

STAND. COM. REP. NO.

605

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 789

S.D. 1

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

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred S.B. No. 789 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 to \$12.00 per hour beginning January 1, 2022.

Your Committee received testimony in support of this measure from the Office of the Governor; Department of Labor and Industrial Relations; City Council of the City and County of Honolulu; Americans for Democratic Action Hawaii; Midwives Alliance of Hawaii; Democratic Party of Hawai'i Education Caucus; Democratic Party of Hawaii LGBT Caucus; IMUAlliance; American Association of University Women of Hawaii; Hawaii Government Employees Association; Democratic Party of Hawai'i; Hawai'i Alliance of Progressive Action; Hawaii Appleseed Center for Law & Economic Justice; Democratic Party of Hawaii Labor Caucus; We Are One, Inc.; Living Wage Hawaii; ILWU Local 142; O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i; Democratic Party of Hawaii Hawaiian Affairs Caucus; Hawai'i State Commission on the Status of Women; Hawaii Children's Action Network; Trilogy Corporation; over thirty individuals; and two petitions signed by over two hundred individuals. Your Committee received testimony in opposition to this measure from the Chamber of Commerce Hawaii, Hawaii Business League, Malolo



Charters, Calypso Charters, Boss Frog's Dive & Surf, Maui Dive Shop, Honolulu County Republican Party, National Federation of Independent Business, Tiki's Grill & Bar, Retail Merchants of Hawaii, Maui Chamber of Commerce, IL Gelato Hawaii, and six individuals. Your Committee received comments on this measure from the Hawaii Restaurant Association, Hawaii Food Industry Association, The Hawaii Business League, Grassroot Institute of Hawaii, and seven individuals.

Your Committee finds that a vast majority of rigorous, credible studies conclude that higher minimum wages appreciably boost workers' earnings with little or no effect on employment. In fact, raising the minimum wage increases earnings growth of low-income workers, and increasingly does so over the long-term, all without declines in employment. A recent 2018 study by the U.S. Census Bureau found that raising the minimum wage benefits a large majority of low-income workers by putting them on the path to higher earnings in the long term and decreasing income inequality.

Your Committee further finds that currently, there is a significant difference between the minimum wage and what is needed to afford basic needs in Hawaii. Indeed, Hawaii has the lowest average wage in the nation when adjusted for the cost of living. This measure will therefore increase the minimum wage which will raise the quality of life for Hawaii residents, reduce poverty, and increase economic activity.

Your Committee has amended this measure by:

- (1) Making the increase in the minimum wage to \$12.00 per hour effective January 1, 2020, rather than January 1, 2022;
- (2) Adding language to increase the minimum wage to \$15.00 per hour beginning January 1, 2023;
- (3) Providing a tax credit for qualified small businesses that is based on the increased total hourly wages paid each taxable year, in the amount of twenty percent of the increase of total hourly wages paid to all employees;



- (4) Providing that the tax credit shall not exceed \$50,000 each taxable year;
- (5) Providing that the tax credit is non-refundable and subject to carry over;
- (6) Providing that the tax credit shall end five years after December 31, 2019;
- (7) Providing that in order to qualify for the tax credit, the business must have fifty employees or less and make \$4,000,000 or less in gross income for the taxable year;
- (8) Changing the effective date to January 1, 2020; provided that the tax credit shall apply to taxable years beginning after December 31, 2019; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor, Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 789, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 789, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Labor, Culture and
the Arts,




BRIAN T. TANIGUCHI, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Labor, Culture and the Arts
LCA

Bill / Resolution No.:* SB 789	Committee Referral: LCA, WAM	Date: 1-31-19		
<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
TANIGUCHI, Brian T. (C)	✓			
IHARA, Jr., Les (VC)		✓		
CHANG, Stanley	✓			
GABBARD, Mike	✓			
FEVELLA, Kurt		✓		
TOTAL	3	2	0	0
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