

Honolulu, Hawaii

April 4, 2014

RE: S.B. No. 2609
S.D. 1
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2609, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MINIMUM WAGE,"

begs leave to report as follows:

The purpose of this measure is to update the minimum wage by:

- (1) Increasing the minimum wage by a specified amount from January 1, 2015, to January 1, 2018; and
- (2) Increasing the tip credit by a specified amount from January 1, 2015, to January 1, 2017; and
- (3) Specifying that for each taxable year, the tip credit shall become available in the calendar week after the employee's wages and tips exceed 250 percent of the poverty level as determined by the Director of Labor and Industrial Relations and shall remain available for the remainder of the calendar year.

The Department of Labor and Industrial Relations; Department of Human Services; a Councilmember of the Kauai County Council; Hawaii Primary Care Association; Rainbow Family 808; Hawaii Credit Union League; Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO; ILWU Local 142; Hawaii State AFL-CIO; Hawaii Alliance for Retired Americans; International Organization of

SB2609 HD2 HSCR FIN HMS 2014-3145



Masters, Mates & Pilots; Planned Parenthood of Hawaii; Laborers' International Union of North America, Local 638; and several individuals provided testimony in support of this measure. The Hawaii Island Chamber of Commerce; Japanese Chamber of Commerce and Industry of Hawaii; Times Supermarkets; National Federation of Independent Business Hawaii; Kailua Round Table Pizza; VIP Foodservice; Hawaii Restaurant Association; Gyotaku Japanese Restaurants; Maui Chamber of Commerce; Chamber of Commerce of Hawaii; Aloha Petroleum, Ltd.; and numerous individuals provided testimony in opposition to this measure. The Executive Office on Early Learning; Hawaii State Commission on the Status of Women; Office of Community Services; Democratic Party of Hawaii; Hawaiian Affairs Caucus of the Democratic Party of Hawaii; Women's Caucus of the Democratic Party of Hawaii; Hawaii State Teachers Association; Hawaii Women's Coalition; Hawaii Independent Energy, LLC; HealthyPacific.Org; Cheeseburger in Paradise Restaurants; Island Princess; Kimo's Restaurant; Hawaii Appleseed Center for Law and Economic Justice; Duke's Beach House Maui; Duke's Canoe Club Waikiki; Duke's Canoe Club Kauai; PHOCUSED; Hula Grill Waikiki; Keoki's Paradise; Leilani's on the Beach; TS Restaurants; Hula Grill; Screen Actors Guild- American Federation of Television and Radio Artists, Hawaii Local; Zonta Club of Hilo; Seafarers International Union; United Public Workers, AFSCME Local 646, AFL-CIO (UPW); Catholic Charities Hawaii; Partners in Care; Hawaii Ports Maritime Council; Hawaii Lodging & Tourism Association; Dr. Martin Luther King, Jr. Coalition of Hawaii; Faith Action for Community Equity Hawaii; Hawaii Food Industry Association; Progressive Democrats of Hawaii; Chamber of Commerce for Persons with Disabilities-Hawaii; and a few individuals provided comments.

Your Committee has amended this measure by:

- (1) Changing the minimum wage to \$10.00 per hour beginning January 1, 2018;
- (2) Deleting the provisions specifying that the tip credit shall only become available when the employee's wages and tips exceed 250 percent of the poverty level as determined by the Director of Labor and Industrial Relations;
- (3) Deleting the provisions requiring the Director of Labor and Industrial Relations to use the poverty guidelines for Hawaii of the United States Department of Health and Human Services to establish the applicable poverty level

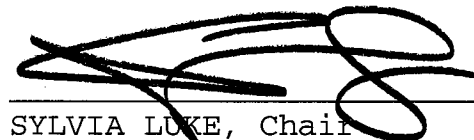


threshold that will trigger the applicability of the tip credit;

- (4) Inserting a tip credit as follows:
 - (A) 50 cents per hour beginning January 1, 2015; and
 - (B) 75 cents per hour beginning January 1, 2016;
- (5) Specifying that beginning January 1, 2015, the tip credit shall only become available when the employee's wages and tips exceed the applicable minimum wage by at least \$7.00 per hour;
- (6) Making this measure take effect upon its approval; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2609, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2609, S.D. 1, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



State of Hawaii
House of Representatives
The Twenty-seventh Legislature

HSCR 1658-14

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 2609, SD1, HD1	Committee Referral: LAB, FIN	Date: 4/2/2014	
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.			
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)			
FIN Members	Ayes	Ayes (WR)	Nays
1. LUKE, Sylvia (C)	/		
2. NISHIMOTO, Scott Y. (VC)	/		
3. JOHANSON, Aaron Ling (VC)	/	/	
4. CULLEN, Ty J.K.	/		
5. HASHEM, Mark J.	/		/
6. ING, Kaniela	/		
7. JORDAN, Jo	/		
8. KOBAYASHI, Bertrand	/		
9. LOWEN, Nicole E.	/		
10. MORIKAWA, Dee	/		
11. ONISHI, Richard H.K.	/		
12. TAKAYAMA, Gregg	/		
13. TOKIOKA, James Kunane	/		
14. WOODSON, Justin H.	/		
15. YAMASHITA, Kyle T.	/		
16. FUKUMOTO, Beth	/	/	
17. WARD, Gene	/		
TOTAL (17)	14	2	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; margin-left: 100px;">committee acronym(s)</div>			
Vice Chair's or designee's signature: _____			
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO			