

HB 1443

Relating to Minimum Wage

LAB, FIN

HB1433



Submit Testimony

Measure Title: RELATING TO MINIMUM WAGE.
Report Title: Labor; Minimum Wage; Consumer Price Index
Description: Requires DLIR to adjust the hourly minimum wage in accordance with the Honolulu region consumer price index.
Companion:
Package: None
Current Referral: LAB, FIN
Introducer(s): JOHANSON, C. LEE

| <u>Sort by</u> <u>Date</u> | | Status Text |
|-------------------------------|---|---|
| 1/25/2017 | H | Introduced and Pass First Reading. |
| 1/30/2017 | H | Referred to LAB, FIN, referral sheet 6 |
| 2/10/2017 | H | Bill scheduled to be heard by LAB on Tuesday, 02-14-17 8:30AM in House conference room 309. |

S = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment
Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

A BILL FOR AN ACT

RELATING TO MINIMUM 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.** (a) Except as provided in section
4 387-9 and this section, every employer shall pay to each
5 employee employed by the employer, wages at the rate of not less
6 than:
- 7 (1) \$6.25 per hour beginning January 1, 2003;
 - 8 (2) \$6.75 per hour beginning January 1, 2006;
 - 9 (3) \$7.25 per hour beginning January 1, 2007;
 - 10 (4) \$7.75 per hour beginning January 1, 2015;
 - 11 (5) \$8.50 per hour beginning January 1, 2016;
 - 12 (6) \$9.25 per hour beginning January 1, 2017; ~~and~~
 - 13 (7) \$10.10 per hour beginning January 1, 2018 ~~[-]~~, and
14 ending on December 31, 2018; and
 - 15 (8) An amount adjusted in accordance with subsection (c)
16 beginning January 1, 2019.



1 (b) The hourly wage of a tipped employee may be deemed to
2 be increased on account of tips if the employee is paid not less
3 than:

- 4 (1) 25 cents;
 - 5 (2) 50 cents per hour beginning January 1, 2015; and
 - 6 (3) 75 cents per hour beginning January 1, 2016,
- 7 below the applicable minimum wage by the employee's employer and
8 the combined amount the employee receives from the employee's
9 employer and in tips is at least 50 cents more than the
10 applicable minimum wage; provided that beginning January 1,
11 2015, the combined amount the employee receives from the
12 employee's employer and in tips is at least \$7.00 more than the
13 applicable minimum wage.

14 (c) On September 30, 2018, and on September 30 each year
15 thereafter, the department of labor and industrial relations
16 shall calculate an adjusted minimum wage rate. The adjusted
17 minimum wage rate shall be calculated to the nearest cent using
18 the Honolulu region consumer price index for urban wage earners
19 and clerical workers, CPI-W, or a successor index, for the
20 twelve months prior to September 1 of each year as calculated by
21 the United States Department of Labor. Each adjusted minimum

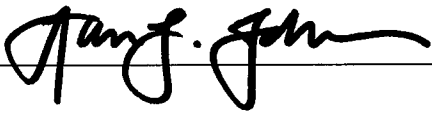



1 wage rate calculated under this subsection shall take effect on
2 the following January 1."

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

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

6

INTRODUCED BY: 

JAN 25 2017



H.B. NO. 1433

Report Title:

Labor; Minimum Wage; Consumer Price Index

Description:

Requires DLIR to adjust the hourly minimum wage in accordance with the Honolulu region consumer price index.

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



DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.labor.hawaii.gov
Phone: (808) 586-8844 / Fax: (808) 586-9099
Email: dlir.director@hawaii.gov

February 14, 2017

To: The Honorable Aaron Ling Johanson, Chair,
The Honorable Daniel Holt, Vice Chair, and
Members of the House Committee on Labor & Public Employment

Date: Tuesday, February 14, 2017
Time: 8:30 a.m.
Place: Conference Room 309, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 1433 Relating to Labor

I. OVERVIEW OF PROPOSED LEGISLATION

This proposal amends section 387-2, Hawaii Revised Statutes (HRS), by authorizing the DLIR to annually adjust the minimum wage according to the Consumer Price Index (CPI) beginning September 30, 2018, to the nearest penny, effective on the following January 1 and each year thereafter.

II. CURRENT LAW

The minimum wage is \$9.25, effective January 1, 2017, and \$10.10 beginning January 1, 2018 and there is no indexing for inflation. Employers are allowed to claim a tip credit of up to 75 cents an hour for tipped employees, i.e., pay them below the minimum wage at \$8.50 an hour, provided the tipped employee actually receives at least \$16.25 in wages plus tips, or \$7.00 above the 2017 minimum wage.

III. COMMENTS ON THE HOUSE BILL

The following jurisdictions index their minimum wage to inflation so that the real value of the minimum wage does not fall every year:

Alaska
Arizona
Colorado
Connecticut

District of Columbia
Florida
Missouri
Montana
Nevada
New Jersey
Ohio
Oregon
South Dakota
Vermont¹
Washington

The U.S. Department of Labor's Wage and Hour Division maintains a website with state level information at: <https://www.dol.gov/whd/minwage/america.htm#content>

DLIR notes that the CPI calculation in the measure as drafted is vague. This could be clarified by multiplying the prior minimum wage rate by the Honolulu region CPI-W percentage change. The Department also notes that the measure could result in a minimum wage lower than the federal one as well as a reduction in the minimum wage if the CPI goes down.

¹ In 2019 and beyond the minimum wage will be tied to the rate of inflation.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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

The Twenty-Ninth Legislature, State of Hawaii
House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii Government Employees Association

February 14, 2017

H.B. 1433 - RELATING TO MINIMUM WAGE

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO conceptually supports the purpose and intent of H.B. 1433 which requires the Department of Labor and Industrial Relations to adjust the hourly minimum wage in accordance with the Honolulu region consumer price index effective January 2019.

Prior to the incremental increases that began in 2015, the minimum wage had not changed since January 1, 2007, which equates to 8 years of salary stagnation for minimum wage employees. Although the current minimum wage is now \$9.25 per hour and set to increase to \$10.10 per hour in 2018, Hawaii's high cost of living continues to outpace wage increases. We believe indexing the minimum wage to the Honolulu consumer price index is one tool that will help spur Hawaii's economic recovery by increasing a minimum wage earner's purchasing power and thus generating much needed consumer spending. However, we respectfully request the Committee consider increasing the minimum wage over three years then indexing to CPI, as outlined in H.B. 5 on this same Committee agenda.

Thank you for the opportunity to testify in conceptual support of H.B. 1433.

Respectfully submitted,

Randy Perreira
Executive Director

Board of Directors

Tom Jones
Gyotaku / AGU a Ramen Bistro
Pat Kashani
Tropics Tap House
Ben Dowling
Ocean House
Hide Sakurai
Shokudo, Būho, Bread + Butter
Eric Waddell
Fleetwood's on Front Street
Mark Noguchi
Pili Group
Gary Manago
Hilton Waikiki Beach Hotel
Michelle Brumblay
Kahala Hotel and Resort
Eki Locke
Bill's Sydney
Jetsun Dutcher
Kona Brewing Company
Patrick Fass
Turtle Bay Resort
Hideo Simon
Square Barrels
Yuka Raso
Nobu Restaurants
Nick Roschi
Luana Hospitality
Dr. Thomas E. Metzger
CiCi's Pizza
Dianne Vicheinrut
Outrigger Hotels
Jed Roa
Lola's Grill & Pupu Bar
Paul Yokota
FCH Enterprise / Zippys
Conrad Nonaka
Culinary Inst. of the Pacific
Jim Cremins
Y. Hata
James Baloaloa
SWS- Red Bull
Naomi Azama
HMAA
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Image Apparel Hawaii
Thomas Frigge
TOBE Co. Food Safety
Biff Graper
Colliers International
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Harris Agency
Anne Lee
HONOLULU Magazine
Sharon Shigemoto
Hawaii Gas
Gordon Chow
C&S- Hansen

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Eron Read, Past Chair

Gregg Fraser, Executive Director **Sunny Obrey, Executive Assistant** **Holly Kessler, Director of Membership Relations**

To: Rep. Aaron Ling Johanson, Chair
 Rep. Daniel Holt, Vice Chair
 Members of the Committee on Labor & Public Employment

From: Victor Lim, Hawaii Restaurant Association

Subj: HB1433 Relating to Minimum Wage

Date: February 12, 2017

The Hawaii Restaurant Association representing about 3,500 restaurants with about 90,000 food service workers supports HB 1433 as it is currently written.

The Twenty-Ninth Legislature
Regular Session of 2017

THE HOUSE

Committee on Labor & Public Employment
Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair
State Capitol, Conference Room 309
Tuesday, February 14, 2017; 8:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 5, H.B. 442, AND H.B. 1433,
RELATING TO THE MINIMUM WAGE**

The ILWU Local 142 supports increasing the minimum wage in Hawaii, even though increases were legislated in 2014 for incremental increases through 2018. The minimum wage has not kept up with inflation, and many earning the minimum wage are supporting not only themselves but their families. That often means working at multiple minimum wage jobs to make ends meet, resulting in less-than-ideal family situations.

H.B. 5 increases the minimum wage in four increments to \$15.00 per hour beginning on January 1, 2021. It also provides to the Department of Labor and Industrial Relations the responsibility of annually adjusting the minimum wage, based on the Honolulu region consumer price index for urban wage earners and clerical workers, CPI-W. This would begin on September 30, 2021, and each adjusted minimum wage rate would take effect the following January first. H.B. 5 further deletes the tip credit. We support the contents of this bill.

H.B. 442 would provide the Counties with the authorization to “enact and enforce ordinances establishing minimum wage requirements pursuant to chapter 387”. The ILWU has questions related to H.B. 442 such as would this new structure provide some confusion with more than one minimum wage in the State, especially for employers who are operating in multiple counties? Also, would the counties have the authority to pass ordinances only for minimum wages higher than the State’s minimum wage?

H.B. 1433 would also place the responsibility of annually adjusting the minimum wage, based on the Honolulu region consumer price index for urban wage earners and clerical workers, CPI-W on the Department of Labor and Industrial Relations. The first adjusted minimum wage by the Department would occur following the last incremental step to \$10.10 per hour from the prior minimum wage law change, and begin on January 1, 2019. We support the contents of this bill.

The ILWU supports the deletion of the tip credit. Other states have increased their minimum wage but have no tip credit. Among them are several western states such as Washington, Alaska, California, Minnesota, Montana, Nevada, Oregon, and the District of Columbia.

Employers argue that tipped employees earn far more than the minimum when tips are included. Why should that matter to the employer? Tipped employees earn their tips, just as they earn their wages. And who pays the tip? Not the employer, who actually benefits from a subsidy provided by the tipping customer. Without tips, the employer might be forced to pay the employee two or three times more in wages. Finally, a tip is not guaranteed. While it is customary in the U.S. for customers to leave a tip for restaurant servers, the tip is voluntary.

Of the three bills, the ILWU prefers H.B. 5. We thank you for the opportunity to share our views and concerns.

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 11, 2017 6:41 PM
To: LABtestimony
Cc: blawaiianlvr@icloud.com
Subject: Submitted testimony for HB1433 on Feb 14, 2017 08:30AM

HB1433

Submitted on: 2/11/2017

Testimony for LAB on Feb 14, 2017 08:30AM in Conference Room 309

| Submitted By | Organization | Testifier Position | Present at Hearing |
|-------------------------|---------------------|---------------------------|---------------------------|
| De MONT R. D. CONNER | Ho'omana Pono, LLC. | Support | Yes |

Comments: We're in STRONG SUPPORT of this bill.

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Beau Oshiro, C&S Wholesale – Vice Chair
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Stan Brown, Acosta – Advisor
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1050 Bishop St. PMB 235
Honolulu, HI 96813
Fax: 808-791-0702
Telephone: 808-533-1292

TO: COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
Rep. Aaron Ling Johanson, Chair
Rep. Daniel Holt, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Tuesday, Feb. 14, 2017
TIME: 8:30 a.m.
PLACE: Conference Room 309

RE: HB1433 (Minimum wage; CPI)
Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA opposes this bill, which requires DLIR to adjust the hourly minimum wage in accordance with the Honolulu region consumer price index.

The minimum wage is not a living wage, it is a training wage. Without a training wage it would be impossible for businesses to employ unskilled and completely untrained local high school students and groom them for leadership roles later in their career. This bill will have the unintended consequence of making it more difficult for employers to train and hire local youth.

If the minimum wage is increased, employers will be forced to mechanize low skill jobs and only higher skilled employees. Without on the job training, many individuals will be deprived of the opportunity to grow their roles in companies and ultimately better themselves and their community.

Many factors, including but not limited to Hawaii's geography and regulatory climate, make operating a business extremely expensive. A higher minimum wage would force businesses to adjust by reducing capital investment in their businesses, including the hiring of fewer employees; increasing efficiency efforts and potentially laying off employees, which in turn would mean requiring remaining workers to do more and/or forcing businesses to raise prices on goods and services. And, as the Washington Examiner points out, "(I)f customers must spend ... more on one thing, they will have less to spend on another, which can cause job losses."¹

A correlation between prices and minimum wage increases has been documented. A report from William Blair, a global investment banking and management firm, concluded that when San Francisco's minimum wage increased 14% from \$10.74 to \$12.25 per hour² (May 1, 2015), prices at Chipotle increased proportionately. According to the report:

All of the Chipotles in the area saw an "across-the-board" price increase. The hike included the chicken, pork, tofu and vegetarian prices, all of which increased 10 percent. The cost of steak and barbacoa rose 14 percent. Data from this study suggests that the % increase in the minimum wage matched the % increase in food prices.

Please keep in mind, food retailers generally operate at a profit margin of around 1 percent. For many it may not be possible to change their pay scales and budget around this kind of extreme change. Local businesses may not have the capitol to invest in the technology that will be needed to stay competitive.

Hawaii employers are already shouldering much higher costs per employee than almost any other state due to the Prepaid Healthcare Act of 1974. Unlike other states, in Hawaii, employers are required to provide very high benefit plans while also being prohibited from having employee's contributions exceed 1.5% of the employee's monthly wages. The cost of healthcare has continued to skyrocket, driving up the cost of labor and employing individuals in Hawaii. Increasing minimum wage to meet Honolulu's CPI and other mandates, will drive up the cost of labor and make it very difficult to hire workers.

Thank you for the opportunity to testify.

¹ Emilie Padgett, *Study: Minimum Wage Hike Boosted Price of Chipotle Burritos*, Washington Examiner, July 7, 2015. <http://www.washingtonexaminer.com/at-chipotle-increase-in-minimum-wage-means-pricier-burritos-study/article/2567752> (accessed Oct. 6, 2015).

² City & County of San Francisco Office of Labor Standards Enforcement. *Minimum Wage Ordinance*. San Francisco, CA, 2015. <http://sfgsa.org/index.aspx?page=411> (accessed Oct. 9, 2015).



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the House Committee on Labor & Public Employment
Tuesday, February 14, 2017 at 8:30 A.M.
Conference Room 309, State Capitol**

RE: HOUSE BILL 1433 RELATING TO MINIMUM WAGE

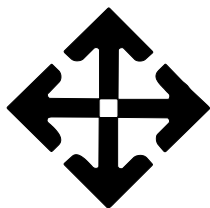
Chair Johanson, Vice Chair Holt, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **opposes** HB 1433, which requires DLIR to adjust the hourly minimum wage in accordance with the Honolulu region consumer price index.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We oppose the placing of a consumer price index into the minimum wage. We believe that the legislature should set the minimum wage according to various other factors which the CPI-W doesn't take into account such as economic factors, other costs that affect business such as prepaid healthcare and many others. As an example while the economy took a dive in the last great recession and unemployment reached 7% statewide and higher on the neighbor islands the CPI-W increased by 2% .

We ask that this bill be deferred. Thank you for the opportunity to testify.



The Hawaii Business League

1188 Bishop St., Ste. 1003, Honolulu, Hawaii 96813

Phone: (808) 533-6819 Facsimile: (808) 533-2739

February 14, 2017

Testimony To: House Committee on Labor & Public Employment
Representative Aaron Ling Johanson, Chair

Presented By: Tim Lyons
President

Subject: H.B. 1433 – RELATING TO MINIMUM WAGE.

Chair Johanson and Members of the Committee:

I am Tim Lyons, President of the Hawaii Business League, a small business service organization and we do not support this bill.

Our arguments against the increase in the minimum wage are set forth in H.B. 5 therefore, we have confined our remarks on this bill to the automatic trigger as established by the use of the Honolulu Region Consumer Price Index (CPI-W) as calculated by the United States Department of Labor. We object to any bill that uses the CPI and having some automatic mathematical formula dictate the wage amounts. Wages should have some relationship to abilities and effort. An automatic increase in wages may mean an automatic decrease in other benefits, something that should be considered on an individual employee basis.

Thank you.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 13, 2017 12:20 AM
To: LABtestimony
Cc: makikirandy@yahoo.com
Subject: *Submitted testimony for HB1433 on Feb 14, 2017 08:30AM*

HB1433

Submitted on: 2/13/2017

Testimony for LAB on Feb 14, 2017 08:30AM in Conference Room 309

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Randy Ching | Individual | Support | No |

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 12, 2017 6:15 PM
To: LABtestimony
Cc: jshon1987@gmail.com
Subject: *Submitted testimony for HB1433 on Feb 14, 2017 08:30AM*

HB1433

Submitted on: 2/12/2017

Testimony for LAB on Feb 14, 2017 08:30AM in Conference Room 309

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Jason Shon | Individual | Support | No |

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 10, 2017 8:38 PM
To: LABtestimony
Cc: clareloprinzi@gmail.com
Subject: *Submitted testimony for HB1433 on Feb 14, 2017 08:30AM*

HB1433

Submitted on: 2/10/2017

Testimony for LAB on Feb 14, 2017 08:30AM in Conference Room 309

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| clare loprinzi | Individual | Support | No |

Comments:

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Hi committee,

My name is Tyler Greenhill. I am from Hawai'i Kai, HD17 and SD9. I strongly support HB1433.

For almost all of my 12 years working I have received a near minimum wage, certainly below \$15/hour. With such a wage it has been impossible to pay off my student load debt, or begin to imagine moving out of my parents' house here on Oahu. I am unable to spend much beyond what is required of my monthly bills. While I now work a job with a slightly higher wage, because of graduate school I work fewer hours.

Were I for the last 12 years making a more humane wage, such as \$15/hour or better, I would have been able to make a much larger dent in my debts. Also, I would have had slightly more money to spend eating out with friends and family.

I find it inconceivable that in 2017, in a place with such an exorbitant cost of living that is part of the wealthiest nation on earth, that the minimum wage is as low as \$9.25/hr. What about the people in much more financially difficult situations, who might not have parents in Hawai'i to offer them housing? What about those working on a minimum wage who have children?

Increasing the minimum wage to \$15/hour would not only help countless people in financial and employment situations like me maybe make ends meet, but would also be a significant boon for our economy. I have too many debts to save. Thus, all money I make is quickly spent. Were I or people in my situation to have a higher wage we would spend more money, creating greater revenue for local businesses.

I urge you to support HB1433 not only because it is the economically responsible thing to do, but because it is morally just.

Thank you,

Tyler Greenhill



3610 Waialae Ave
Honolulu, HI 96816
P: (808) 592-4200
E: tyamaki@rmhawaii.org

**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 14, 2017
Re: HB 1433 RELATING TO MINIMUM WAGE**

Good morning Chairman Johanson and members of the House Committee on Labor and Public Employment. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) is a statewide not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

The Retail Merchants of Hawaii strongly opposes HB 1433 Relating to Minimum Wage. This bill would require the Department of Labor & Industrial Resources to adjust the hourly minimum wag.

The most harmful consequence of this minimum wage increase will be on our smaller retailers which face constant and intense competition, not only from other retailers, but also from internet sellers.

The impact of a minimum wage increase is exponential, causing a compression of wages between newly hired, inexperienced workers and veteran, experienced employees. Mandating scheduled adjustments at the lowest tier of the employment scale causes a tremendous and prohibitive increase in overall employment costs. Furthermore, an increase in payroll costs also leads to increases in benefit costs that are based on wages, including unemployment insurance, Social Security and Medicare, workers' compensation premiums, and vacation and holiday pay.

Over the past few years, the retail industry has seen reasonable growth, with existing companies opening new locations and new retailers entering the marketplace. Hundreds of new retail jobs are being created, with compensation levels based on the current economic conditions, reemployment regulations, and the business philosophy of the employer. Increasing the minimum wage is counterproductive to any further growth.

We respectfully ask that you hold this measure. Mahalo again for this opportunity to testify.

HB 1433

Late Testimony

LATE

LATE

LATE

NFIB

The Voice of Small Business.®

Before the House Committee on Labor & Public Employment

DATE: February 14, 2017

TIME: 8:30 a.m.

PLACE: Conference Room 309

Re: HB 1433 Relating to Minimum Wage

Testimony of Melissa Pavlicek for NFIB Hawaii

Aloha Chair Johanson, Vice Chair Holt, and members of the Committee:

We are testifying on behalf of the National Federation of Independent Business (NFIB) in opposition to House Bill 1433, which requires DLIR to adjust the hourly minimum wage in accordance with the Honolulu region consumer price index.

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.

LATE

LATE

LATE



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

TESTIMONY FOR HOUSE BILL 1433, RELATING TO MINIMUM WAGE

**House Committee on Labor
Hon. Aaron Ling Johanson, Chair
Hon. Daniel Holt, Vice Chair**

**Tuesday, February 14, 2017, 8:30 AM
State Capitol, Conference Room 309**

Honorable Chair Johanson and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 350 members. On behalf of our members, we offer this testimony in strong support of House Bill 1433, relating to minimum wage.

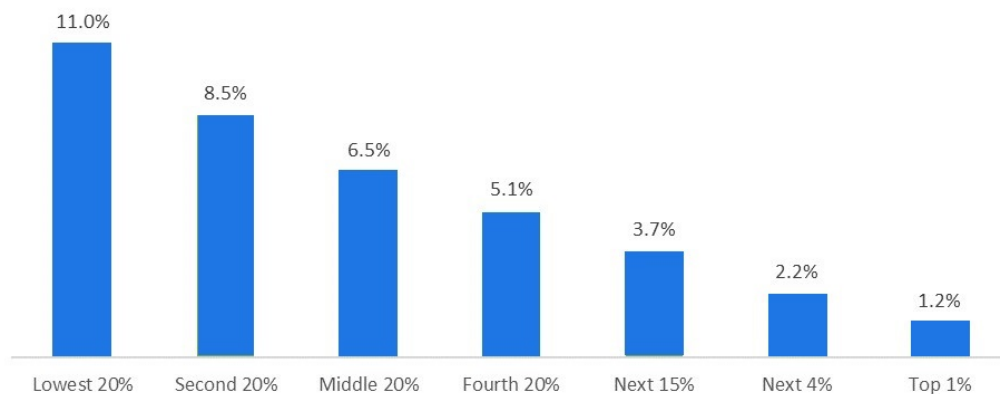
Hawai'i is exorbitantly expensive. Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2016* report found that a full-time worker would need to earn \$34.22/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,100 in 2015, with average rent for a 900-square-foot exceeding \$2,200 in 2016. In the past three years alone, Honolulu rent has increased 23.5 percent. While 47 percent of Hawai'i residents are renters (a number that does not include individuals and families renting outside of the regulated rental market), they earn an average wage of \$14.49/hour, scarcely enough to meet their basic needs. One out of every four households in Hawai'i report that they are "doubling up" or are three paychecks or less away from being homeless, per the Hawai'i Appleseed Center for Law and Economic Justice. Additionally, 54 percent of households are cost-burdened, meaning that they pay more than 30 percent of their income for housing costs.

To make matters worse, we are in the midst of an affordable housing crisis. For context, our state's cost of housing has skyrocketed over the last decade, leaving many families searching for affordable alternatives, in shelters, or on the streets. The median price of condominiums on O'ahu increased 8.3 percent in 2016 to \$390,000, while the median price for single-family homes increased by 6.5 percent to \$735,000, according to the Honolulu Board of Realtors. The cost of a four-bedroom home in urban Honolulu now exceeds \$1.1 million. At least 40 percent of residences in Hawai'i are owner unoccupied, per the Hawai'i Housing Finance and Development Corporation, meaning that nearly 50 percent—and by some estimates well over half—of Hawai'i homes are investment properties. Many of those properties are owned by mainland and foreign

buyers, whose real estate market speculation is a prime driver of Hawai'i's highest-in-the-nation cost of housing.

Moreover, the islands are subject to a general excise tax that regressively impacts the poor. Today, our state's lowest-income households pay over 13 percent of their income in taxes, while our highest earners pay 8 percent or less. The GET, specifically, hits low-income families nearly 1000 percent harder than high earners. Hawai'i is in the minority of states that push low-income people deeper into poverty with an unequal tax structure. Yet, in allowing high-earner income tax rates to expire in 2015, lawmakers effectively give our state's wealthiest residents a \$43 million windfall.

The GET Hits Low-Income Workers Almost 10 Times As Hard As the Top 1%
Hawaii's General Excise Tax as a Share of Family Income



It is the moral responsibility of policymakers, then, to ensure that Hawai'i's lower-income workers can earn a living wage. Even after the minimum wage increases enacted in 2014 that gradually rise to \$10.10 in 2018, our state's minimum wage lags behind our steep housing costs. Like comparisons of other professional wages and salaries in the islands, after factoring in cost of living, Hawai'i has the lowest minimum wage in the nation. About one-third of the state's work force, or 200,000 workers, would see pay increases if this proposal passes, 57 percent of whom are women, 69 percent of whom are over the age of 25, and 3 out of 5 of whom work full-time.

To make Hawai'i more affordable for working class residents, IMUAlliance asks you to support this bill.

