highest cost of living in the nation, at almost 60 percent above the national average, yet our minimum wage of \$7.25 is as low as the federal level. Meanwhile, we have the ninth highest rate of poverty at 17.3 percent. The impact of poverty on children's education, health, and overall well-being is clear, and thousands of Hawai'i's low-income workers who would be affected by an increase in the wage to \$10.10 contribute substantially to the household's income. Raising the wage makes sense: a growing body of research has established that raising the minimum wage does not decrease jobs (as evidenced by Hawai'i's own experience), but that it does reduce poverty and stimulate the economy.

We would also like to comment on the importance of the schedule of the wage increase, the repeal of the tip credit, and indexing future increases to the CPI.

Schedule of the wage increase: It is critical that the minimum wage reaches **\$10.10** over the course of **three years**, with a significant increase of **at least \$0.95 in the first year**. This schedule is needed because workers have gone eight years without a raise and lost buying power. Testimony from business owners has argued that this increase would impose a severe hardship. However, this burden is largely overstated: because it has been so many years without a raise, market forces have caused many workers to receive slightly above minimum wage. For example, one restaurant owner indicated in testimony that he can only fill dishwasher positions by paying around a dollar above the current minimum wage. These market effects, where wages in low-paying jobs have gradually inched up, mean that the initial hikes in the minimum wage—while still below what they should be—should not impose a dramatic hardship on employers. Meanwhile, those working at the minimum wage have no ability to unilaterally raise their own earnings and seen their buying power decrease.

Tip credit: We strongly support the **repeal of the tip credit** so that workers keep all of the gratuities that they have earned for their service. Customers' appreciation of quality service should go to the worker who provided this service, not to subsidize the employer's ability to pay below the minimum wage. But while we oppose the tip credit as a policy matter, we are open to the "trigger" provision, which would allow a tip credit only if the employee earned at least 250 percent of the poverty guidelines. This provision would help strike a balance between the concerns of employers and the needs of service workers to make a modest living. We appreciate the legislature's efforts to focus on minimum wage as a means to address poverty.

Indexing to the Consumer Price Index: In order to ensure that our workers do not lose ground again, we support maintaining the buying power of minimum wage workers by **tying future increases in the wage to the Consumer Price Index**. As a matter of efficiency, this would spare the legislature from having to regularly revisit the issue. But most importantly, it will prevent workers from going years without a raise, as they have for almost the last eight years.

Business owners have frequently argued that indexing future increases to the CPI would be too unpredictable. However, this argument makes little sense in light of the alternative—legislation setting increases at a numerical amount years in advance of implementation. If the minimum wage had been raised by \$0.95 over the course of eight years, businesses would have seen an annual increase in the minimum wage of \$0.12. Instead, any raise now will require a much larger increase in a far shorter time period. If anything, the CPI, which is calculated using a representative basket of goods, would be more predictable than fixed increases set by the legislature years prior to implementation. It is much harder to anticipate 2017's economic climate and what the optimal increase would be than it would be to predict annual changes in the CPI.

Businesses already must account for variations in other costs that are beyond their control and may also be unpredictable, such as rents, food, or electricity. Adjusting to these costs is part of running a business, and there is no reason that the minimum wage should not be similarly adaptive so that low-income workers can make ends meet. Workers face the same unpredictability when trying to afford basic necessities, but they have limited opportunities for increased earnings. Meanwhile, a business can pass along increased costs to its customers, and because all businesses face similar cost increases, there remains a level playing field across the industry. But when a minimum wage worker faces these same cost increases, she must hope that government assistance or private charities will fill the gap, or else she will face the consequences of not being able to afford basic necessities—hunger, homelessness, poor health, and the many other devastating results of poverty.

In conclusion, the claims that an increase to \$10.10 over three years, repeal of the tip credit, and indexing future increases to the CPI will have a ruinous impact on business owners simply do not stand up to scrutiny. Hawai'i can do better for our low wage workers—and we must. It's time to raise the minimum wage so that our workers receive a fair day's pay for a fair day's work.

Again, thank you for the testify in strong support of increasing of the minimum wage to **\$10.10 over three years**, with an increase to at least **\$8.20 by January 2015**, **elimination of the tip credit**, and **indexing future increases to the CPI**.



TESTIMONY IN SUPPORT OF SB 2609: Relating to Minimum Wage

TO: Representative Sylvia Luke, Chair, Representative Scott Y. Nishimoto, Vice Chair, Representative Aaron Ling Johanson, Vice Chair, and Members, Committee on Labor and Public Employment

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawai'i

Hearing: Wednesday, April 2, 2014; 2:00 pm; Conference Room 308

Thank you for the opportunity to testify on SB 2609, which increases the minimum wage rate to \$10.10 per hour beginning 1/1/18, changes the tip credit and includes a tip credit activation trigger based on the employee's income level. **I am testifying in support of SB 2609: Relating to Minimum Wage.**

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

Many of the vulnerable in Hawai'i are the working poor, people who earn low wages through hard work but due to our high cost of living struggle to make ends meet. We serve these low-income workers in our programs. They are sometimes homeless, often barely able to avoid homelessness, or working several jobs to juggle the basic expenses of their families. These workers are parents who try very hard to support their own families but often must also rely on some type of public or charitable assistance to raise their children.

The proposed minimum wage increase to \$10.10 will help to restore the dignity of the working poor, people who are currently not being paid wages that allow them a decent level of economic stability. On a practical note, it will put us in line with the proposed Federal minimum wage increase. Regarding the schedule, we prefer an implementation date of 1/1/17 for the \$10.10 rate and a higher rate of increase on 1/1/15 than the \$0.50 that is currently in the bill because minimum wage workers have already been waiting too long for a raise.

We support the tip credit activation trigger at 250% of the federal poverty level or higher. We agree that this will protect the lowest wage earners, who are most vulnerable to poverty and its harmful effects.

We appreciate all of the work that has been put into this issue and bill. We are very grateful that the Legislature is committed to decreasing poverty among the working poor. In the future, we hope to revisit tying future changes to the minimum wage to the consumer price index in a way that will address the needs of all islands and allow the wage to be one that respects the dignity of our workforce. Tying the minimum wage to the consumer price index is more likely to result in small, regular increases to the minimum wage than the current legislative process produces. This should be better for both the workforce and employers to cope with.

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



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808)527-4810 • trisha.kajimura@catholiccharitieshawaii.org





PARTNERS IN CARE Oahu's Coalition of Homeless Providers

TESTIMONY IN SUPPORT OF SB 2609 SD1 HD1: RELATING TO MINIMUM WAGE

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

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

Hearing: Wednesday, April 2, 2014, 2:00 PM, Room 308

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

Thank you for the opportunity to provide testimony **in strong support** of SB 2609 to raise the minimum wage to \$10.10. I am Peter K. Mattoon, and I am an Advocacy Committee Co-Chair for Partners in Care (PIC), a coalition of care providers focusing on the needs of homeless persons and strategies to end homelessness.

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

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

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

Adequate wages for all of our families are critical to ending and addressing homelessness. This bill will help families escape poverty. We do respectfully ask the committee to amend the bill so that the minimum wage is raised to **\$10.10 by 2017** and to index future increases in the wage to the Consumer Price Index. Again, thank you for the opportunity to testify in **strong support** of SB 2609.

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

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

Dear Chair Luke and committee members,

LATE

I am Barbara Service, a retired Child Welfare social worker and a member of AARP and Kokua Council.

I am providing testimony in strong support of SB2609 SD1, HD1. The minimum wage must increase, as soon as is practicable, to \$10.10 and the tip credit should be eliminated. Even at \$10.10, minimum wage workers earn little more than \$20,000 per year. Some families pay \$18,000 just for rent. The tip credit enables employers to pay their workers even less than minimum wage.

Hawaii's minimum wage has not increased since 2007. This is the most expensive state to live in; yet 21 states have higher minimum wage than Hawaii.

Additionally, the minimum wage needs to be tied to the CPI.

Thank you for the opportunity to provide testimony in strong support.

I urge the committee to pass SB2609 ,SD1, HD1.

Barbara J. Service



To: House Committee on Finance
From: Shaughn Helliar
General Manager
Hearing: April 2, 2014
RE: SB2609, Relating to Minimum Wage

Duke's Beach House Maui is in **support** of the intent to increase wages for lower wage earners with the following amendments:

- **250% of the poverty level is vague. We are not sure how this would be calculated. If you want to tie it to a minimum wage, have it tied to an hourly wage, not an annual wage.**
- **Keep tipped employees pay rate at \$7.00 by increasing the tip credit as the wage goes up.**

An increase in the tip credit will create greater equity in wages by not furthering the gap between tipped and non-tipped employees.

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

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

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

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

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

Thank you for your efforts.

Dukes Beach House Maui Management.

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

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 01, 2014 11:51 AM
To: FINTestimony
Cc: rswindell@bridgedeck.org
Subject: Submitted testimony for SB2609 on Apr 2, 2014 14:00PM
Attachments: Minimum Wage Testimony (FIN 4-1-14).bmp

SB2609

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Swindell	IOMM&P	Support	Yes

Comments:

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

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HAWAII PORTS MARITIME COUNCIL

affiliated with

Maritime Trades Department

AMERICAN FEDERATION OF LABOR and CONGRESS OF INDUSTRIAL ORGANIZATIONS

606 Kalihi Street Honolulu, Hawaii 96819

TELEPHONE: (808) 845-5222

FAX: (808) 841-1191

April 1, 2014

Member Unions:

*International Brotherhood of
Boilermakers, Iron Ship
Builders, Blacksmiths,
Forgers and Helpers
Lodge 627*

House Committee on Finance, Room 306
Sylvia Luke, Chairperson, and Committee Members

*International Brotherhood of
Electrical Workers Local 1260*

RE: Testimony in support of S.B. 2609

*International Union of
Elevator Constructors
Local 126*

While we strongly support a minimum wage increase of \$10.10 hourly or more, within three years, with CPI, and a repeal of the tip credit. We urge the Committee to support S.B. 2609 so that our minimum and low wage workers get a well-deserved raise.

*Hawaii Government
Employees Association,
AFSCME Local 152*

*Hawaii Pilots Association,
MM&P Pilots Division*

*Inlandboatmen's Union
of the Pacific*

Sincerely,

*International Longshore and
Warehouse Union Local 142*




*Laborers' International Union
of North America Local 368*

Randy Swindell
President

Hazel Galbiso
Secretary-Treasurer

*Marine Engineers'
Beneficial Association*

*Marine Firemen,
Watertenders, Oilers & Wipers*

*Masters, Mates and Pilots,
Offshore Division*

Sailors' Union of the Pacific

Seafarers International Union

*United Food and Commercial
Workers International Union
Local 480*





HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

Testimony of George Szigeti
President & CEO
HAWAI'I LODGING & TOURISM ASSOCIATION
Committee on Finance
Hearing on April 2, 2014, 2:00 p.m.
Senate Bill 2609 SD1 HD1 Relating to Minimum Wage

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee. My name is George Szigeti and I am the President and CEO of the Hawai'i Lodging & Tourism Association.

The Hawai'i Lodging & Tourism Association (HLTA) is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms that benefit from and strengthen Hawai'i's visitor industry. Our membership includes over 150 lodging properties, representing over 48,000 rooms, and approximately 470 other Allied members. The lodging industry alone employs over 38,000 workers across the state of Hawai'i. As part of the broader visitor industry – which employees 1/6 of all workers and 1/5 of those in the private sector, and generated \$14.5 billion in visitor spending in 2013 – we represent one of Hawai'i's largest industries and a critical sector of the economy.

On behalf of HLTA, permit me to offer these comments regarding SB2609 SD1 HD1, which would increase minimum hourly wage to \$7.75 beginning January 1, 2015, \$8.50 beginning January 1, 2016, \$9.25 beginning January 1, 2017, and \$10.10 beginning January 1, 2018. This bill also proposes to increase the tip credit, with the caveat that an employee must earn at least 250% of the poverty level based upon U.S. Department of Health and Human Services poverty guidelines in order for an employer to take advantage of the credit.

While we are not strongly opposed to an increase in the minimum wage, the Hawai'i Lodging & Tourism Association has **concerns** with the bill as written. A dramatic increase in the minimum wage, even over the course of a few years, will have a negative impact on businesses that now must pay for increased wages without any related growth in profits.

The Hawai'i economy has seen consistent growth over the past few years, much of it driven by the visitor industry; however, the economy remains tenuous. Any increase to the minimum wage should take into account the impact of rising labor costs on Hawai'i businesses, which will be hit with larger wage burdens and increased expenditures for workers' compensation, Social Security taxes, Medicare taxes, temporary disability taxes, and unemployment insurance taxes. In order to meet the additional financial burden, many businesses will face the decision to either cut entry-level jobs or increase the price of their product, both of which are not good for our State.

Thank you for this opportunity to testify.



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

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Laura Smith

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

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: **Wednesday, April 2, 2014 at 2:00 p.m. in Conf. Rm. 308**

Testimony in Support of SB2609 SD1 HD1, Relating to Minimum Wage

Thank you for the opportunity to provide testimony **in strong support** of SB2609 SD1 HD1, which would increase the minimum wage to \$10.10 in four steps starting in January 2015 and ending in January 2018. PHOCUSED is a statewide coalition of health, housing, and human services organizations committed to strengthening policies and programs that benefit the marginalized and underserved in Hawaii. In regards to this issue, our coalition not only represents our member organizations, but also represents the vulnerable populations that our members' serve – providing a voice to low-income workers who are often unable to actively participate in the legislative process due to working multiple jobs or the fear of possible retaliation from their employers.

We appreciate your hard work throughout this session to craft a minimum wage policy that increases wages for low-income workers, while at the same time being sensitive to the needs of local businesses. In particular, on the issue of the tip credit, the current bill provides a fair compromise that exempts low-income tipped workers from being subject to a sub-minimum wage, while also increasing the tip credit for higher income tipped workers to address concerns raised by the restaurant industry. As the debate on this bill continues, we respectfully request your committee to also consider the following:

- **Hawaii's minimum wage was last increased in 2007 and workers deserve a quicker implementation schedule for wage increases.**

This bill increases the minimum wage to \$10.10 over four years starting with a 50-cents increase effective January 1, 2015 – ***eight years since the last minimum wage increase***. While Hawaii's cost of living has increased by huge margins since 2007, the proposed minimum wage increase in the first year will equate to less than a 7% increase. This pales in comparison to increases in basic living costs (i.e. rent, utilities, and food). For example, Hawaii's median rent increased 45% between 2005-2012 alone. Hawaii's minimum wage workers deserve a more significant increase in the first year of at least \$1.00, and the increase to \$10.10 should occur over a shorter period of time – three years, instead of four.



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

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John McComas
Robert Naniole
Ruthann Quitiquit
Darcie Scharfenstein
Alan Shinn
Laura Smith*

- **Indexing the minimum wage to the Consumer Price Index (CPI) would benefit BOTH workers and businesses**

In previous hearings, the business community has shared concerns that a sudden, large increase in minimum wage may have detrimental impact on employers. However, as mentioned above, a large initial increase in minimum wage is justified because by January 2015 it will be **eight years since the last minimum wage increase**, while basic living costs (i.e. rent, food, utilities, etc.) have all gone up significantly. Moving forward, a simple solution to avoid another large unexpected pay increase for employers and to ensure minimum wage keeps up with living costs, would be to index the minimum wage to the CPI as was suggested in previous versions of this bill. Business owners regularly project for increases in operating costs such as rent and utilities, and should be able to similarly project for increases in labor cost. Indexing minimum wage to CPI allows employers to predict future wage increases, and ensures that wages increase modestly over time rather than spike unexpectedly with little time to prepare. There are currently 13 states that have successfully indexed their minimum wage to CPI with no detrimental impact on their economies.

In closing, we understand that minimum wage increase is a complex issue, and we appreciate the legislature's willingness to listen to multiple perspectives. We believe that the two points raised above are ones of fairness and, in particular, we believe that indexing the minimum wage to the CPI would benefit both workers and businesses in the long run.

Once again, PHOCUSED strongly supports this bill, and appreciate your consideration of our testimony as you continue your deliberations on this matter. If you have any questions, please do not hesitate to contact our office at 521-7462 or by e-mail at admin@phocused-hawaii.org.



Planned Parenthood of Hawaii

To: Hawaii State House of Representatives Committee on Finance
Hearing Date/Time: Wednesday, April 2, 2014, 2:00 p.m.
Place: Hawaii State Capitol, Rm. 308
Re: Testimony of Planned Parenthood of Hawaii in support of S.B. 2609, SD1, HD1

Dear Chair Luke and Members of the Committee on Finance,

Planned Parenthood of Hawaii writes in support of S.B. 2609, SD1, HD1, which seeks to increase the minimum wage.

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

Thank you for this opportunity to testify.

Sincerely,

Laurie A. Temple
Director of Public Affairs & Government Relations

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

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

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

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





To: House Committee on Finance

From: Dianne Vicheinrut
General Manager

Hearing: April 2, 2014

RE: SB2609
Relating to Minimum Wage (**TIP CREDIT**)

We are in **support of the intent** to increase wages and request the following **amendment**.

- A state tip credit that correspondingly increases with the projected minimum wage increase. Keep the tipped employees pay rate at \$7.00 an hour.
- If you want to set a wage threshold, have it correspond to an hourly rate, not an annual rate. Many of our employees work only part of the year or 1-2 days a week by choice, they should not be paid at a higher wage than our employees who are available full time.

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

An increase in the tip credit will continue to enable Hula Grill Waikiki to pay BOH employees above minimum wage and create more equity in wages.

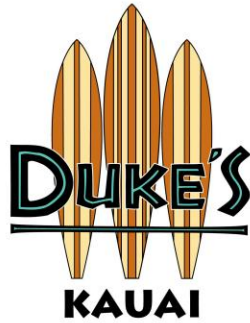
Hula Grill Waikiki has 120 employees. Approximately 85 work in the front of the house as greeters, bussers, bartenders, and servers. Most earn \$7.25 less tip credit of \$0.25 an hour plus tips. We agree that their income varies and some days are better than others but disagree that they are low wage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

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

We understand that the goal of increasing minimum wage is to offer a higher standard of living for those making minimum wage. **Tipped employees are not minimum wage workers**. If minimum wage is increased, correspondingly increase the tip credit. This way, restaurants can increase wages for the non-tipped employees who would benefit the most.

Aloha,
Dianne Vicheinrut
General Manager

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



To: Representative Luke, Chair
House Committee on Finance

From: Jaime Arreola, Regional Manager Kauai

Hearing Date: April 2, 2014

RE: SB2609
Relating to Minimum Wage **(TIP CREDIT)**

MATCH THE INCREASE IN WAGES WITH AN EQUAL INCREASE TO THE TIP CREDIT

We support the proposal to increase the existing minimum \$7.25 hourly rate, however request a minimum wage increase that correspondingly increases the tip credit. An increase in the tip credit will enable restaurants to create more equity in wages.

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

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

93% of restaurants are small businesses with less than fifty employees. I've spoken with many of these local restaurants on the island of Kauai who have similar concerns. When asked for more specifics to include with my testimony they estimate their tipped employees make minimum \$14 an hour in tips up to \$30 an hour in tips. That does not include their hourly wage. These same restaurants pay \$9-\$16 an hour for Kitchen employees.

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

Creating Equity:

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

Mahalo for your support.

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



To: House Committee on Labor & Public Employment

From: Dylan Ching
General Manager

Hearing Date: April 2, 2014

RE: SB2609-RELATING TO MINIMUM WAGE (TIP CREDIT)

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

If you want to set an amount that the tip credit can be used, base it on an hourly amount. The restaurant industry has many employees who choose to work part time. They should not be paid more than employees who give full time availability.

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

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

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

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

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

Thank you for your support.

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



Hearing Date: April 2, 2014

To The House Committee on Finance,

I'm writing to you, in my capacity as the General Manager/ Partner of Keoki's Paradise (a restaurant located on the island of Kaua'i) in regards to Hawaii Bill Proposal SB2609, Relating to Minimum Wage.

My management team and I are **in support of the intent** to increase wages for low wage earners, but, we would like to request the following amendment for your consideration: **a minimum wage increase that also increases the tip credit accordingly and is not tied to the poverty level which we do not feel should be a factor in setting wages.**

We ask this because we feel that a corresponding increase in the tip credit will enable restaurants (such as ours) to raise the rate of pay for non-tipped employees.

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

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

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

Thank you for your consideration.

Respectfully,

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



LEILANI'S

On the Beach

To: House Committee on Finance

From: Jason Donez
General Manager

Hearing Date: April 2, 2014

RE: SB2609
Relating to Minimum Wage

We support the intent to increase wages for low wage earners. However, due to the industry of which we have chosen to operate a business, we request the following amendment: A minimum wage increase with a corresponding increase to the tip credit. Our tipped workers are not minimum wage workers.

An increase in the tip credit would continue to enable restaurants to keep pay for non-tipped employees above the minimum, thus creating more equality in wages.

The State of Hawaii currently has the lowest tip credit of any state with an allowed maximum tip credit at .25, well below the FLSA credit limit of \$5.12. The next lowest tip credit is \$1.60 for the State of New York with the max tip credit for food service employees in this state at \$2.25.

In addition, Hawaii's minimum cash wage is also the highest of any state with an allowed maximum tip credit at \$7.00, well above the FLSA minimum limit of \$2.13. The next highest state is Connecticut at \$5.69 with the exception of only bartenders in this state which earn \$7.31 after the max tip credit is applied.

Leilani's on the Beach employs 195 Maui residents. Approximately 150 work in the front of the house, although their hourly rate is \$7.25 minimum wage less tip credit of .25 an hour, with tips, their average was \$22.67 an hour. The most entry-level front of house employee averaged \$15.14 an hour!

Conversely, our non-supervisory Kitchen employees average \$13.87 an hour with none of them working at the minimum wage. The proposed increase would not increase their wages and in fact would most likely lower them over time. Restaurants will be hard pressed to continue to raise the rates above minimum of their back of the house/kitchen staff. Also, wages for potential new hires may be reduced, resulting in greater challenges to staff these positions.

We feel the current bill has the opposite effect of the intent and will provide a wage increase to the wrong group of employees. An increase in minimum wage, along with an increase in the tip credit (Hawaii would still exceed the minimum and maximum requirements of the FLSA in these areas) means restaurants can continue to increase wages over time for their non-tipped employees who would benefit the most.

Thank you for your efforts.



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

From: Melanie Bailey
T S Restaurants Hawaii
Human Resources Manager
808-277-5121

Hearing: April 2, 2014, 2pm

RE: SB2609, Relating to Minimum Wage

We are in **support** of the intention to increase wages for low wage earners and are encouraged to see the language in this current draft.

We appreciate the introduction of a wage threshold that is tied to the poverty level but feel the intent of a minimum wage law is to set a guaranteed minimum wage. It should not matter if the minimum wage comes from commission, tips, salary, or hourly wage. The intent is a minimum.

President Obama's "Fair Minimum Wage Act" proposes that as minimum wage rises the tip credit would remain at **70%** of minimum wage. Why? Because the intent of a minimum wage does not specify where the wage comes from. It can come from commission, tips, state taxes, the employer or a contractor. The intent is to set a minimum.

From that proposal we suggest the following:

Minimum Wage for Tipped Employees shall be not less than \$ 7.00 an hour, or ~~70~~ 30 percent of the applicable minimum wage in effect, rounded to the nearest multiple of \$.05.

We hear the concern over the variability of customer tips, appreciate the attempt in the House version to tie it to the poverty level, but have some concerns about how to determine that number. We propose an increase to the following language which is unique to Hawaii. This would ensure an hourly rate of at least \$3 (or more) over minimum wage in order to claim the tip credit.

The hourly wage of a tipped employee may be decreased as long as the combined amount the employee receives from the employer and in tips is at least ~~\$3.00 50-cents~~ \$3.00 more than the applicable minimum wage.

T S Restaurants is a family owned company with eight locations on Oahu, Maui, and Kauai, employing 1,400 Hawaii residents.

Many in testimony have quoted tipped employees average hourly wage to be less than ten dollars an hour. We strongly disagree with that statement. We believe restaurants provide an above average wage to employees at entry level and beyond.

Tipped versus Non-Tipped Employees: In our company, two-thirds of our employees make \$7.25, less the \$.25 tip credit an hour, plus tips; they are the “front of the house” employees: Servers, Bartenders and support personnel like Bussers. In 2013, with tips they average \$23 an hour. This is consistent with other restaurants of all sizes that we have spoken with. As a result of tips earned, Front of the House employees are not minimum wage earners. Many work part time with school and family obligations but based on forty hour weeks that would be an annual income of **\$47,000**. Their income has slowly risen and will keep rising through the years as menu prices increase. Higher check average = more tips. In fact, an increase in the minimum raise, will increase their annual income, since menu prices will increase and therefore their tips.

Unfortunately, this is not the case for other restaurant employees. Unlike tipped staff, most “back of the house” kitchen employees’ (dishwashers, cooks, and cleaning staff) work full time. Currently, our restaurant kitchen wages range from \$10-\$20 an hour, averaging \$13.76.

Small restaurant research: 93% of restaurants are small businesses having less than 50 employees. We have been asked what those employees make. We promised business owners that the names would not be submitted in public testimony.

	Island	Years Open	# of Employees	Hourly Kitchen Employees’ Wages	Hourly Tipped Employees’ Wages
	Kauai	6	25	\$9-13	\$7 plus @\$25 tips/hr
	Kauai	2 ½	30	\$10-16	\$8 plus @\$14-20 tips/hr
	Kauai	3	8	\$10-12	\$7 plus @\$20 tips/hr
	Kauai	6	20	\$9-14	\$7 plus @\$25-30 tips/hr
	Kauai	6	30	\$10-13	\$7 plus @\$30 tips/hr
	Hawaii	25	55	\$15 plus	Up to \$20 non-tipped About \$48 for tipped at \$7/hr
	Maui	15	25	\$12-18	\$12-14 plus \$30-33 in tips/hr
	Oahu	9		\$9.50-15	\$35 hour with tips
	Oahu	2	30	\$9-12	\$7.25-9 plus @\$20 tips/hr
	Oahu	8	50	\$7.50-11	\$7.25 plus tips vary
	Oahu	66	15	\$7.25-16	\$7.25-8.75 plus @\$13 tips/hr
	Oahu	2	16	\$9-12	\$8-9 plus @ \$20/tips/hr

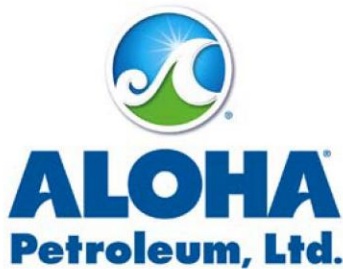
Negative Impact on Non-Tipped Restaurant Employees, without an increase in Tip Credit : A minimum wage increase will immediately raise the menu prices in all Hawaii restaurants. Our primary concern is to insure that the increase in minimum wage benefits primarily our Kitchen employees whose wages are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

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

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

Creating Equity: If minimum wage is increased, correspondingly increase the tip credit. This way, restaurants can fairly compensate non-tipped employees who would benefit the most from a higher minimum wage.

Thank you for your time. Mahalo!



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

FROM: Richard Parry
President and Chief Executive Officer of Aloha Petroleum, Ltd.

HEARING DATE: Wednesday, April 2, 2014
TIME: 2:00 p.m.
PLACE: Conference Room 308, State Capitol

RE: Testimony in Opposition to Senate Bill No. 2609, SD1, HD 1 Relating to the Minimum Wage

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the House Committee on Finance, I am Richard Parry, President and Chief Executive Officer of Aloha Petroleum, Ltd. ("Aloha Petroleum").

Aloha Petroleum submits this testimony in opposition to Senate Bill No. 2609, SD1, HD 1 relating to the Minimum Wage, which is before your Committee for a hearing.

While Aloha Petroleum is sympathetic to the intent of Senate Bill No. 2609, SD1, HD 1, the passage of this Bill will adversely impact our company as well as many small businesses and the overall economy in Hawaii. We also believe that this bill will actually hurt the lower wage employees that it purports to help.

Like many businesses that employ workers at or near the minimum wage, Aloha Petroleum's convenience stores provide an entry point to the work place for many people who do not have the training or experience to work elsewhere in higher paying jobs. This includes many unskilled women returning to the workforce, recent immigrants to the U.S., and others. While they are being paid at or near the minimum wage, these employees receive valuable training and benefits and opportunities for advancement.

In Aloha Petroleum's case, employees receive anywhere from \$8.00 - \$10.00 per hour starting pay, depending on experience and location, and they also receive a formal three-day training course upon hiring and regular continuing training thereafter. Employees also receive a 25-cent per hour increase and enhanced benefits upon satisfactory completion of three months of work, and receive additional periodic pay



increases and enhanced benefits thereafter. Examples of enhanced benefits include sick leave, medical, drug and vision insurance, as well as dental insurance and life and long term disability insurance.

Aloha Petroleum currently employs over 500 employees and roughly 360 of those employees work at about 42 convenience stores statewide. While no Aloha Petroleum employees actually work at the minimum wage, all our convenience store employees would be affected by the proposed increase by what is known as “wage compression” since their pay would also need to be increased to provide equity. As wages rise, so do the premiums for the cost of Social Security, Medicare premiums, unemployment compensation insurance, and worker’s compensation, as these required coverages are all based on the employee’s wages.

The minimum hour wage increases proposed in Senate Bill No. 2609 will cause substantial financial burdens on the operations of locally run businesses like Aloha Petroleum. Aloha Petroleum estimates that the labor cost impact of the proposed minimum hourly wage increases on Aloha Petroleum alone will be more than \$300,000 in the first year and over \$1.7 million per year by 2018.

Cost increases of this magnitude leave us with 4 options: (1) We can try to pass the costs on to customers through higher prices; (2) We can hire fewer entry-level workers or reduce the number of employees; (3) We can reduce the numerous and enhanced benefits that are currently provided to employees; or (4) We can reduce profitability. All of these options have negative consequences for our employees, for the company and for Hawaii as a whole.

An example of benefits Aloha Petroleum would need to reconsider includes temporary disability insurance, which Aloha Petroleum currently provides its employees at no charge. Again, in addition to the medical insurance coverage required under Hawaii law, Aloha Petroleum provides employees with drug, vision, and dental insurance, which are not required by law, at only a 1.5% charge of their average monthly wage to the employees. Moreover, Aloha Petroleum provides its employees with paid sick leave, vacations, and holidays. To the detriment of the employees, these and many other benefits may have to be eliminated or downgraded if labor costs are increased for businesses as a result of increasing the minimum hourly wage.

Reducing Aloha Petroleum’s profitability substantially would threaten the company’s viability in the long run particularly in light of other ever increasing costs to administer and comply with the State’s complex and onerous laws and regulations, and decreasing demand for motor fuels.



The most likely option in these circumstances is to reduce the number of employees in our convenience stores. The economics of the convenience store industry in Hawaii do not support the type of wage increase proposed in this law. The large size of these increases and rapid implementation during a relatively short period will likely cause considerable disruption in the labor market, because it will not only be limited to entry level positions but will also likely have a ripple effect on most wages across the state, with a particularly hard impact on the state's small businesses.

For the above reasons, Aloha Petroleum opposes Senate Bill No. 2609 SD1, HD 1 relating to increasing the minimum wage. Thank you for the opportunity to testify in opposition to this bill.

TO: House Finance Committee

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

RE: SB2609 - Relating to Minimum Wage (Increase the Tip Credit)

Aloha,

I am writing this letter in support of the April 2, 2014 hearing to increase the minimum for low wage earners. I am in support with amendments.

1. Have the tip credit increase the same as the minimum wage increase.
2. Do not tie the wage to the poverty level, that is too abstract of a concept

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

Hula Grill employs approximately 200 employees. Of those employees, about 120 receive tips. They are paid \$7.00 per hour with a .25 an hour tip credit but with tips they average from a low of \$18.47 up to a high of \$34.72. Your intentions are not to give this pay group a raise!

Our kitchen staff currently averages \$14.05 per hour, none are paid minimum wage. When the increase of minimum wage goes through, it could affect this group of employees negatively. If the tip credit does not increase, not only will Kitchen employees not receive a raise from the increase, we will be forced to pay the servers, bus staff etc. more, taking away future money that would be available to keep kitchen wages above minimum.

Hawaii restaurants are a huge source of income for the state but need to make a profit to continue to contribute. Thank you for your time and consideration.

Thank You,

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



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

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

RE: **SB 2609, SD1, HD1 - Relating to Minimum Wage**

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

SAG-AFTRA Hawaii Local represents over 1,000 professional performers and broadcast journalists. We support SB 2609, SD1, HD1 but urge the Legislature to **reconsider** and increase the minimum wage to \$10.00/hour or more and to repeal the tip credit effective in January 1, 2015, for at least three reasons.

First, it makes good economic sense. The minimum wage is currently \$7.25 an hour or \$15,080 a year. Adjusted for inflation, that's lower than it was in 1968. Raising the minimum wage to \$10.10 an hour provides our workers with more money to spend and to invest, increasing economic activity and growth. In fact, recent studies conclude that raising the minimum wage makes workers more productive and therefore helps businesses retain profitability -- a conclusion affirmed by Gap Inc.'s recent decision to raise the minimum wage for its employees to \$10.10 an hour.

Second, it's good for women, who account nationally for roughly two-thirds of workers whose incomes would rise by increasing the minimum wage to \$10.10 an hour. They are our daughters, sisters and mothers who are often the only breadwinners in their families. They currently work 40 hours a week to make just \$14,500 a year. Our country is in a stronger position when women are in a stronger economic position. We need to make that a reality.

Third, it's the right thing to do. No American working 40 hours or more a week deserves to live in poverty.

Aloha,

David C. Farmer
President, SAG-AFTRA Hawaii Local

Brenda Ching
Executive Director, SAG-AFTRA Hawaii Local

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

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 01, 2014 3:39 PM
To: FINTestimony
Cc: ciAlohaAdvocate@yahoo.com
Subject: Submitted testimony for SB2609 on Apr 2, 2014 14:00PM
Attachments: Zonta Club's Support of Min Wage Increase SB2609 copy.pages.zip

SB2609

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Charlene Iboshi	Zonta Club of Hilo	Support	No

Comments: The Zonta Club of Hilo is support of the SB 2609, but recommends deletion of the tip credit and providing a standardized index for future increases. Please let me know if you cannot open my document. Aloha Charlene Iboshi Advocacy Chair, Zonta Club of Hilo

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

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finance1

From: Carmelita Dayao-Phillips <cspd@kyd-inc.com>
Sent: Monday, March 31, 2014 5:49 PM
To: FINTestimony
Subject: Testimony in Strong Opposition to SB 2609

Dear Finance Testimony,

TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE Rep. Luke, Chair Rep. Nishimoto and Rep. Johanson, Vice Chairs
April 2, 2014

Testimony in Strong Opposition to SB 2609

Please consider the negative impacts a minimum wage increase will have on Hawaii business and the Hawaii economy. Please vote no SB 2609.

This bill will have drastic and long-term negative effects on my business, my customers, and my employees. Please stop this bill now.

If you are intent on passing a minimum wage increase please lower the increase to no more than 25 cents a year over three years.

The cost of employing someone is more than just the cost of their wages, and the pay structure of all employees is linked. A minimum wage increase will cost my business much more than the amount of the increase itself. This affects every aspect of my business, especially the number of employees I can afford to maintain and the prices I can charge.

Increases of more than 25 cents a year make budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. We all already pay such high prices for food and other goods in Hawaii, and I know that driving prices up even more is something we all want to avoid. I also know that eliminating jobs is something we all want to avoid.

Due to the highly competitive nature of the food industry, businesses like mine operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer, with good wages and benefits, and I want to continue to give my customers the quality products they need at prices they can afford. I want to continue to contribute to the economy in my community and our state. Increasing minimum wage so much so quickly could compromise my ability to do those things.

For these reasons I ask that you all please vote no on this destructive measure.

I thank you for your time and for your service to our community as an elected official.

Sincerely,

Carmelita Dayao-Phillips
43 Prospect St
Honolulu, HI 96813

finance8-Danyl

From: Bruce Yokochi <bruceyokochi.tamuras@hawaiiantel.net>
Sent: Monday, March 31, 2014 4:06 PM
To: FINTestimony
Subject: Testimony in Strong Opposition to SB 2609

Dear Finance Testimony,

TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE Rep. Luke, Chair Rep. Nishimoto and Rep. Johanson, Vice Chairs
April 2, 2014

Testimony in Strong Opposition to SB 2609

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Increases of more than 25 cents a year make budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. We all already pay such high prices for food and other goods in Hawaii, and I know that driving prices up even more is something we all want to avoid. I also know that eliminating jobs is something we all want to avoid.

Due to the highly competitive nature of the food industry, businesses like mine operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer, with good wages and benefits, and I want to continue to give my customers the quality products they need at prices they can afford. I want to continue to contribute to the economy in my community and our state. Increasing minimum wage so much so quickly could compromise my ability to do those things.

For these reasons I ask that you all please vote no on this destructive measure.

I thank you for your time and for your service to our community as an elected official.

Sincerely,

Bruce Yokochi
835 Ainapo St
Honolulu, HI 96825

finance8-Danyl

From: Nelson Okumura <nokumura@vipfoodservice.com>
Sent: Monday, March 31, 2014 4:10 PM
To: FINTestimony
Subject: Testimony in Strong Opposition to SB 2609

Dear Finance Testimony,

TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE Rep. Luke, Chair Rep. Nishimoto and Rep. Johanson, Vice Chairs
April 2, 2014

Testimony in Strong Opposition to SB 2609

Please consider the negative impacts a minimum wage increase will have on Hawaii business and the Hawaii economy. Please vote no SB 2609.

This bill will have drastic and long-term negative effects on my business, my customers, and my employees. Please stop this bill now.

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Increases proposed in SB 2609 budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. We all already pay such high prices for food and other goods in Hawaii, and I know that driving prices up even more is something we all want to avoid. I also know that eliminating jobs is something we all want to avoid.

Due to the highly competitive nature of the food industry, businesses like mine operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer, with good wages and benefits, and I want to continue to give my customers the quality products they need at prices they can afford. I want to continue to contribute to the economy in my community and our state. Increasing minimum wage so much so quickly could compromise my ability to do those things.

For these reasons I ask that you all please vote no on this destructive measure.

I thank you for your time and for your service to our community as an elected official.

Sincerely,

Nelson Okumura
36 Kunihi Ln Apt 223
Kahului, HI 96732

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 31, 2014 8:43 PM
To: FINTestimony
Cc: gfarstrup@msn.com
Subject: *Submitted testimony for SB2609 on Apr 2, 2014 14:00PM*

SB2609

Submitted on: 3/31/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Greg and Pat Farstrup	Individual	Support	No

Comments:

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finance1

From: Lawrence Hoggan <Lawrence.Hoggan@ppetrol.com>
Sent: Tuesday, April 01, 2014 9:03 AM
To: FINTestimony
Subject: Testimony in Strong Opposition to SB 2609

Dear Finance Testimony,

TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE Rep. Luke, Chair Rep. Nishimoto and Rep. Johanson, Vice Chairs
April 2, 2014

Testimony in Strong Opposition to SB 2609

Please consider the negative impacts a minimum wage increase will have on Hawaii business and the Hawaii economy. Please vote no SB 2609.

This bill will have drastic and long-term negative effects on my business, my customers, and my employees. Please stop this bill now.

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Increases of more than 25 cents a year make budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. We all already pay such high prices for food and other goods in Hawaii, and I know that driving prices up even more is something we all want to avoid. I also know that eliminating jobs is something we all want to avoid.

Due to the highly competitive nature of the food industry, businesses like mine operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer, with good wages and benefits, and I want to continue to give my customers the quality products they need at prices they can afford. I want to continue to contribute to the economy in my community and our state. Increasing minimum wage so much so quickly could compromise my ability to do those things.

For these reasons I ask that you all please vote no on this destructive measure.

I thank you for your time and for your service to our community as an elected official.

Sincerely,

Lawrence Hoggan
1311 Palama St
Honolulu, HI 96817

finance1

From: Blake Yokotake <Blake_Yokotake@7-11.com>
Sent: Tuesday, April 01, 2014 9:49 AM
To: FINTestimony
Subject: Testimony in Strong Opposition to SB 2609

Dear Finance Testimony,

TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE Rep. Luke, Chair Rep. Nishimoto and Rep. Johanson, Vice Chairs
April 2, 2014

Testimony in Strong Opposition to SB 2609

Please consider the negative impacts a minimum wage increase will have on Hawaii business and the Hawaii economy. Please vote no SB 2609.

This bill will have drastic and long-term negative effects on my business, my customers, and my employees. Please stop this bill now.

If you are intent on passing a minimum wage increase please lower the increase to no more than 25 cents a year over three years.

The cost of employing someone is more than just the cost of their wages, and the pay structure of all employees is linked. A minimum wage increase will cost my business much more than the amount of the increase itself. This affects every aspect of my business, especially the number of employees I can afford to maintain and the prices I can charge.

Increases of more than 25 cents a year make budgeting difficult. The end result of this type of increase in minimum wage will be an increase in the price of food and other goods and an increase in unemployment. We all already pay such high prices for food and other goods in Hawaii, and I know that driving prices up even more is something we all want to avoid. I also know that eliminating jobs is something we all want to avoid.

Due to the highly competitive nature of the food industry, businesses like mine operate at a profit margin of about 1 percent. We simply cannot afford to have that margin cut even more. The cost will ultimately be borne by the consumer.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer, with good wages and benefits, and I want to continue to give my customers the quality products they need at prices they can afford. I want to continue to contribute to the economy in my community and our state. Increasing minimum wage so much so quickly could compromise my ability to do those things.

For these reasons I ask that you all please vote no on this destructive measure.

I thank you for your time and for your service to our community as an elected official.

Sincerely,

Blake Yokotake
1755 Nuuanu Ave
Honolulu, HI 96817

To The legislature:

Hawaii is the most beautiful places in the world.

Amazing beaches, food, and some of the nicest people one could meet. I guess this is where we get the saying "Lucky we live Hawaii." But sometimes I think, for someone like me the case is not always true. Providing for a family in Hawaii is one of the most difficult things to do.

I came to Hawaii 7 years ago to find a better life for myself and my family. I have a husband, a son, and a daughter I love and care for. I worked as a parking attendant with the Propark Company and I make \$7.25 an hour. I bring in after taxes only \$430.00 dollars. But sometime I get less hours then I get little less than \$430.00. After rent, health, transportation, educational, and unforeseen expenses I am left with nothing to save.

Like many people in Hawaii, I live in a precarious way living from paycheck to paycheck. The minimum wage here in Hawaii is far too low, especially when we consider how much more everything costs here in Hawaii. Added to this is the fact that there hasn't been a significant increase in the minimum wage while the cost of living has steadily increased.

through the years. With this, I would like to humbly ask you to raise the current minimum wage to something that matches the cost of living here in Hawaii, and will help people live better lives. Please don't just consider my plight but the others who have not voiced their situation and toiling away trying to make a living. Thank you very much.

Sincerely,

Vivianne Katsuta

finance1

From: Cecilia Lazaro <cecilialazaro@ymail.com>
Sent: Tuesday, April 01, 2014 11:44 AM
To: FINTestimony
Subject: Minimum wage increase

Please by all means raise the minimum wage. We the people of Hawaii can not survive on our minimum wage as it is now. Mortgage payment, utility payments, food, rent, medical, everything is so expensive. We live paycheck to paycheck and still struggle to make ends meet.

It costs a lot to live in paradise. Help our children stay on the islands instead of moving away. Raise the minimum wage ASAP.

Thank you,

Cecelia Lazaro
Sent from my iPhone

April 1, 2014

To: Representative Cynthia, Thielen

Subject: Relating labor; minimum wage

Aloha, I am Jessica Dickerson, I am a eleventh grade at Kalaheo High School. Teenage employment is important for the future of Hawaii. By increasing the minimum wage it will affect the young adults and teenagers in two ways. One it will create an incentive to continuing working once employed and secondly to increases chances of future employment.

The employment percentage in Hawaii of 2011, in Kids Count policy report, was at 22 percent, which is below the average for American States. Then the average time of employment for young adults and teenagers is 7 months which appears to be a long time but on average half the people that quit will not go back into the workforce. We are losing half of our teens, but if we give them a small raise just like the adults annual income increase to stay with the economy. This incentive will encourage young adults to continue to be in the workforce because of the increase in pay over the next two years, which is outlined in the bill. It is necessary for teenagers to begin getting involved in the workforce for experience and to become a contributing person in the community.

Besides encouraging us to continue to work, it is also important to educate us about the workforce. Twenty years ago people could get a job without and high school diploma or a degree but that has changed now that all manufacturing jobs moved off shore there is no more employment opinions where you do not need a degree. The young adults and teenagers are America's future, if we all decided not work in the near future our economy will fail. By increasing minimum wage it will make young adults more likely to want to get employed and the more they begin to work, the more likely they are to continue in the workforce as an adult. Being employed also opens the chances to teach us about necessary life skills like communication, public speaking, learning about taxes, and organization skills which will better because we will learn it now and be prepared for the future.

Thank you for your time and consideration, I hope you will support Senate Bill 2609

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 01, 2014 2:02 PM
To: FINTestimony
Cc: lkaili@mebaunion.org
Subject: *Submitted testimony for SB2609 on Apr 2, 2014 14:00PM*

SB2609

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
luke kaili	Individual	Support	No

Comments:

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finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 01, 2014 12:54 PM
To: FINTestimony
Cc: hlusk@chowproject.org
Subject: *Submitted testimony for SB2609 on Apr 2, 2014 14:00PM*

SB2609

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Heather Lusk	Individual	Support	No

Comments:

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April 1, 2014

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

FROM: Rev. Bob Nakata, Social Justice Advocate

HEARING: Wednesday, April 2, 2014 at 2:00 p.m. in Conf. Rm. 308

Testimony in Support of SB2609 SD1 HD1, Relating to Minimum Wage

Thank you for this opportunity to testify in support of this bill with suggested amendments. I am Rev. Bob Nakata, a social justice advocate for over 40 years on many issues and for many organizations, mainly for the Division of Church and Society of the Hawaii District of the United Methodist Church and most recently for Faith Action for Community Equity (FACE).

I strongly supported SB2609 on its original form which called for a minimum wage increase to \$10.10 over three years; elimination of the tip credit, and indexing the minimum wage to the Consumer Price Index (CPI). The current form of the bill raises the minimum wage to \$10.10 in four years; the tip credit applies to tipped employees only after they receive 250 percent in wages and tips beyond the Federal Poverty rate (\$33,000 for a single person) and has no connection to the CPI. This trigger mechanism must be a part of the final bill or the tip credit should be eliminated.

The HD1 would be made much better if the rise to \$10.10 were done in three years rather than four, and the first year increase was \$1.00 rather than 50 cents, considering how long it has been since the last minimum wage increase. I would urge you and the Committee to make these changes to help low wage earners to get out of poverty even faster.

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 01, 2014 3:25 PM
To: FINTestimony
Cc: tito.villanueva@amr.net
Subject: *Submitted testimony for SB2609 on Apr 2, 2014 14:00PM*

SB2609

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tito Villanueva	Individual	Support	No

Comments:

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LATE

To: House Committee on Finance
From: Chris Almeroth, General Manager
RE: SB2609 MINIMUM WAGE – TIP CREDIT
April 2, 2014

Kimo's Restaurant **supports** this version of the bill with the exception of the Tip Credit being tied to the poverty level. **If you would like to set a threshold, as the current law does of .50 over the minimum wage, simply increase the amount.** Tying it to the poverty level does not seem manageable.

As you know, the major concern for us, as an employer of both tipped and non-tipped employees, lies in the need for Hawaii to adjust the tip credit to correspond with the growing minimum wage and ultimately provide fair pay for all those employed at Kimo's Restaurant.

We currently employ 125 employees. Of that number, more than half are minimum waged employees that represent the "front of the house". They comprise our food servers, cocktail servers, bartenders and bussers. These positions are the most sought after, as well as, the positions that we have the least amount of turnover. In 2013 Kimo's tipped employees earning minimum wage less .25 tip credit averaged \$24.98 per hour (\$1.77 an hour more than 2012). Front of house employees income goes up as menu prices go up.

On the other hand, we have the portion of the staff who are non-tipped or the "back of the house"; the cooks, food preps and dishwashers. On average in 2013, these "back of the house" employees made \$13.86 per hour. In our community, we strive to stay competitive with our hourly wage for our staff that provides the support from behind the scenes. We feel all our employees are vital to operating a successful restaurant. However, with the minimum wage increase and the possibility of not increasing the tip credit, it will be these "back of the house" employees who will suffer.

It will be difficult to provide pay increases or highly competitive starting wages to our non-tipped employees without somehow balancing out the two very different but equally important groups that contribute to the staff at Kimo's Restaurant. We believe that an increase to Hawaii's tip credit is the answer...it will enable us as an employer to continue to provide fair wages to all.

Without a change to Hawaii's tip credit...we will create inequality in pay.



3375 Koapaka Street, D-108
Honolulu, HI 96819

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

Wednesday, April 2, 2014

Committee on Finance



RE: Senate Bill 2609, SD1, HD1 Relating to Minimum Wage

Dear Chair Nakashima, Vice Chair Yamashita, and members of the Committee:

We appreciate the opportunity to testify on SB 2609, SD1, HD1 and respectfully submit the following written testimony in opposition to the bill. Times Supermarket is based on Oahu and operates 26 stores with locations in Maui, Kauai and Oahu.

SB 2609, SD1 increases minimum wage rates to \$7.75 per hour beginning on 1/1/15, \$8.50 per hour beginning on 1/1/16, \$9.25 per hour beginning on 1/1/17, and \$10.10 per hour beginning on 1/1/18. This measure also makes changes to the tip credit.

SB 2609, SD1, HD1 has the potential to seriously harm businesses and consumers alike. Thus, we ask that you hold this bill for further discussion.

Thank you for the opportunity to testify.

Respectfully,

Bob Gutierrez
Director of Government Affairs
Times Supermarket



March 18, 2014

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

LATE

FROM: Jeanne Y. Ohta, Co-Chair

RE: SB 2609 SD1 HD1 Relating to Minimum Wage
Hearing: Wednesday, April 2, 2014, 2:00 p.m., Room 308

POSITION: SUPPORT: Increase Minimum Wage/Eliminate the Tip Credit

The Hawai'i State Democratic Women's Caucus writes in support of increasing the minimum wage as proposed in SB 2609 SD1 HD1 Relating to Minimum Wage. However, we continue to oppose any tip credit. Employers simply should not be allowed to pay subminimum wages.

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

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

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

Eliminate the Tip Credit

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

- Tips are voluntary; employers should not be permitted to take more of their employees' hard-earned money so they can pay employees less of their business' profits. Tip credits shift part of the responsibility onto customers to pay a worker's wages. Many of Hawaii's visitors come from countries where tipping is not customary or even appropriate.

¹ U.S. Census Bureau, 2008-2012 American Community Survey

² U.S. Census Bureau, 2008-2012 American Community Survey

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

⁴ Restaurant Opportunities Centers United, February 2012.

- There should be no way to get around paying the set minimum wage. Holding a minimum wage increase for the poorest workers hostage to an increase in the tip credit to boost profits and pitting low wage workers against each other is just wrong. Earnings for “back of the house” workers should not depend on what is paid (or not paid) to “front of the house” workers.
- Seven states and the District of Columbia have NO tip credit (Alaska, California, Montana, Minnesota, Nevada, Oregon, and Washington).
- Employees who are categorized as “tipped” have reported being given more hours working on non-tipped tasks, such as cleaning or busing rather than serving.
- Waiters and servers earn an average of \$26,280 a year (\$12.64/hour) in Hawai‘i while cooks average \$29,200 (\$14.04/hour). The average annual wage for all workers in Hawai‘i is \$39,613 (\$19.04/hour)⁵.
- “Tipped Over the Edge,” by the Restaurant Opportunities Centers United (2012) reports that a typical full-time, year round, female restaurant worker is paid 79% of what her male counterpart earns. Female restaurant workers are paid less than male counterparts for two primary reasons: they are concentrated in lower-paying segments such as quick-serve and family style; and they are not able to access the highest-paying positions in the industry.

Who are Tipped
 Workers?¹
 2 in 3 are women
 1 in 3 are parents
 Half are 30 years old or
 older
 1 in 6 rely on free
 lunches to feed their
 children
 1 in 7 rely on food
 stamps

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

We ask the committee to pass an increase in the minimum wage and to also eliminate the tip credit. Thank you for the opportunity to submit our testimony.

⁵ U.S. Census Bureau, Current Population Survey, 2012, Hawaii data.

S Crawford
Box 552
Holualoa, HI 96725



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

It is absolutely essential to increase the minimum wage.

The minimum wage is not just for teenagers any more. People in their 20's and 30's (and beyond), supporting families in addition to themselves, are now the backbone of minimum wage workers.

Hawaii is the most expensive state in the nation, and living here is difficult for anyone who is making below the national median wage, which is considerably higher than the proposed 2018 minimum wage. I do not want you to throw out the baby with the bath water, but this bill is just a beginning. \$10.10 per hour in 2018 means that we will keep people on financial life support for years to come. We really need to get to \$15 per hour, which is almost a living wage for Hawaii, as soon as possible. Please at least pass this bill to get some badly needed relief.

Thank you for your consideration.

Sincerely,
S Crawford

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 01, 2014 4:16 PM
To: FINTestimony
Cc: mbullard@hawaii.edu
Subject: *Submitted testimony for SB2609 on Apr 2, 2014 14:00PM*

SB2609

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Loke Bulalrd	Individual	Support	No

Comments:

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

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Terry Johnson
2026 McKinley St.
Honolulu, HI 96822



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

It would be a mistake to pass SB 2609 raising the minimum wage.

All the bills to raise the minimum in a steep manner would negatively impact my business. 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.

In this time of recovery we don't need another poorly considered bill to slow down the economy.

Respectfully,
Terry Johnson

Lisa Truong Kracher
1357 Kapiolani Blvd. #1410
Honolulu, HI 96814



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

As a small business owner, I oppose SB 2609 SD1 HD1. Not only will passing this bill will affect Staffing Solutions of Hawaii internal staff and employer costs, we work with other small business who have challenges to pay competitive hourly rate with the current minimum wage. By passing this bill, this will negatively impact the economy by driving employment costs higher and will make it harder for companies to manage workload and employee costs. In addition:

1. All the bills raise the minimum in a steep manner and would negatively impact my business. These bills could increase my labor costs by 10-38% in one year alone not to mention the subsequent increases. Please do not pass these bills out as the economic recovery for many industries and businesses is still fragile.
2. All the bills raise the minimum in a steep manner and would negatively impact my business. Also this will negatively impact many businesses as they will be forced to raise the rates of many of their employees.
3. All the bills raise the minimum in a steep manner and would negatively impact my business. 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.
4. All the bills raise the minimum in a steep manner and would negatively impact my business . Many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums and on average 90% (\$4,500) of the cost of an employee's health care premium is paid for by the employer. Most employers would be unable to pass all of these new costs onto the consumer. In addition many small businesses will see their health care premiums increase next year by as much as 11-15%.
5. I oppose the minimum wage increase bills, HB 1488, HB 1623, HB 1890, HB 2136, HB 2278, and HB 2580. The proposed increases are too steep and will have an impact on my business, especially as many of the other costs are increasing.
6. The minimum wage is a floor wage. For many employees, minimum wage positions is their first job and, generally, entry-level positions. Employers must invest time and money to train these individuals.
7. We oppose the automatic increase in the minimum wage tied to the Consumer Price Index because it does not take into account the economic conditions of business and the employment situation. Within 5 years of the enactment of the escalator, the minimum wage could be just short of \$11.00 per hour.

When you include all of the taxes associated with wages, this makes the wage cost around \$14.74 per hour (not including work comp and other costs). This rate is unsustainable.

Thank you for your time.

Sincerely,
Lisa Truong Kracher

Randall Francisco
3530 Mokihana Road
Hanapepe, HI 96716



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

Oppose SB2609 SD1 HD1, many businesses are still recovering from the recession. Not all is well on Kauai, especially, in areas where it is assumed that tourism as an economic generator is in a positive growth. For restaurateurs and retailers, it is even more challenging. Furthermore, the pyramiding effect of various costs of doing business makes just staying in business much more difficult. In spirit, yes, of course support, but, in practical and reality perspective, not now. The recent Council on Revenues forecasts and other data such as compiled by the Hawaii Tourism Authority and others validate and verify this compelling reason. Lastly, and, thankfully, the construction sector is doing it's part. Let's not make things any more difficult, especially, for the small businesses of Hawaii. Mahalo.

Sincerely,
Randall Francisco

Stephanie Nojima
3253 N. Nimitz Hwy
Honolulu, HI 96819

April 1, 2014



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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

All the bills raise the minimum in a steep manner and would negatively impact my business. Also this will negatively impact many businesses as they will be forced to raise the rates of many of their employees.

Increasing the minimum would put a lot of my clients out of business which would just have a domino affect.

Sincerely,
Stephanie Nojima

Marshall Joy
3102 Kaohinani Dr
Honolulu, HI 96817



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

I oppose the minimum wage increase bills, HB 1488, HB 1623, HB 1890, HB 2136, HB 2278, and HB 2580. The proposed increases are too steep and will have an impact on my business, especially as many of the other costs are increasing.

We oppose the automatic increase in the minimum wage tied to the Consumer Price Index because it does not take into account the economic conditions of business and the employment situation. Within 5 years of the enactment of the escalator, the minimum wage could be just short of \$11.00 per hour. When you include all of the taxes associated with wages, this makes the wage cost around \$14.74 per hour (not including work comp and other costs). This rate is unsustainable.

Sincerely,
Marshall Joy

Ina Chang
700 Bishop Street, Suite 1920
Honolulu, HI 96813



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

I'm a small business owner on Oahu for 13 years. With the increase of the minimum wage, it will have the direct impact of our business because the human capital is the largest expenses in our business. Please help local business by maintaining the minimum wage at \$7.25 per hour.

Sincerely,
Ina Chang

Michael Tam
1815 Kahai St.
Honolulu, HI 96819



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

As the president and CEO of Martin & MacArthur, I disagree with SB 2609. All the bills raise the minimum in a steep manner and would negatively impact my business. Also this will negatively impact many businesses as they will be forced to raise the rates of many of their employees.

All the bills raise the minimum in a steep manner and would negatively impact my business. These bills could increase my labor costs by 10-38% in one year alone not to mention the subsequent increases. Please do not pass these bills out as the economic recovery for many industries and businesses is still fragile.

I oppose the minimum wage increase bills, HB 1488, HB 1623, HB 1890, HB 2136, HB 2278, and HB 2580. The proposed increases are too steep and will have an impact on my business, especially as many of the other costs are increasing.

Sincerely,
Michael Tam

Marisa Hurley
1571 poipu rd
koloa, HI 96756



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

I oppose the minimum wage increase bills, HB 1488, HB 1623, HB 1890, HB 2136, HB 2278, and HB 2580. The proposed increases are too steep and will have an impact on my business, especially as many of the other costs are increasing.

Sincerely,
Marisa Hurley

Vaughn Cook
34 Lilinoe Street
Hilo, HI 96720



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

I STRONGLY OPPOSE any increase to the minimum wage. Please do not raise the minimum wage. It will only hurt the economy and those most vulnerable, who lack marketable skills and the young.

Please DO NOT pass the minimum wage increase bills as proposed. Please DO NOT PASS ANY minimum wage increase at all but let the market work to create more jobs for more people.

This recovery is very weak and will only be damaged by raising the minimum wage. Government has tremendous power to affect economic decisions. Should the government raise the minimum wage, it removes freedom from companies and their employees to engage in the free market to determine the right wage that both parties can agree upon. Government should not FORCE companies to pay the rate it decides is fair. The market should determine what a fair wage will be. No one has to take a job that pays too low. If the wage is too low, the market will force these companies to pay more or they will not be able to hire quality workers.

Common economic sense tells us that forcing employers to pay a wage rate above what the market place value is on such employment results in fewer employees being hired. For example, if a small convenience store with a low profit margin has calculated it can hire 2 part time employees at the current minimum wage of \$7.25 per hour. If the wage increased to \$10 (or some other amount), it may cause the owner to decide he can only hire 1 part time worker and have to cover the other time by himself.

I appreciate the sentiment to help employees earn a "living wage". Rather than meddle in the market and decrease incentives for employers to hire more employees, I recommend the government decrease the burden on business to allow the economy to expand and create more employment for more people!

Please do not engage in legislation that "feels good" but does not "do good." Taken to its logical conclusion, if \$10 per hours is a "living wage", why not make it \$100 per hour? Isn't that every better for employees? Of course not because employers would not hire employees at \$100 per hour and we would have massive unemployment.

Sincerely,
Vaughn Cook

Stacie Uemura
1517 Makiki St
Honolulu, HI 96822



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

I oppose the minimum wage increase bills, HB 1488, HB 1623, HB 1890, HB 2136, HB 2278, and HB 2580. The proposed increases are too steep and will have negative impact overall on business in general.

Sincerely,
Stacie Uemura

Japanese Chamber of Commerce & Industry of Hawaii Same
714 Kanoelehua Ave.
Hilo, HI 96749

April 1, 2014



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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

Please do not pass this bill as proposed, as it will have a negative impact on the business community throughout our state.

Sincerely,
Japanese Chamber of Commerce & Industry of Hawaii Same

Judith Fox-Goldstein
Hawaii Innovation Center - Chamber of Commerce Hilo, HI 96720

LATE

April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

April 1, 2014

SB 2609 relating to the Minimum Wage

House Finance Committee Meeting, March 4, 2014

My name is Judith Fox-Goldstein and, as the President of the Hawaii Island Chamber of Commerce (HICC), I am submitting this testimony on behalf of our organization.

The HICC is the "Voice of Small Business on Hawaii Island" and represents an estimated 250 businesses and approximately 600+ members. Supporting small business has been our priority for as long as we have existed. Supporting our local business men and women confirms our trust in their ability to make the best possible decisions for the sustainability of their enterprise and their employees.

On behalf of the HICC, we are asking you to NOT pass the minimum wage increase bill as proposed. Further, we are asking that you DO NOT PASS ANY minimum wage increase at all but, rather, let the solutions lie within the economy and the marketplace to create more jobs for more people.

We have still not recovered from the economic tsunami that befell our nation. Yes, we are in recovery mode, but raising the minimum wage will significantly damage the recovery efforts. Let our businesses recover before imposing Government regulations that will have negative ramifications on the sustainability of local business and the spirit of entrepreneurialism that is the foundation of our country. We need to minimize the influence of Government power relative to small business.

HICC members strongly feel that Government should not compel companies to adhere to what "THEY" consider a fair wage. Of course, HICC wants to see everyone make a decent, fair wage, "living wage" for employment, but if businesses suffer or lose momentum because they can't afford this IMPOSED wage hike...WHO WINS HERE??? WHO WINS HERE???

That's the question you should be asking! What are the negative effects of this imposed wage hike when businesses say they can't afford the additional costs? What are the negative, domino effects on their entire business? Will they have to close down to make their point?

The market should determine what a fair wage will be. No one has to take a job that pays too low. If the wage is too low, the market will force these companies to pay more or they will not be able to hire quality workers.

Please let us move through the “recovery” period as businesses are just getting back on their feet and expanding as fast as the market will allow. DON’T set us back with more Government control!

This is OUR community! We care about OUR employees and OUR businesses and we’re doing the best we can! Don’t set us back! Don’t impose legislation that WILL LEAD to more unemployment.

Please HEAR THE COLLECTIVE voice of over 250 businesses who want to succeed, want to give employment opportunities to as many people as possible and want to contribute to a SUSTAINING economy.

PLEASE DO NOT PASS THE MINIMUM WAGE BILL!

On behalf of HICC, Mahalo for the opportunity to submit testimony in opposition to any minimum wage bill.

Respectfully Submitted,

Judith Fox-Goldstein, President,
Hawaii Island Chamber of Commerce
Judith Fox-Goldstein

Sincerely,
Judith Fox-Goldstein

Peter Sit
P.O. Box 925
Lawai, HI 96765

April 1, 2014



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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

Please do not pass these bills out as the economic recovery for many industries and businesses is still fragile.

Increasing the cost of payroll will reduce job opportunity especially the hospitality industry where employees live on tips.

Sincerely,
Peter Sit

Forrest Lum
3184 Waialae Ave.
Honolulu, HI 96816



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

We are a company of 6
And have been in business for 10 years
Raising rates may force us to close
Our service is we help students excel in math and help schools reach the common core standards.

We oppose the automatic increase in the minimum wage tied to the Consumer Price Index because it does not take into account the economic conditions of business and the employment situation. Within 5 years of the enactment of the escalator, the minimum wage could be just short of \$11.00 per hour. When you include all of the taxes associated with wages, this makes the wage cost around \$14.74 per hour (not including work comp and other costs). This rate is unsustainable.

I oppose the minimum wage increase bills, HB 1488, HB 1623, HB 1890, HB 2136, HB 2278, and HB 2580. The proposed increases are too steep and will have an impact on my business, especially as many of the other costs are increasing.

All the bills raise the minimum in a steep manner and would negatively impact my business. Many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums and on average 90% (\$4,500) of the cost of an employee's health care premium is paid for by the employer. Most employers would be unable to pass all of these new costs onto the consumer. In addition many small businesses will see their health care premiums increase next year by as much as 11-15%.

Sincerely,
Forrest Lum

Peter Kam
94-1163 Manino Pl.
Waipahu, HI 96797

April 1, 2014

LATE

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

We already have plans to cut lesser skilled workers and increase automation. The minimum wage increase is unnecessary and does not provide an entry level wage for the unexperienced/unskilled.

Sincerely,
Peter Kam

Miles Yoshioka
106 Puhili Place
Hilo, HI 96720



April 1, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

All the bills raise the minimum in a steep manner and would negatively impact our local businesses. These bills could increase their labor costs by 10-38% in one year alone not to mention the subsequent increases. Please do not pass these bills out as the economic recovery for many industries and businesses is still fragile. Passage of this bill will directly affect our economic recovery.

Please keep in mind that the minimum wage is a floor wage. For many employees, minimum wage positions is their first job and, generally, entry-level positions. Employers must invest time and money to train these individuals.

Sincerely,
Miles Yoshioka



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

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

DATE: April 2, 2014

TIME: 2:00 p.m.

PLACE: Conference Room 308
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

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

RE: SENATE BILL 2609, SD1, HD1 RELATING TO MINIMUM WAGE

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

Thank you for the opportunity to testify in opposition of SB 2609, SD1, HD1. NFIB Hawai'i respectfully opposes this measure.

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

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

finance1

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 01, 2014 4:50 PM
To: FINTestimony
Cc: fred@ejlounge.com
Subject: Submitted testimony for SB2609 on Apr 2, 2014 14:00PM

SB2609

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Fred Remington	Individual	Oppose	No

Comments: This raise is bad for small businesses and for the general economy as a whole. It will only increase the cost of living in Hawaii.

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: Tuesday, April 01, 2014 5:20 PM
 To: FINTestimony
 Cc: parkerc002@hawaii.rr.com
 Subject: Submitted testimony for SB2609 on Apr 2, 2014 14:00PM

SB2609

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Dane Robertson	Kailua Round Table Pizza	Oppose	No

Comments: On behalf of Kailua Round Table Pizza, a minimum wage of \$10.10 for 2018 is very troublesome. This will place a large strain on our operations and could potentially lead to less employees or lowering of wages for more qualified employees. Please reconsider your position to a more reasonable minimum wage.

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

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Katherine T. Kupukaa
Mililani Town, HI 96789

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

DATE: Wednesday, April 2, 2014
TIME: 2:00 PM
PLACE: Conference Room 308
State Capitol
415 South Beretania Street

RE: SB 2609 Relating to minimum wage

I oppose this bill and urge you not to pass this bill. It is clearly evident that this bill is one sided and going along with President Obama's agenda of raising the minimum wage. This bill doesn't address the impact of businesses in Hawaii that will be affected. Why, when only 2.2 percent of the workforce in 2012 was earning minimum wage or less according to this state's Department of Labor that you have the desire pass this bill. I assume that it includes teenagers and other entry level positions.

How do you expect businesses in Hawaii to bear this burden of increase in wages, taxes and other costs in running a business? They would also feel the necessity to raise the hourly rate of other employees who may be receiving say \$10 an hour. At the present time the economy in Hawaii is fragile and more individuals may find themselves being unemployed or their hours of work reduced.

Please think about the consequences of what the passage of this bill will be and NOT PASS THIS BILL.

Katherine T. Kupukaa



Hawaii's Finest Macadamia Nuts ~ Chocolates ~ Confections

LATE

April 2, 2014

House Finance Committee

2609 SD1 HD1

Regarding Senate Bill : 2609 Increase in the Minimum Hourly Rate

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 over 150 employees. Please allow me a moment to contribute some thoughts on the bills referenced above being considered by your committees on April 2, 2014.

Undoubtedly, you have already surmised that I intend to discourage this committee from moving forward on any of these bills. Any one of them would make extra-ordinarily difficult demands on businesses that are still struggling in the current economic theater. The proposed raise in minimum wage 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. All the bills discourage employment growth in the state. 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 the higher levels being proposed. This is simply because if they were worth higher pay 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 higher pay levels 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 or can afford to just give their entire staff a 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. An increase to \$10.10 per hour by 2018 is an increase of \$2.85 per hour. This increase in minimum wage for one full-time employee is \$5,928 a year. A company with 20 workers paid at minimum wage would have a \$118,560 increase in payroll for those workers alone. This is for the wages but the other payroll costs would go up as well. SUTA, FUTA, TDI, Workers Comp, FICA, etc.

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
Website : www.IslandPrincessHawaii.com

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

My experience tells me this will result in workers that will not be hired and workers that will be let go. I would also think many companies will throw their hands up and shut their doors. I'm sure it will discourage any new businesses from coming to or starting up in Hawaii.

Minimum Wage Earners Tend to Be Young - The Department of Labor and Industrial Relations has argued that 85% of minimum wage earners are 21 and older. According to the Bureau of Labor Statistics ("BLS"), however, 50% of all minimum wage earners are 24 years of age or younger. Therefore, the argument that minimum wage earners are individuals who need to provide financially for their families appears to be somewhat of a misconception. In addition, the minimum wage is not meant to be a *living wage*; it is an entry level wage for workers without any particular skills or experience.

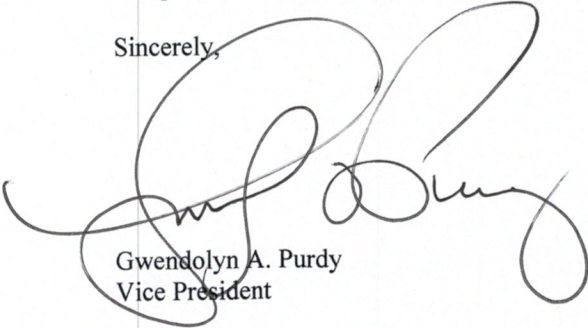
Half of Minimum Wage Earners are Tipped Employees - In addition, the BLS data also indicates that about half of minimum wage earners are tipped employees, meaning that they are already making over the minimum wage due to tips they receive.

Setting Minimum Wage to Inflation is Dangerous - Annual adjustments to the minimum wage based on inflation is dangerous because the economy fluctuates year to year and should be evaluated over a long period of time. Having the minimum wage escalate annually would result in repeated and increased costs for businesses but would not account for the ebb and flow of the economy. Setting the minimum wage at unmanageable levels could and probably would result in many small and large companies going out of business.

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

I will tell you that we are still hiring people on a regular basis at \$7.25 per hour and receive 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 who has passed their probation, is still making 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.

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

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

**LATE**

AFFILIATED WITH THE SEAFARERS INTERNATIONAL UNION OF NORTH AMERICA • AFL-CIO
SEAFARERS INTERNATIONAL UNION
ATLANTIC • GULF • LAKES AND INLAND WATERS
606 KALIHI STREET • HONOLULU, HAWAII 96819 • (808) 845-5222

MICHAEL SACCO
PRESIDENT
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NICHOLAS J. MARRONE
VICE PRESIDENT
TOM ORZECZOWSKI
VICE PRESIDENT
KERMETT MANGRAM
VICE PRESIDENT
JOHN SPADARO
UTW NATIONAL DIRECTOR

April 1, 2014

House Committee on Finance
Sylvia Luke, Chairperson and Committee Members

RE: S.B. 2609 – Testimony in support

The Seafarers International Union strongly supports an increase to the minimum wage to \$10.10 an hour or more within 3 years, with CPI, and repeal of the tip credit. We urge the Committee to support S.B. 2609.

Sincerely,

A handwritten signature in black ink, appearing to read "Hazel Galbiso", is written over a horizontal line.

Hazel Galbiso
Port Agent



1654 South King Street
Honolulu, Hawaii 96826-2097
Telephone: (808) 941.0556
Fax: (808) 945.0019
Web site: www.hcul.org
Email: info@hcul.org



LATE

Testimony to the House Committee on Finance
April 2, 2014

Testimony in support of SB 2609 SD1, Relating to Minimum Wage

To: The Honorable Sylvia Luke, Chair
The Honorable Scott Nishomoto, Vice-Chair
The Honorable Aaron Johanson, Vice-Chair
Members of the Committee on Finance

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 75 Hawaii credit unions, representing approximately 804,000 credit union members across the state.

We are in support of SB 2609 SD1, which raises the minimum wage gradually. A raise in the minimum wage would help many of our lower-income credit union members. This could also help to continue the economic recovery of our state.

Thank you for the opportunity to testify.

CHEESE BURGER[®]



R • E • S • T • A • U • R • A • N • T • S[™]

To: Finance Committee

From: Laren Gartner, Edna Bayliff, Cheeseburger Restaurants, Inc.

Subject: Minimum Wage and Tip Credit Legislation

LATE

Dear Committee,

Cheeseburger Restaurants has been in business in Hawaii for 24 years. We presently operate five restaurants in Hawaii, Cheeseburger In Paradise, Maui, Cheeseburger In Paradise, Waikiki, Cheeseburger Beachwalk, Cheeseburger Waikiki and Cheeseburger Island Style, Wailea. We have over 500 employees. Many of our employees have been with us more than 20 years. Unquestionably, a major factor in our longevity and employee loyalty is our concern to provide a fair salary to all of our workers.

Our HR Department has advised us if minimum wage is raised to \$9.25 per hour without any increase in tip credit it would add \$700,000 to our annual labor cost. Even with an additional \$1.00 increase to the tip credit there would still be a \$350,000 annual increase in labor cost. Without a dollar for dollar tip credit increase, there is no question Full Service Restaurants, in addition to raising menu prices will need to cut hours and reduce staff to stay in business.

1. Tip Credit History: The tip credit was introduced over 40 years ago at 20¢ per hour at a time when the hourly minimum wage was \$1.60 per hour. The minimum wage has since increased from \$1.60 to \$7.25 while the tip credit has only increased 5¢ from 20¢ to 25¢.
2. Food Servers Are Not Minimum Wage Earners: The Federal Government requires employers to report 8% of food server's net sales to estimate tip income. Based on the government's 8% tip figure, and Cheeseburger Restaurants food server earns \$17.00 per hour. Using figures obtained from our charged sales, we find that the **actual tip average is 17%**, which translates into an **average hourly wage in excess of \$28.00 per hour**. Having these actual hourly earnings in mind, it becomes clear that food servers should not be placed in the same category as minimum wage earners.
3. Restaurant Check Averages: Cheeseburger Restaurants has a relatively low check average of \$16.75. Food servers at restaurants with higher check averages will have even higher hourly wages.

4. Inadvertent Hourly Wage Increases: If the minimum wage were to be increased, restaurants would, as a consequence, need to raise menu prices. Given that tips are based on a percentage of the check, a raise in menu prices would, in turn, result in an automatic raise of food servers' hourly wage.
5. A \$2.00 Tip Credit is Not Unreasonable: The State of Florida which relies heavily on tourism and has a growing senior population similar to Hawaii has a Tip Credit of \$3.00.
6. Detrimental Impact on Non-Tipped Restaurant Employees: Tips are given on the basis of the overall dining experience, which, in the case of Full Service Restaurants, include the efforts of numerous non-tipped employees, including hostesses, cashiers, bus persons, janitors, dishwashers, cooks, prep cooks etc. Without an increase in the Tip Credit at least equal to the proposed increase in minimum wage, the unfortunate reality is that other, non-tipped employees receiving a salary raise is substantially reduced or eliminated.

In the past, Full Service Restaurants, as a group, have not been particularly politically vocal and, as a result, Legislators may not fully comprehend our contribution to the Hawaiian economy. In combination, Full Service Restaurants are one of the largest employers in the State. Our industry has been instrumental in creating thousands of jobs and in contributing millions in tax revenues to the State. It is our goal to be able to continue to do so.

I wish to thank you for taking the time to consider our views on this issue. If you or your staff need additional information or wish to comment on our views, please feel free to contact us via e-mail at: laren@cheeseburgerland.com, edna@cheeseburgerland.com

Sincerely,

Laren M. Gartner
Founder and CEO

Edna M. Bayliff
Founder & President

Cheeseburger In Paradise, Maui
Cheeseburger In Paradise, Waikiki
Cheeseburger Island Style, Wailea
Cheeseburger Las Vegas
Cheeseburger Waikiki
Cheeseburger Beachwalk

LATE



Testimony to the House Finance committee

State Capitol, April 2, 2014 at 2:00pm

RE: Testimony in opposition to SB 2609 SD1 HD1 relating to Minimum Wage

Dear House Finance Committee members:

Please do not pass SB 2609 SD1 HD1. This bill will have drastic and long-term negative effects on my business, my customers and my employees. Please stop this bill now.

The cost of employing someone is more than just the cost of their wages and the pay structure of all employees is linked to the minimum wage. A rapid and high minimum wage increase will cost my business much more than the amount of the increase itself. This affects every aspect of my business, especially the number of employees I can afford to maintain and the prices I can charge.

Increases to the minimum wage that are proposed in this bill will result in increases in the price of food and other goods and an increase in unemployment. Due to the fact that we live in an isolated island state with extremely expensive labor and healthcare regulations we already pay high prices for food and other goods in Hawaii. Driving up prices and unemployment is something that we need to avoid.

I care about my employees and my customers. I want to continue to be able to offer the jobs I offer with good wages and benefits. I want to continue to give my customers the quality products they need at prices that they can afford. I want to continue to contribute to the economy in my community and our state. Increasing the minimum wage as proposed in SB 2609 SD1 HD1 will compromise my ability to do those things.

Thank you for your consideration and for your service to our community as an elected official.

Yours truly,

A handwritten signature in black ink that reads 'Nelson T. Okumura'.

Nelson T. Okumura

President



Hawaii Restaurant Association

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

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

DATE: April 2, 2014
FROM: Roger Morey, Executive Director
RE: Opposition to SB2609 SD1 HD1, Relating to Minimum Wage

LATE

It's important to understand that the minimum wage is an opportunity wage. It gives young and lesser-skilled employees a starting point to acquire skills, experience and learn work ethic that will take them to that next rung on the job ladder. A majority of minimum wage restaurant employees are young, often "first job" employees.

Those employees that start at a minimum wage don't stay there for long because of the ladder of opportunity that restaurants provide. Sadly, a mandatory wage increase could further restrict job opportunities for young and lesser-skilled individuals.

Restaurants are a very labor-intensive industry that operates on very slim margins, so when labor costs rise as it would with a minimum wage hike, there is virtually no wiggle room to absorb the impact. Restaurant owners have little choice but to raise prices, scale back employee hours or eliminate jobs altogether.

The consequences of a rapid increase to \$10.10 per hour will be negative and could be catastrophic to smaller, family owned restaurants. The anticipated Hawaii restaurant industry job growth of 6.7% cannot be attained with the increase proposed.

It will mean higher menu prices or fewer services done by employees, which will impact the dining experience of our customers. Owners may have to reduce hours or eliminate shifts to cover the costs and that impacts our employees. Or they may have to pass over hiring the young adult that is looking for a first job or looking to acquire basic work skills so they can begin to climb the career ladder. This may be the worst consequence of all.

Having said all that, we appreciate the recognition of the importance of including tip credit verbiage in the bill. Doing so is a laudable effort to make the bill equitable.

Respectfully submitted,

Roger Moray

LATE

04/02/2014

House Finance Committee

Chairman Sylvia Luke

Vice Chairs Aaron Ling Johanson & Scott Y Nishimoto

Committee Members:

I am not opposed to modest increases in the minimum wage over time.

However, I am in opposition to SD2609 SD1 HD1 because the 25 cent Tip Credit increases are too low and the formula for determining eligibility for tip credit based on a multiple of the annual poverty level is impossible to calculate prior to paying the cash wage and creates a new disparate impact between part time and full time employees if calculated on an annual basis. The language in this bill related to Tip Credit is not clear and impossible calculate and enforce.

However, eliminating the Tip Credit is absolutely counter productive to increasing the wages of the lowest paid workers in Hawaii's largest private sector employer, the hospitality industry.

Basing the Tip Credit on 25% percent of the hourly average tips claimed by the employee is:

- the fairest to all tipped employees, regardless of industry
- the fairest all employers of tipped employees beyond the restaurant industry
- much easier to legislate
- much easier to calculate by employers
- easy for the DOL to enforce
- guarantees the employee will make 3 times over the minimum wage than the tip credit taken by the employer, due to the 25% to 75% ratio



Therefore, I suggest that the committee change the tip credit language to read:

The hourly wage of a tipped employee may be deemed to be increased on account of tips “Tip Credit” if the employee;

- 1. is paid not less than 25 percent of the average hourly tip income reported by the employee, below the applicable minimum wage and**
- 2. the employee is paid not less than 67 percent of the applicable minimum wage “Cash Wage” by the employee's employer.**

Under this formula a tipped employee being paid the lowest cash wage of 67% of the proposed \$8 minimum wage would be earning at least \$16.36 per hour ($\$8 \times 67\% = \5.36 Cash Wage and the \$11 in hourly tip income they reported to their employer). This formula ensures that the tip credit is fair to all employees as it is based on a reasonable percentage of real tips earned by them on an hourly basis. An employee reporting \$2.00 per hour in tips under the \$8 minimum wage would only be subject to a 50 cent tip credit and earn a total of at least \$9.50 ($\8 less 50 cents = \$7.50 Cash Wage and the \$2.00 in hourly tip income they reported to their employer).

With all due respect to the multitude of ideological testimony, once the law is passed, it will be employers who will have to determine their labor budgets, wage ranges, scheduling and tip pool policies in an effort to comply with the law. Legislation should be based on the most likely outcomes of the law, not the intent.

Low or no tip credit will most definitely result in an increasing number of restaurateurs electing to follow the Cumbie vs Woody Woo 9th Circuit ruling, which will result in tip pools including larger numbers of employees and



potentially lower net income for tipped servers.

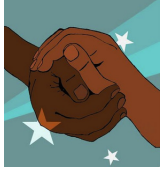
I urge the Finance Committee to give employers as much flexibility and as many options as possible to increase the wages of the lowest net income earners while legislating a fair tip credit across all types in tip income earning job types.

Key Points:

- The “not less than 67% of the applicable minimum wage” provision could be any percent that will result in an amount equal to or less than the current \$7 “Cash Wage”.
- A tip credit based on tips claimed as income is fair across a variety of restaurants and across industries (taxi driver, nail & beauty salon workers, valets, bellman, others)
- Consistent with current law it is the responsibility of the employer to justify the tip credit with accurate payroll and tip report records.
- Increases in the minimum wage are intended to provide additional income for those earning the lowest wages, and raise wages from the bottom up.
- Demographically servers tend to be younger than kitchen workers with fewer dependents.
- Continued increases in tipped employee's minimum wage actually jeopardizes those jobs which can be minimized with digital ordering systems.
- Hawaii's restaurants should be encouraged to create more server jobs, not less.
- Employers are required to pay FICA [7.5%] on reported tip income yet cannot count the tip income against the minimum wage.
- 25 states have a Tip Credit of \$5.13 cents, more than 20 times higher than Hawaii or 70% of the minimum wage.

Sincerely,

Thomas H Jones
President
REI Food Service, LLC
d.b.a. Gyotaku Japanese Restaurants



HEALTHYPACIFIC.ORG
restoringjusticehi@gmail.com

LEGISLATIVE TESTIMONY

SB2609 SD1 HD1 RELATING TO MINIMUM WAGE House Committee on Finance

April 2, 2014
2:00 P.M.
Capitol Room 308

Aloha mai kākou,

Mahalo nui loa for the opportunity to testify in **SUPPORT** of **SB2609 SD1 HD1 WITH AMENDMENTS**, which would better ensure that our hardest-working employees are provided with sufficient resources to ensure the health and well-being of their families and of our communities as a whole.

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

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

HealthyPacific.Org strongly urges the Committee to amend this measure by restoring provisions that allow the minimum wage to be adjusted based on changes to the Honolulu consumer price index, without requiring further legislative action. Doing so would ensure that those earning the least in our communities have consistent access to a bare minimum of financial resources relative to our ever-changing cost of living. Such consistency would allow for more predictable and effective public health planning, as well as provide the economic security necessary for individuals to focus on achieving and maintaining healthier lifestyles beyond that of basic subsistence.

Accordingly, HealthyPacific.Org respectfully urges the Committee to **PASS WITH AMENDMENTS** SB2609 SD1 HD1, and make Hawai'i a healthier and happier place for all who call these islands home.

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



*Lance N. Tanaka
Director, Government & Public Affairs*

**TESTIMONY COMMENTING ON SENATE BILL 2609, SENATE DRAFT 1, HOUSE DRAFT 1
RELATING TO MINIMUM WAGE**

House Committee on Finance
The Honorable Sylvia Luke, Chair
The Honorable Aaron Ling Johanson, Vice Chair
Wednesday, April 2, 2014 – 2:00 p.m.
State Capitol, Room 308

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

Thank you for the opportunity to submit written testimony on SB 2609, SD 1, HD 1, relating to minimum wage. My name is Lance Tanaka, director of government and public affairs for Hawaii Independent Energy, LLC (“HIE”). HIE is a subsidiary of Par Petroleum Corporation and operates the larger of the state’s two petroleum refineries and a chain of gasoline stations on Oahu, Maui and Hawaii Island.

Hawaii Independent Energy appreciates the intent behind SB 2609, SD 1, HD 1. However, we find that the bill seeks to increase the minimum wage without factoring-in the value of benefits that employees receive. As written, the legislation punishes progressive employers by ignoring non-wage benefits, and it puts these employers at an economic disadvantage to employers whose benefits are not as comprehensive or generous.

At present, full-time hourly employees who comprise the majority of HIE Retail’s workforce are already paid higher on average than the proposed minimum wage of \$10.10 per hour. In addition, full-time hourly employees receive medical, dental, drug-vision, retirement, group life insurance and other benefits. These benefits add 30 percent to employees’ hourly wages. For example, a full-time HIE Retail employee earning \$10.10 per hour receives benefits that translate to \$3.03 per hour, for a total hourly compensation of \$13.13. Part-time employees who work between 20 and 29 hours a week also receive medical, retirement and other benefits.

Increasing the minimum wage while ignoring the value of non-wage benefits could force companies to consider making revisions to benefit offerings that are not in the long-term interest of employees. HIE firmly believes that the value of benefits should be considered as part of complying with the proposed legislation.

Thank you for allowing Hawaii Independent Energy the opportunity to present these comments on SB 2609, SD 1, HD 1 for your consideration.

LATE

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

DATE: Wednesday, April 2, 2014
TIME: 2:00 P.M.
PLACE: Conference Room 308

STRONG SUPPORT FOR SB 2609 in its original form. That would annually increase the minimum wage 1/1/15 - 1/1/17. On 9/30/17 and thereafter would require DLIR to adjust the minimum hourly wage in accordance with the Honolulu region consumer price index. Delete the tip credit.

Aloha Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and committee members,

The Hawai'i Women's Coalition is in strong support of this measure which is desperately needed to help working women and men survive in our high-cost state.

Specifically we support

- 1. A minimum wage of at least \$10.10.**
- 2. The elimination of the discriminatory tip credit**
- 3. A wage increase over two or three years not four**

We do NOT support the tip credit in any form as we feel it amounts to legalized extortion: forcing the tipped employee to pay the employer for being allowed to work. We see the employer argument that pits the front of the house against the back of the house as spurious. Paying employees a living wage ought to be the basic factor in any business plan. Several states allow no tip credit, including conservative Alaska.

As a compromise, we may be able to live with the idea of a means test for tipped employees, if there is no other way to get the minimum wage raised.

Since \$10.10 is hardly a living wage we also do NOT support waiting until 2018 to reach that amount. The economy is barely in recovery, but the income gap remains and may be widening. Our working men and women need financial first aid now.

We further find the argument by some business interests that raising the minimum wage would destroy jobs is false. Christine Owens of the National Employment Law Project argues that the increased cost to employers of having to pay workers more is partly offset by reduced turnover and improvements in morale and productivity. She notes when the state of Maryland required its contractors to pay a higher wage, more companies actually started bidding on government work.

Low-ball employers were no longer able to compete by driving wages down, and so some of the better employers who pay better wages were more eager to compete for public contracts. So it actually increased the number of bidders and increased the quality of bids.

Logically this situation would result in a wash or better with respect to numbers of jobs created or lost, but more importantly could result in better quality jobs. Most importantly, this raise in minimum wage would pull large numbers of our citizens out of poverty.

Consider the following.

Minimum wage workers are critical to our economy, but are falling further and further behind in their ability to make ends meet and this is contributing to our homelessness problem. Hawai'i needs a raise to build economic opportunity and stability for all of our workers

Hawai'i is the most expensive state to live in, yet 21 states and the District of Columbia have a higher minimum wage.

- Washington's minimum wage is \$9.32, which is 29% higher than Hawaii's, but the cost of living in Washington is 55% lower
- Nevada's minimum wage is \$8.25, which is 14% higher than Hawaii's, but the cost of living is 64% lower
- Oregon's minimum wage is \$9.10, which is 26% higher than Hawaii's, but the cost of living is 49% lower

A single parent of one child working at minimum wage 40 hours per week, 52 weeks per year, earns \$2,770 or 16% below the federal poverty guidelines for a family of two. Hawaii's poverty rate of 17.3% makes Hawaii the 9th poorest in the nation. If the minimum wage were to be increased to 10.10 per hour, thereby boosting annual earnings, it would be enough to **pull a family of three out of poverty**.

Women receive a double whammy – low minimum wage suppressed even lower by the “tip credit”. This dubious policy has been justified by the mythology that restaurant workers are mainly kids working their way through school or some such. But the facts don’t bear this out.

- 2 in 3 tipped workers are women, many of them single parents
- 1 in 3 are parents and half are 30 years old or older.
- 1 in 6 rely on free lunches to feed their children.
- 1 in 7 rely on SNAP (food stamps)
- 1 in 4 people of color working for tips lives in poverty.
- Almost half of all workers making below minimum wage are restaurant workers
- Five of the 10 lowest-paying jobs in the country are tipped restaurant jobs.
- Women are 52 percent of all restaurant workers, but 66 percent of all tipped workers in restaurants and 71 percent of servers. That means that women are far more likely to face the uncertainty and poverty of tipped work.
- "The typical full-time, year-round female server is paid just 68 percent of what her male counterpart is paid (\$17,000 vs. \$25,000 annually)." This disparity is in part because women are concentrated in the kinds of restaurants that pay less, while men are more likely to work in fine dining restaurants.

