

Honolulu, Hawaii

**FEB 17 2017**

RE: S.B. No. 107  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred  
S.B. No. 107 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Increase the minimum wage to \$12.25 per hour in 2018 and \$15.00 per hour in 2019;
- (2) Repeal the tip credit; and
- (3) Require the Department of Labor and Industrial Relations to annually calculate the adjusted minimum wage rate to the nearest 5 cents using the Honolulu region consumer price index for urban wage earners and clerical workers (CPI-W) or successor index.

Your Committee received testimony in support of this measure from the Hawaii State Commission on the Status of Women, American Association of University Women of Hawaii, American Association of University Women Windward, Americans for Democratic Action, Community Alliance on Prisons, Democratic Party of Hawai'i, Hawaii Appleseed Center for Law & Economic Justice, Hot Yoga Hilo, LGBT Caucus of the Democratic Party of Hawai'i, Jams World, Surf Line Hawaii LTD., Hawaii State Teachers Association, ILWU Local 142, Graduate Student Organization at the University of Hawai'i at Manoa, Hawaii State AFL-CIO, Hawaii Alliance for Progressive



Action, Hawaii Women's Coalition, IMUAlliance, and thirty-nine individuals. Your Committee received testimony in opposition to this measure from ABC Stores; Chamber of Commerce Hawaii; City Mill Company, Limited; The Hawaii Business League; Hawaii Food Industry Association; State House District 41, Hawaiian Republican Party; Hawai'i Restaurant Association; Highway Inn; Il Gelato Hawaii; Libertarian Party of Hawaii; Retail Merchants of Hawaii; Tiki's Grill & Bar; Hawaii Farm Bureau; Maui Chamber of Commerce; Maui County Farm Bureau; The Pacific Club; Aiea Bowl; Big Island Toyota; Eggs 'n Things; Johnson Brothers of Hawaii; Pint and Jigger; Kenjo Inc.; and four individuals. Your Committee received comments on this measure from the Department of Labor and Industrial Relations, Grassroot Institute of Hawaii, and one individual.

Your Committee finds that the minimum wage rate was adjusted in 2014, raising the minimum wage rate each year for the following four years to achieve a minimum wage rate of \$10.10 per hour beginning January 1, 2018. This measure proposes to extend the increased minimum wage rate schedule by increasing the rate to \$12.25 per hour beginning January 1, 2018, and increasing the rate to \$15.00 per hour beginning January 1, 2019, to further boost the State's economy, improve the quality of life for minimum wage workers, and increase the number of jobs available.

Your Committee also finds that Hawaii's relatively low wages are exacerbated by Hawaii's high cost of living and notes that Hawaii's minimum wage rate fails to regularly adjust with Hawaii's rising cost of living. Your Committee believes that annually adjusting the minimum hourly wage to the nearest 5 cents based on the CPI-W will more accurately reflect Hawaii's economic changes, provide a mechanism to keep up with the cost of inflation, provide employers with more predictable and gradual increases in the minimum wage rate over time, and avoid continual review by the Legislature.

Your Committee further finds that the tip credit has made Hawaii's service industry workers particularly vulnerable due to the varying levels of customer tips, which are intended to supplement hourly wages that are lower than the minimum wage rate. This measure proposes to repeal the tip credit to treat all workers equally; however, your Committee finds that it is more appropriate to consider an increase of the tip credit, rather than its elimination.



Your Committee has amended this measure by:

- (1) Changing the minimum wage increase schedule to increase the minimum wage to \$10.50 per hour in 2018, \$12 per hour in 2019, \$13.50 per hour in 2020, and \$15 per hour in 2021;
- (2) Reinstating the tip credit;
- (3) Increasing the tip credit to an unspecified amount beginning January 1, 2018;
- (4) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee acknowledges that it has not designated an amount by which to increase the tip credit and sees this as an opportunity to revisit and continue discussion regarding the tip credit.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 107, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 107, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Labor,

  
GILBERT S.C. KEITH-AGAPAN, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:* <b>SB 107</b>	Committee Referral: <b>JDL, WAM</b>	Date: <b>2/14/17</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEITH-AGARAN, Gilbert S.C. (C)	✓			
RHOADS, Karl (VC)	✓			
GABBARD, Mike				✓
KIM, Donna Mercado		✓		
THIELEN, Laura H.		✓		
<b>TOTAL</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Karl Rhoads</div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes