

DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LIEUTENANT GOVERNOR



SCOTT T. MURAKAMI  
DIRECTOR

LEONARD HOSHIJO  
DEPUTY DIRECTOR

**STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321

HONOLULU, HAWAII 96813

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March 28, 2019

To: The Honorable Donovan M. Dela Cruz, Chair,  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair, and  
Members of the Senate Committee on Ways and Means

Date: Thursday, March 28, 2019  
Time: 10:15 a.m.  
Place: Conference Room 211, State Capitol

From: Scott T. Murakami, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: H.B. No. 1191 H. D.1 S. D. 1 RELATING TO MINIMUM WAGE**

**I. OVERVIEW OF PROPOSED LEGISLATION**

HB1191 HD1SD1 amends section 387-2, Hawaii Revised Statutes (HRS), by increasing the minimum wage rate from \$10.10 to \$12.00 per hour beginning January 1, 2020; and \$15.00 per hour beginning January 1, 2023. The measure also adds a new tax credit in Chapter 235, HRS, for qualified small businesses.

DLIR supports the intent of the measure and defers to the Department of Taxation (DoTAX) on the content of the tax credit provision.

**II. CURRENT LAW**

The current minimum wage is \$10.10 per hour. Act 82 (SLH, 2014) incrementally increased the minimum wage from \$7.25 to \$10.10 an hour in four consecutive years (2015-2018).

There is no current tax credit related to increased minimum wages laws.

**III. COMMENTS ON THE HOUSE BILL**

DLIR supports increasing the minimum wage, while providing a tax credit to qualified small businesses to adjust for the increased labor cost. However, DLIR notes that the measure as currently drafted does not provide equitable relief through the tax credit as the basis for the credit is not isolated to the increase in payroll costs due to the proposed statutory increase to the minimum wage. Also, there is no gross income threshold for qualified small businesses. Further, DLIR defers to DoTAX on the technical aspects of section one of the bill pertaining to the tax credit for qualified small businesses.

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA  
DIRECTOR

DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

**STATE OF HAWAII  
DEPARTMENT OF TAXATION**

830 PUNCHBOWL STREET, ROOM 221

HONOLULU, HAWAII 96813

<http://tax.hawaii.gov/>

Phone: (808) 587-1540 / Fax: (808) 587-1560

Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Donovan M. Dela Cruz, Chair  
and Members of the Senate Committee on Ways and Means

Date: Thursday, March 28, 2019  
Time: 10:15 A.M.  
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: H.B. 1191, H.D. 1, S.D. 1, Relating to Minimum Wage

The Department of Taxation (Department) appreciates the intent of H.B. 1191, H.D. 1, S.D. 1, and offers the following comments for the Committee's consideration.

H.B. 1191, H.D. 1, S.D. 1, increases the minimum wage to \$12.00 per hour beginning January 1, 2020 and to \$15.00 per hour beginning January 1, 2023. H.B. 1191, H.D. 1, S.D. 1, also creates an income tax credit for small businesses. To qualify for the credit, a business must have 50 or fewer employees. The tax credit is equal to twenty percent of the excess of total hourly wages paid in the year the credit is claimed over the amount paid in hourly wages in the previous year. The credit is capped at \$50,000 per taxpayer per taxable year. The credit is available for five taxable years beginning with the taxable year beginning after December 31, 2019. The bill has a defective effective date of July 1, 2050, but would otherwise apply to table years beginning after December 31, 2019.

First, the Department notes that the proposed income tax credit is not linked to the increase in the mandatory minimum wage. Subsection (a) of the credit states that the purpose of the credit is to offset the increase in minimum wage, however, the way the credit is calculated makes it available to any small business that has an increase in its hourly payroll. This means that a small business could claim the credit for an increase in the wages it pays to employees that are already making more than minimum wage. A small business without any minimum wage employees could claim the credit.

If the intent of the credit is to offset the cost of the increase in the mandatory minimum wage, the Department suggests reformulating the credit so that it is based only on the increase in wages paid that is attributable to the increase in the mandatory minimum wage.