Bottom line on the “tip credit” it’s not a credit it’s a subterfuge designed to take money out of employees paycheck thereby lowering their hourly pay even more.

Do not buy the argument that employers need the tip credit in order to pay their “back of the house” employees. This is using the idea that it’s an ethical business practice to rob Peter in order to pay Paul. It’s time for the taxpayer to stop subsidizing businesses by paying larger sums than necessary for the social safety net, if only the workers were paid a decent wage. It’s time to hold the restaurant industry in particular accountable for paying their workers, most of whom are women, a decent minimum wage. The tip credit should not be a work-around for avoiding the minimum wage law.

Mahalo for the opportunity to testify,

Ann S. Freed
 Co-Chair, Hawai`i Women's Coalition
 Contact: annsreed@gmail.com



From: mailinglist@capitol.hawaii.gov
 Sent: Tuesday, April 01, 2014 9:46 PM
 To: FINTestimony
 Cc: shereenseibert01@gmail.com
 Subject: Submitted testimony for SB2609 on Apr 2, 2014 14:00PM

SB2609

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Shereen Seibert	Individual	Oppose	No

Comments: We own a small business on Maui and employ local Maui residents to work for us. An increase this drastic in the minimum wage will force us to let go of employees and cut hours for other employees. Currently we can hire new employees at the minimum wage who come to us with very few skills needed at our job. At a lower minimum wage we can afford to train them on the job and increase their wages according to the skills they learn and the progress they make in their training and work ability. A significantly higher minimum wage will cause me to look elsewhere for employees that come better trained. I urge you to consider a much smaller increase in the minimum wage.

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

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



92-954 Makakilo Dr. #71 Kapolei, HI 96707 Email: Rainbowfamily808@gmail.com Phone: 808-779-9078 Fax: 808672-6347

April 2, 2014

LATE

RE: SB2609 SB1 HD1 MINIMUM WAGE

In Strong Support

TO: House Chair, Vice Chairs and members of the House Finance Committee

Aloha Representatives,

Rainbow Family 808 proudly supports SB2609 for the benefit of all families in Hawaii. Now only do all islands families of all sizes living on the beaches and the streets of our state, some of them hold down multiple minimum wage jobs.

As a social worker and community-concerned citizen since 1981, I have seen the harm of poverty in our state. BELOW national minimum wage pay scales does nothing for our Hawaii families and certainly isn't in keeping with caring for our o'hana or in the spirit of Aloha.

Based on the 1948 Universal Declaration of Human Rights, we do object to the graduated pay scale of this Bill that would not reach the hourly wage until 2018 of \$10.10. You well know that even \$10.10 is nowhere near a living wage. This bill should start at \$10.10 with annual cost of living increases.

In 1948, the Universal Declaration of Human Rights was signed at the United Nations. This rights are more detailed than the US Bill of Rights and need to be considered with SB2609 on Minimum Wages.

In particular of the Universal Declaration of Human Rights, Articles 23 and 25 pertain to SB2609:

Article 23.

- (1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- (2) Everyone, without any discrimination, has the right to equal pay for equal work.
- (3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

(4) Everyone has the right to form and to join trade unions for the protection of his interests.

Article 25.

- (1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and 10.10sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

If you honestly believe that this present bill is a fair and honest wage, then I urge you to reduce your salary to match \$10.10 an hour. Do realize that some minimum wage earners care for our kekei and kahunas in day care facilities, guard our homes and shopping centers, cook our food while standing on their feet 8 hours a day? They certainly earn our respect of starting pay of \$10.10 an hour.

Please focus on the needs of the families and pass SB2609 SB1 HD1 on Minimum Wages for the benefit of ALL our families.

Thank you,

Carolyn Martinez Golojuch, MSW

President – Rainbow Family 808.com

Roberta Chu
478 Kipuni Street
Hilo, HI 96720



April 2, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

All the bills raise the minimum wage in a steep manner and would negatively impact businesses. Many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums and on average 90% (\$4,500) of the cost of an employee's health care premium is paid for by the employer. Most employers would be unable to pass all of these new costs onto the consumer. In addition many small businesses will see their health care premiums increase next year by as much as 11-15%.

The minimum wage is a floor wage. For many employees, minimum wage positions is their first job and, generally, entry-level positions. Employers must invest time and money to train these individuals. If the minimum wage is too high, business owners will not be able to hire more employees, rather, may be faced with lay-off or transition full-time positions to part-time positions.

I oppose the automatic increase in the minimum wage tied to the Consumer Price Index because it does not take into account the economic conditions of a business and the employment situation. Within 5 years of the enactment of the escalator, the minimum wage could be just short of \$11.00 per hour. When you include all of the taxes associated with wages, this makes the wage cost around \$14.74 per hour (not including work comp and other costs). This rate is unsustainable.

Sincerely,
Roberta Chu

Lisa Valderueda
P. O. Box 235807
Honolulu, HI 96823

April 2, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

All the bills raise the minimum in a steep manner and would negatively impact my business. 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.

Sincerely,
Lisa Valderueda

robert banach
484 aleka loop unit d-6
kapaa, HI 96746

April 2, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

Minimum wage is an entry wage to the work force not meant to be a career wage. Raising the minimum wage will only be detrimental to small businesses and the economy. Wake up and do the right thing!

Sincerely,
robert banach

Chuck Erskine
1205 Kilauea Ave.
Hilo, HI 96720

April 2, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

I'm opposed to approval of SB 2609 as it will have a very negative impact to small business and to the foundation of our economy. We continue to be in the midst of an economic slump and approval of this bill will only further impact our current economic conditions. Please vote NO on SB 2609.

Sincerely,
Chuck Erskine

Francine M. Fong
1555 Kalani Street
Honolulu, HI 96817-4908

April 2, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

I oppose and urge you not to pass these bills as proposed. While it may not affect your company it will affect other businesses who may be your clients, as well as will have an impact on the overall economic recovery.

Thank you

Sincerely,
Francine M. Fong

Ron Garlie
PO Box 662007
Lihue, HI 96766

April 2, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

Please do not pass the minimum wage bill. It will only hurt small business and those that need jobs. The minimum wage is a floor wage. For many employees, minimum wage positions is their first job and, generally, entry-level positions. Employers must invest time and money to train these individuals. The real losers will be the one's you are "pretending" to help. It's economics 101...as costs go up...prices go up.

Sincerely,
Ron Garlie

Satomi Goo
80 Sand Island Access Road #203
Honolulu, HI 96819

April 2, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

All the bills raise the minimum in a steep manner and would negatively impact my business. 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.

Sincerely,
Satomi Goo

Cheryl To
718 Bannister Street
Honolulu, HI 96819

April 2, 2014

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

Re: SB 2609 SD1 HD1 re to the Minimum Wage (April 2 at 2:00 p.m. FIN Hearing)

As a small business owner (13 employees - 2 FT and 11PT) I cannot afford paying a minimum wage of \$10.10/hour. Currently my highest paid person is getting \$12.50/hour plus health insurance. Basic kitchen workers start at \$8/hour. At \$2 more per hour by 2018 my entire payroll will increase by 26%. I will have to replace as many part-time workers with machines otherwise I'm out of business.

Sincerely,
Cheryl To

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, April 02, 2014 10:30 AM
To: FINTestimony
Cc: sales@arrsofhawaii.com
Subject: Submitted testimony for SB2609 on Apr 2, 2014 14:00PM

SB2609

Submitted on: 4/2/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
David	Individual	Comments Only	No

Comments: This State, already requires mandatory insurance which is already an additional \$3 per hour overhead that mainland companies do not have to contend with. This ADDITIONAL proposed increase will cause Hawaii's employers to be paying approximately \$6 per hour more than mainland companies when factoring in, the already mandated, insurance requirement. That equates to almost 100% higher overhead for Hawaii based businesses to higher Hawaii residents. The State's last legislative involvement (insurance), has resulted in residents holding down 2-3 PART time jobs. This will result in jobs being farmed out to markets in order to cut labor overhead in HALF. A smart business move at the end of the day. Hawaii's. With residents already being hired as part timers, holding down 2-3 part time jobs in order for employers to skirt your previous mandate, they can't "afford" any more "help" from this state's legislature in seeing these jobs being sent elsewhere.

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

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

LATE

HAWAIIAN AFFAIRS CAUCUS

Democratic Party of Hawaii

e-mail: mkhan@hawaiiantel.net or raytanv@aol.com

February 24, 2014

LEGISLATIVE TESTIMONY

IN SUPPORT WITH COMMENTS

SB2609 SD1 HD1, RELATING TO MINIMUM WAGE

Hearing, Wednesday, April 2, 2014, 2:00 p.m., Room 308

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

Aloha mai kākou,

The Hawaiian Affairs Caucus of the Democratic Party of Hawai'i supports an increase in the minimum wage. SB2609 SD1 HD1 proposes to increase the minimum wage to \$7.75 in 2015, then \$8.50 in 2016, \$9.25 in 2017 and \$10.10 in 2018.

In all earlier testimonies on SB2609, we advocated higher increases to allow Hawaii's workers an opportunity to earn decent wages and to at least have some parity with other high cost of living states. Rather than getting better, SB2609 with amendments on wage increases have gotten worse. SB2609 in its original form proposed a wage increase of \$8.20 in 2015, \$9.15 in 2016, and \$10.10 in 2017, and had a provision in it for future increases to be tied to the Consumer Price Index. In SD1, HD1, the wage increase begins at \$7.75 and stretches out further increases to a period spanning four years and eliminates the CPI.

Further, President Obama recently approved a national minimum rate of \$10.10. Under SD1 HD1, it would take four (4) years before our workers would even reach parity with the national minimum wage.

When first introduced, SB2609 contained a finding by the legislature that according to the United States Census Bureau, **Hawaii has the highest cost of living, yet, it is the ninth poorest state in the United States.** In addition, although there is a 4.4 per cent unemployment rate in Hawaii, **17.3 per cent of Hawaii's population lives in poverty.** Probably, the groups most affected are those in the visitor industry, many of whom are of Filipino and Hawaiian descent.

The Council for Community and Economic Research, in their fifth edition on cost of living, found that **Hawaii is ranked third among the top 10 most expensive cities in the United States.** Manhattan and Brooklyn, NY ranked above; San Francisco, San Jose, Washington, D.C. were below.

Interestingly, **all areas that ranked among the top 10 had minimum raises above Hawaii's current minimum wage, and in particular we note that San Francisco and San Jose that ranked just below Hawaii had minimum wages of \$10.74 and \$10.15, respectively.**

Thus, we ask legislators to consider hiking the minimum wage to at least begin at \$9.00 in 2015, then \$10.10 in 2016, and then \$11.00 in 2017 and to keep the CPI. If this is not possible, return to the original form of SB2609. This proposed minimum wage increase will help to restore the dignity of the working poor, people who are currently not being paid wages that allow them a decent level of economic stability.

As the League of Women Voters of Hawai'i points out in their testimony, "A just society rewards workers by compensating their labor fairly. An ethical society allows those who contribute by their labor, to receive wages they can live on."

We urge you to amend SB2609 SD1 HD1 to allow for a higher beginning wage increase than \$7.75 in the interest of justice for the workers of Hawai'i.

Respectfully

/s/ Davis Price by on-line testimony

DAVIS PRICE
Chair

LATE

Good evening Senators

As a small business owner the passing of SB2609 will be very detrimental to my business--let alone the entire economy of the state. Rather than help raise the standard of living for those who rely on minimum wage jobs, it will actually hurt them. Here is an example of the impact such a law would have on your typical small business owner and their employees:

Consider a restaurant selling 100 meals a day for 365 days at \$10 each. The total revenue is \$365,000. I employ 10 minimum wage workers earning \$7.25 per hour, working 2000 hours a year, making labor costs \$145,000. Assume rent, utilities, equipment, depreciation, insurance, supplies, licenses, and food costs come to \$170,000 per year, it leaves a profit of \$50,000 for the owner and their family.

Raising the minimum wage \$1 would raise labor costs by \$20,000 (paying more for the same amount of labor) and reduce profit to \$30,000. Raising the minimum wage to \$9.25 will reduce profit to \$10,000.

By raising labor expenses, you also increase payroll taxes, unemployment insurance contributions, temporary disability insurance, and workers' compensation insurance. By raising the minimum wage \$2, the \$10,000 profit is now pretty much wiped out.

By eliminating the profit, instead of having 10 people making the minimum wage, you have 11 people unemployed—including the owner! .

Artificial labor increases affects many people—even the person the increase is intended to help. An increase in the minimum wage hurts customers who have pay a higher cost, employee(s) who are let go or have their hours reduced and the small business owner and their family. At the end of the day, if costs are raised across the board, what benefit will the minimum wage earner get?

The raising of the minimum wage will not help those who do not have a job—in fact, it will make jobs even more difficult to obtain as jobs will be eliminated. A study by the non-partisan Congressional Budget Office projected job losses if the minimum wage is raised. Is job destruction something good for our state?

Hawaii is already one of the most expensive places to live—do you want to make it more expensive for everyone? Do you want to put more people out of work? Do you want to discourage small business owners? I don't think anyone would want any of these things and with that, I hope you vote against SB 2609.

Thank you.

Aloha, Sean