

S.B. NO. 2828

JAN 23 2014

A BILL FOR AN ACT

RELATING TO MINIMUM HOURLY WAGE.

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

1 SECTION 1. Section 387-2, Hawaii Revised Statutes is
2 amended to read as follows:

3 "**§387-2 Minimum wages.** Except as provided in section 387-
4 9 and this section, every employer shall pay to each employee
5 employed by the employer, wages at the rate of not less than:

6 ~~[(1) \$6.25 per hour beginning January 1, 2003;~~

7 ~~(2) \$6.75 per hour beginning January 1, 2006; and~~

8 ~~(3)]~~ (1) \$7.25 per hour beginning January 1, 2007[-];

9 (2) \$8.75 per hour beginning January 1, 2015;

10 (3) \$9.50 per hour beginning January 1, 2016; and

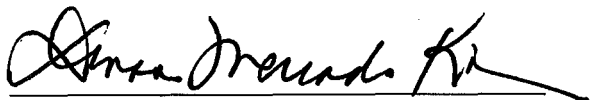
11 (4) \$10.00 per hour beginning January 1, 2017.

12 The hourly wage of a tipped employee may be deemed to be
13 increased on account of tips if the employee is paid not less
14 than 25 cents below the applicable minimum wage by the
15 employee's employer and the combined amount the employee
16 receives from the employee's employer and in tips is at least 50
17 cents more than the applicable minimum wage."

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1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect upon its approval.

INTRODUCED BY: 

BY REQUEST

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Report Title:

Minimum Wage; Employment

Description:

Increases the minimum hourly wage to \$8.75 on January 1, 2015, \$9.50 on January 1, 2016, and \$10.00 on January 1, 2017.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT RELATING TO MINIMUM HOURLY WAGE.

PURPOSE: To increase the minimum hourly wage to \$8.75 on January 1, 2015, \$9.50 on January 1, 2016, and \$10.00 on January 1, 2017.

MEANS: Amend section 387-2, Hawaii Revised Statutes.

JUSTIFICATION: Raising the minimum wage will 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 and therefore will generate economic activity to support our continued recovery from the recession.

The last minimum wage increase was in 2007. Using that as the base year, and adjusting the current \$7.25 minimum wage for inflation based on the most recent Consumer Price Index that is updated semi-annually, the minimum wage would have been \$8.49 an hour on July 1, 2013. Using the Department of Business Economic Development and Tourism's (DBEDT) CPI-U forecast for 2013 to 2015, a worker would have to be paid \$8.57 by 2013, \$8.78 by 2014, and \$9.00 by 2015 in order to have the same purchasing power that the worker had in 2007 at \$7.25 an hour.

Conversely, if the current minimum wage is deflated to 2007 dollars, it would be worth only \$6.14 per hour in 2013, \$5.99 in 2014, and \$5.85 in 2015.

The following twenty states or jurisdictions have a higher minimum wage than Hawaii as of October 1, 2013:

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

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

It is desirable for Hawaii to maintain a minimum wage standard that reflects the increase in the cost of living, especially considering Hawaii is one of the most expensive states to live in.

Per the Second Quarter 2013 Cost of Living Data Series published by the Missouri Economic Research and Information Center (http://www.missourieconomy.org/indicators/cost_of_living/index.), Hawaii is the most expensive area to live in.

The U.S. Census Bureau recently estimated that 17.4 percent of Hawaii State residents live in poverty, or about one-fifth of Hawaii residents, and that makes Hawaii as the seventh highest state with the percentage of people living in poverty.

According to the Research and Statistics Office of the Department of Labor and Industrial Relations, since 2002, the minimum wage has increased four times and on each of those occasions the seasonally adjusted job count continued to grow.

Impact on the public: This amendment will improve the quality of life for current minimum wage workers by adjusting the

minimum wage for inflation to give workers more purchasing power. It will also provide an incentive for those moving from welfare to work to earn wages that will enable them to become self-sufficient. The majority of minimum wage workers in such occupations as waitperson, food service counter worker, and bus person, will also see an improvement in their economic sustainability.

Impact on the department and other agencies:
The department anticipates that it will experience a workload increase to implement this proposal due to the following:

- (1) Notices to employers and employees must be revised, printed, and distributed before the effective dates to provide advance notice of these changes.
- (2) More investigations must be conducted if employers fail to comply with the minimum wage changes.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: LBR 152.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.