

JAN 17 2014

A BILL FOR AN ACT

RELATING TO MINIMUM WAGE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the hourly minimum
2 wage in Hawaii is adjusted to account for the increase in the
3 cost of living. According to the United State Census Bureau,
4 Hawaii has the highest cost of living, yet it is the ninth
5 poorest state in the United States. In addition, although there
6 is a 4.4 per cent unemployment rate in Hawaii, 17.3 per cent of
7 Hawaii's population lives in poverty.

8 For seven years, the minimum wage in Hawaii has remained at
9 \$7.25 per hour while the costs of goods and services have
10 increased. For example, seven years ago the average price of
11 gas was \$2.81 per gallon. Today, it is approximately \$3.98 per
12 gallon depending on the price of crude oil. This is a price
13 increase of thirty-one per cent. The median price of a single-
14 family home in Honolulu rose 14.2 per cent from 2012 to 2013.
15 The median home price is currently \$685,000.

16 Minimum wage workers in Hawaii working forty hours per week
17 currently earn \$15,080 per year. The annual income for minimum
18 wage workers is approximately the same amount as the cost of the



1 least expensive new vehicle in Hawaii, which is a 2014 Ford
2 Fiesta priced at \$14,745. Currently, minimum wage workers in
3 Hawaii earn \$58 per day, while Hawaii's average hotel room rate
4 is \$355 per night.

5 Minimum wage workers' annual income is less than half of
6 the annual salaries of many entry level occupations in Hawaii.
7 According to state and city and county of Honolulu websites that
8 provide information on entry level salaries for state and county
9 employees, minimum wage workers earn at least \$24,124 less per
10 year than refuse workers, \$28,679 less per year than teachers,
11 \$29,596 less per year than firefighter recruits, and \$37,972
12 less per year than police recruits.

13 Despite having the highest cost of living in the nation,
14 Hawaii does not have the highest minimum wage. The State of
15 Washington has the highest minimum wage at \$9.32 per hour. In
16 addition to Washington, twenty other states and the District of
17 Columbia have higher minimum wages than Hawaii. In recognizing
18 the necessity for parity in pay, the city of SeaTac in
19 Washington enacted an ordinance to provide a minimum wage of \$15
20 per hour for hospitality and transportation workers.

21 On the national level, the United States Senate is working
22 to raise the federal hourly minimum wage. Currently, Senate



1 Bill 1737 proposes to "directly help American families" and
2 strengthen the American economy by raising the federal minimum
3 wage level to \$10.10 over the span of three years. This
4 legislature, like the United States Senate, is committed to
5 economically lifting minimum wage workers and their families'
6 income.

7 The legislature recognizes its obligation to increase the
8 hourly minimum wage to \$10.10 over the span of three years. By
9 raising the minimum wage to \$10.10 per hour, minimum wage
10 workers in Hawaii will earn \$21,008 annually. Furthermore, the
11 legislature finds that the "tip credit" has made Hawaii's
12 service workers particularly vulnerable because of the
13 variability of customer tips that subsidize their low wages.
14 The legislature further finds that removing the "tip credit"
15 will treat all workers equally. Finally, adjusting the minimum
16 wage based on a local index that will more accurately reflect
17 Hawaii's economic changes and avoid the need for continual
18 review by the legislature. These adjustments to the minimum
19 wage will strengthen Hawaii's economy by helping to lift minimum
20 wage workers and their families from poverty.



1 The purpose of this Act is to give Hawaii workers a higher
2 wage that recognizes the increases in the cost of living and
3 enables them to build a better life.

4 SECTION 2. Section 387-2, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "**§387-2 Minimum wages.** (a) Except as provided in section
7 387-9 and this section, every employer shall pay to each
8 employee employed by the employer, wages at the rate of not less
9 than:

- 10 (1) \$6.25 per hour beginning January 1, 2003;
- 11 (2) \$6.75 per hour beginning January 1, 2006; [and]
- 12 (3) \$7.25 per hour beginning January 1, 2007[-];
- 13 (4) \$8.20 per hour beginning January 1, 2015;
- 14 (5) \$9.15 per hour beginning January 1, 2016; and
- 15 (6) \$10.10 per hour beginning January 1, 2017.

16 ~~[The hourly wage of a tipped employee may be deemed to be~~
17 ~~increased on account of tips if the employee is paid not less~~
18 ~~than 25 cents below the applicable minimum wage by the~~
19 ~~employee's employer and the combined amount the employee~~
20 ~~receives from the employee's employer and in tips is at least 50~~
21 ~~cents more than the applicable minimum wage.]~~

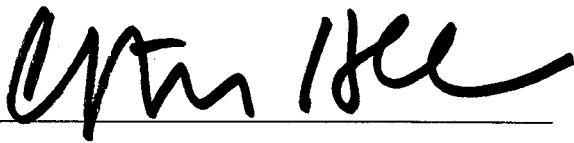


1 (b) On September 30, 2017, and on September 30 of each
2 year thereafter, the department of labor and industrial
3 relations shall calculate an adjusted minimum wage rate. The
4 adjusted minimum wage rate shall be calculated to the nearest
5 5 cents using the Honolulu region consumer price index for urban
6 wage earners and clerical workers, CPI-W, or a successor index,
7 for the twelve months prior to September 1 of each year as
8 calculated by the United States Department of Labor; provided
9 that if in any year the adjustment based on the Honolulu region
10 CPI-W would result in a lower minimum wage rate, the minimum
11 wage rate shall not be decreased, and the adjusted minimum wage
12 rate shall remain at the most recently established minimum wage
13 rate. Each adjusted minimum wage rate calculated under this
14 subsection shall take effect on the following January 1."

15 SECTION 3. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 4. This Act shall take effect upon its approval.

18

INTRODUCED BY: 



Report Title:

Labor; Minimum Wage; Tip Credit

Description:

Increases minimum wage rate to \$8.20 per hour beginning on 01/01/15, \$9.15 per hour beginning on 01/01/16, and \$10.10 per hour beginning on 01/01/17. Repeals the tip credit. Authorizes the department of labor and industrial relations to adjust the minimum hourly wage to the nearest 5 cents based on the Honolulu region consumer price index beginning on 09/30/17 and on September 30 of each year thereafter to take effect on the following January 1.

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