Sincerely,
Kris Coffield
Executive Director
IMUAlliance

LABtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 14, 2017 12:28 AM
To: LABtestimony
Cc: doorae@hawaii.edu
Subject: Submitted testimony for HB1433 on Feb 14, 2017 08:30AM

HB1433

Submitted on: 2/14/2017

Testimony for LAB on Feb 14, 2017 08:30AM in Conference Room 309

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| doorae shin | Individual | Support | No |

Comments: Aloha, My name is Doorae Shin and I am a resident of Manoa Valley. This bill is important for the present and future livelihoods of our residents in Hawaii as well as for the local economy. Higher wages always lead to a growing middle class which always leads to a healthier economy, where people have more financial freedom to support the local economy and small businesses. Raising the minimum wage empowers the people and benefits our local economy. I am in full support of this bill. Mahalo

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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LATE

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LATE

To: Chair Johanson, Vice Chair Holt, and Members of the Labor Committee

RE: Support HB 1433 – Minimum wage Increase with CPI-W

Contact info:

Cameron Sato 808-497-8332 Cameron.a.r.sato@gmail.com 969 Kaahue St, Honolulu, Hawai'i 96825

Dear Chair Johanson, Vice Chair Holt, and Members of the Labor Committee,

I am testifying on behalf of Young Progressives Demanding Action – Hawai'i (YPDA) an organization started by Students at UH Manoa with over 500 active members. YPDA was responsible for "Love Trumps Hate" a rally that drew 1,137 demonstrators following the Trump election. The goal of YPDA is to get young people involved in politics by advocating for progressive issues such as: Economic justice, social justice (women's right to choose, LGBTQ+, Hawaiian affairs) and protecting our environment. I am the co-chapter leader, co-founder of YPDA- Hawai'i, and Economic Justice Committee Chair. Increasing the minimum wage to \$15 an hour is one of our top priorities for our organization.

YPDA supports the intent HB 1433, but we desire an increase in the minimum wage in addition to the CPI adjustment included in HB 1433. According to MIT's living wage calculator people need \$14.66 to get by in Honolulu (<http://www.civilbeat.org/2016/04/living-hawaii-why-our-salaries-arent-rising-faster/>). If the minimum wage is only increased from \$10.10 in 2018 by the CPI-Honolulu rate, we will never catch up to the needed cost of living of \$14.66.

If HB 1433 also allows for an incremental increase in wages to \$15 an hour, this would allow for businesses to adjust prices, efficiency and optimize production methodology over a gradual period of time. Many studies have found that when the minimum wage has increased at a gradual rate, there will be no net loss of jobs. Let me rephrase this, if HB 1433 were to pass, there would be no mass unemployment due to an increase in minimum wage despite what the those opposing this bill will say.

<https://www.businessforafairminimumwage.org/news/00135/research-shows-minimum-wage-increases-do-not-cause-job-loss>

<http://uhero.hawaii.edu/news/view/267>

<http://davidcard.berkeley.edu/papers/njmin-aer.pdf>

LATE

LATE

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 13, 2017 6:21 PM
To: LABtestimony
Cc: warrenmcfb@gmail.com
Subject: *Submitted testimony for HB1433 on Feb 14, 2017 08:30AM*

HB1433

Submitted on: 2/13/2017

Testimony for LAB on Feb 14, 2017 08:30AM in Conference Room 309

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|-------------------------|---------------------------|---------------------------|
| Warren Watanabe | Maui County Farm Bureau | Oppose | 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.

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Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 14, 2017

HEARING BEFORE THE
HOUSE COMMITTEE ON LABOR

TESTIMONY ON HB 1433
RELATING TO MINIMUM WAGE

Room 309
8:30 AM

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Aloha Chair Johanson, Vice Chair Holt, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

Hawaii Farm Bureau **strongly opposes HB 1433**, requiring DLIR to adjust the hourly minimum wage in accordance with the Honolulu region consumer price index.

Hawaii Farm Bureau Policy states:

"State tax and monetary policies should be designed to encourage private initiative to help stabilize farm economics in the State of Hawaii, to promote employment and economic growth and to distribute the tax burden equitably. Further such policy should be used by the state, when appropriate, to encourage agricultural growth and expansion."

Hawaii's minimum wage is above Federal standards. In addition, the actual compensation to the worker includes many benefits, easily multiplying the actual monetary wage.

Establishment of wages involve variables beyond the Consumer Price Index. Merely using the CPI will have an unintended consequence of higher unemployment during periods such as the economic down turn in 2008 when fuel prices escalated along with consumer goods.

HFB respectfully requests your strong opposition of this measure understanding the unintended consequences to the people of Hawaii.

Thank you for this opportunity to provide comment on this important subject.

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MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 309
TUESDAY, FEBRUARY 14, 2017 AT 8:30 A.M.**

To The Honorable Aaron Ling Johanson, Chair;
The Honorable Daniel Holt, Vice Chair; and
Members of the Committee on Labor & Public Employment

TESTIMONY IN OPPOSITION OF HB 1433 TO REQUIRE DLIR TO ADJUST HOURLY MINIMUM WAGE IN ACCORDANCE WITH HONOLULU REGION CONSUMER PRICE INDEX

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce representing approximately 600 businesses and 16,000 employees on Maui. I am writing share our opposition to HB 1433.

We oppose bill HB 1433 to amend the Hawaii Revised Statutes to require the DLIR to adjust the hourly minimum wage in accordance with the Honolulu region consumer price index. We feel there should not be further legislation made to increase the minimum wage at this time as we do not yet know the impact that the previous increase in minimum wage has had. The increase of the minimum wage assumes that the economy will continue to grow, but the State is finding we have less revenue, businesses are still working hard, and various industries across the state are fairing differently. We believe an economic analysis of the impact of the current minimum wage and consideration of an exemption for small businesses should be completed before proposing a new bill to increase it.

Further, we do not want the minimum wage to be calculated by the DLIR based on the Honolulu region consumer price index. We do not want any automatic calculations that are tied to any specific index because that takes out the careful and thoughtful analysis that is needed. The Honolulu region consumer price index is not reflective of neighbor island counties and should not be used to set statewide minimum wage amounts.

Finally, the minimum wage is not meant to be a living wage; nor is it a skill wage reflective of the skills employees bring to the table. It is simply a starting point and is generally used for unskilled labor. Arbitrarily increasing the minimum wage creates a wage compression within businesses because it narrows the gap from what longstanding employees are earning to what new people coming in are now making. This then raises the overall employment cost for businesses. Also the minimum wage does not reflect the added costs of benefits and taxes that businesses have to pay per employee. Raising the minimum wage so drastically could force employers to reduce hours and other benefits for employees and in turn, hurt those that the bill seeks to help or be too large of a financial burden for many local businesses to undertake.

We appreciate the opportunity to testify on this matter and therefore ask that this bill be deferred.

Mahalo for your consideration of our testimony and we hope you will support a deferral.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

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Good day, honorable representatives,

I am writing to you in support of a raise in minimum wage in Hawaii, as addressed in HB1433. This is a vital economic matter which is being heard in both the state House of Representatives and in the state Senate. Doubtless the fact that Hawaii's residents suffer with among the lowest purchasing power nationwide, with among the highest poverty rates. The US census bureau's Supplemental Poverty Measure from 2015 found that Hawaii is the 6th most impoverished state nationwide, and that the poverty rate is substantially higher than official estimates based on a ratio of income including subsidies such as SNAP, compared to non-discretionary expenditures. Due to the very real hardship faced by Hawaiian residents, I fully support raising the minimum wage for all workers across the island, and particularly approve of linking minimum wage to the consumer price index, a feature of both bills. In spite of my support, HB1433 does not do nearly enough to alleviate the burden suffered by those working for minimum wage. Take for instance the 2bed apartment my wife and I lease for \$1400 per month, slightly below the average market price of \$1,640/month in Honolulu. I accept that there are less expensive housing units available outside out of town, but I live in town, and this will serve as a reasonable example. This apartment costs, at current minimum wage rates 151.4 hours of labor per month, that is just shy of 38 hours of labor at minimum wage rates per week, and does not include purchases such as food, or the utilities that go into that apartment. At HB1433's proposed minimum wage rate the same apartment will cost to 138.7 hours of labor, or a slightly more reasonable 38.6 hours per week. However, under SB107, the same apartment will cost only 93.3 hours of labor, just about 23.3 hours per week, only 61% of the cost, if we view cost of goods not in dollars, but in hours of labor. While not resolving the housing crisis that Hawaii is undergoing, but will make strides towards making housing and other necessary goods more affordable. With the adoption of HB1433 the proportional cost of this example apartment, which is, again, a bit less than average market prices for a 2bd apartment, would go from costing 95% of a full time income at minimum wage to 86%, barely lightening the burden on low income families, while the adoption of SB107 would reduce the proportional cost of that apartment to 58% of a full time income, allowing families to afford necessary goods more easily, and assist in alleviating food insecurity in many lower income families. It is for this reason that I urge the representatives to adopt HB1433 not in its current state, to amend it to match the current reading of SB107, and thereafter adopt the then unified version of the bill.

I thank you for considering my testimony.

Hall, Thomas