

Honolulu, Hawaii

APR 05 2019

RE: H.B. No. 1191
H.D. 1
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1191, H.D. 1, S.D. 1, 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 increase the minimum wage and offset any adverse economic impact the increase may have on small businesses through an income tax credit.

Specifically, the measure:

- (1) Increases the minimum wage to \$12.00 per hour beginning January 1, 2020, and to \$15.00 per hour beginning January 1, 2023; and
- (2) Establishes an income tax credit for qualifying small businesses to offset the increase in the wages that employers pay to employees.

Your Committee received written comments in support of this measure from the Department of Labor and Industrial Relations, Hawaii State Commission on the Status of Women, LGBT Caucus of the Democratic Party of Hawaii, Pride at Work Hawaii, Americans for Democratic Action Hawaii, American Association of University Women of Hawaii, League of Women Voters of Hawaii, Hawaii Community



Assets, Hawaii Catholic Conference, ILWU Local 142, Hawaii State Teachers Association, Oahu County Democrats, Hawaii Iron Workers Stabilization Fund, Hawaii Alliance for Community-Based Economic Development, Mary and Mike Properties LLC, PHOCUSED, Democratic Party of Hawaii, Democratic Party of Hawaii Labor Caucus, Hawaii Alliance for Progressive Action, IATSE Local 665, Living Wage Hawaii, Hawaii Government Employees Association, Democratic Party of Hawaii Education Caucus, Pono Hawaii Initiative, IMUAlliance, Catholic Charities Hawaii, Hawaii Appleseed Center for Law and Economic Justice, Bayada, Oahu County Democrats Legislative Priorities Committee, Midwives Alliance of Hawaii, and numerous individuals.

Your Committee received written comments in opposition to this measure from the Hawaii Restaurant Association; Hawaii Food Industry Association; 7-Eleven Hawaii; Hakuyosha International, Inc.; First Commercial Kitchen LLC; Duke's Waikiki; Condominium Rentals Hawaii; Tanaka of Tokyo; Pop's Inc.; Island Plastic Bags, Inc.; The Hawaii Food Manufacturers Association; Kauai Ice Distributors; Tiki's Grill & Bar; ABC Stores; Retail Merchants of Hawaii; Pacific Whale Foundation; Kalaheo Cafe and Coffee Co.; Teapresso Il Gelato LLC; Il Gelato Hawaii; Hawaii Petroleum Marketers Association; Holo Holo Charters; Molokai Chamber of Commerce; Hawaiian Chip Company, LLC; Chamber of Commerce Hawaii; Big City Diner; National Federation of Independent Business; Kauai Island Brewing Company; Maui Chamber of Commerce; Hawaii Lodging and Tourism Association; Kona-Kohala Chamber of Commerce; and numerous individuals.

Your Committee received written comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, Moiliili Community Center, Grassroot Institute of Hawaii, and SHRM Hawaii.

Your Committee finds that because Hawaii has the lowest average wage in the nation when adjusted for the cost of living, an increase in the minimum wage would assist the State's residents in maintaining economic self-sufficiency and avoiding falling into poverty.

Your Committee respectfully requests that the Committee on Conference convened for this measure consider the following amendments suggested by the Department of Taxation in its testimony:




- (1) Reformulating the tax credit to be based only on the increase in wages paid that are attributable to the increase in the minimum wage;
- (2) Amending the definition of "qualified small business" to allow businesses making less than a maximum amount of gross receipts to claim the tax credit; and
- (3) Establishing a definition for the term "total hourly wages paid."

Your Committee has amended this measure by adding a provision requiring the State to pay its full-time employees a wage at the rate of not less than \$17.00 per hour beginning on the effective date of the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1191, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1191, H.D. 1, S.D. 2.

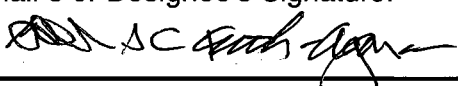
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB1191, HD1, SD1	Committee Referral: LCA, WAM	Date: 3/20/19		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil			X	
SHIMABUKURO, Maile S.L.				X
TANIGUCHI, Brian T.	X			
FEVELLA, Kurt		X		
TOTAL	10	1	1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes