

Honolulu, Hawaii

February 15, 2019

RE: H.B. No. 1191
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1191 entitled:

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

begs leave to report as follows:

The purpose of this measure is to increase the minimum wage to combat rising wage disparity and incentivize greater provision of healthcare to lower wage employees by their employers.

Specifically, this measure increases minimum wage rates annually beginning on January 1, 2020, and also:

- (1) Establishes a separate minimum wage rate scale that provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act; and
- (2) Provides inflation-adjusted annual increases in minimum wage rates beginning in 2026.

The Hawai'i State Commission on the Status of Women; Council Chair Emeritus & Vice Chair of the Honolulu City Council; Hawaiian Community Assets; Living Wage Hawaii; Hawaii Appleseed Center for Law & Economic Justice; IMUAlliance; American Association of University Women; Hawaii Government Employees Association, AFSCME



Local 152, AFL-CIO; We Are One, Inc.; Hawaii Women's Coalition; International Longshore and Warehouse Union Local 142; Democratic Party of Hawaii Labor Caucus; Democratic Party of Hawai'i Education Caucus; Democratic Party of Hawai'i; Hawai'i Alliance for Progressive Action; IP Xpert of Honolulu; O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i; Democratic Party of Hawaii Hawaiian Affairs Caucus; Hawaii Children's Action Network; and numerous individuals testified in support of this measure. The Hawaii Business League; Hawai'i Restaurant Association; The Chamber of Commerce Hawaii; AYS Hawaii Inc.; Hawaii Food Industry Association; Maui Chamber of Commerce; Retail Merchants of Hawaii; National Federation of Independent Business; Hawai'i Lodging & Tourism Association; Hawaii Cattlemen's Council; Hawaii Farm Bureau; Pop-A-Lock of Honolulu; and numerous individuals opposed this measure. The Department of Labor and Industrial Relations, Ocean Tourism Coalition, League of Women Voters of Hawaii, LGBT Caucus of the Democratic Party of Hawaii, Fair Wind Cruises, Grassroot Institute of Hawaii, and a few individuals provided comments on this measure.

Your Committee recognizes the rising wage disparity in the State and that the cost of living in Hawaii is one of the highest in the nation. Your Committee also recognizes that employees are afforded health care coverage through the Hawaii Prepaid Health Care Act, which requires Hawaii employers to provide health care coverage for eligible employees, the costs of which are largely borne by employers. Employers also bear the costs of workers' compensation, temporary disability insurance, and unemployment insurance. This measure raises the standard of living for working families and individuals, while noting the concerns of employers.

Acknowledging the concerns and testimony of both employers and employees, your Committee adopted a balanced approach to support increases to the minimum wage, while also including in this measure a separate minimum wage rate scale that provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.



After careful consideration, your Committee amended this measure by:

- (1) Decreasing the amount by which the minimum wage rate increases for each year for both minimum wage rate scales;
- (2) Deleting the provisions establishing automatic annual inflation-adjusted minimum wage rate increases beginning on January 1, 2025, for both minimum wage rate scales; and
- (3) Changing its effective date to January 1, 2050, to facilitate further discussion on this measure.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1191, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1191, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,


AARON LING JOHANSON, Chair