Second, the Department notes that the definition of qualified small business has been

changed to include only a maximum number of employees. The definition no longer includes a maximum amount of gross receipts, allowing any business with fewer than 50 employees to claim the credit.

The Department notes that this will exacerbate the issue highlighted above. Which is that, as drafted, the credit is not sufficiently tailored to those businesses that are affected by the minimum wage increase. Without any gross receipts ceiling, the credit has no connection whatsoever to the minimum wage increase. Any business with 50 employees could claim a credit for 20 percent of any raises they provide, no matter how large the business's bottom line is.

As mentioned before, the Department recommends reformulating the credit to base it only on the increase in wages paid that is attributable to the increase in the mandatory minimum wage. However, barring this, the Department recommends that at a minimum, the gross receipts ceiling be reinserted into the definition of qualified small business.

Third, the Department recommends that if the credit is to be structured as a percentage of the increase in "total hourly wages paid", that this term be defined in the bill. As drafted, it is unclear whether "total hourly wages paid" refers to only the wage paid to the employee or to the wage paid to the employee plus any fringe benefits the employee receives. Additionally, the term "total hourly wages paid" should be defined to provide protection against businesses converting their employees' salaries to hourly wages to qualify them for the credit.

Finally, the Department notes that though the effective date of the bill is July 1, 2050, the tax credit applies to taxable years beginning after December 31, 2019. The Department is able to administer this new tax credit with this effective date.

Thank you for the opportunity to provide comments.

**HB-1191-SD-1**

Submitted on: 3/22/2019 8:32:45 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael Golojuch Jr	Testifying for LGBT Caucus of the Democratic Party of Hawaii	Support	Yes

Comments:

Aloha Senators,

While the LGBT Caucus of the Democratic Party of Hawaii supports HB 1191 HD 1 SD 1 and we respectfully request that this bill be moved out of committee and it be amended to ensure the minimum wage reach \$17.00 an hour by 2023 and phase out the tax credit. We ask for the tax credit to be phased out because if not employers are incentivized to not give raises.

Mahalo for your consideration and for the opportunity to testify.

Mahalo,

Michael Golojuch, Jr.  
Chair  
LGBT Caucus of the Democratic Party of Hawaii



**HB-1191-SD-1**

Submitted on: 3/22/2019 8:38:07 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Pride Work HI	Testifying for Pride at Work Hawaii	Support	No

Comments:

Dear Senators,

Pride@Work Hawaii supports the passage of HB 1191 HD1 SD 1. We respectfully request that if the bill be moved out of committee and that it be amended to ensure that the minimum wage reach \$17.00 an hour by 2023 and the tax credit be phased out. If the tax credit is not phased out it will encourage employers to never give their employees a raise and keep them at the minimum wage.

Mahalo for the opportunity to testify.

Pride@Work Hawaii



HAWAII

AMERICANS FOR DEMOCRATIC ACTION

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John Bickel, President	Melodie Aduja	Ken Farm	Stephen O'Harrow	P.O. Box 23404
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Marsha Schweitzer, Treasurer	Juliet Begley	Jan Lubin		Hawai'i
96823				
Dylan Armstrong, Secretary	Gloria Borland	Jenny Nomura		

March 23, 2019

TO: Honorable Chair Dela Cruz & WAM Committee Members

RE: HB1191 HD1 SD1 Relating to the Minimum Wage

Support for hearing on March 28

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support HB1191 HD1 SD1 as we would like a hike in the minimum wage. However we are disappointed at the \$12 an hour. We would like to see a \$17 per hour minimum wage. We would prefer the hike happen sooner than later.

Workers today cannot survive on less than \$17/hour which equals \$2720 per month. This amount assumes 1/2 of income would go to housing, i.e. \$1360/month rent. That is not going to get you luxury but should keep you off the street. We need a living wage to reduce homelessness and welfare dependency. We also like a provision for an annual adjustment tied to CPI-W. This would bring the minimum wage to what it was a few decades ago before it fell behind due to inflation. Also evidence from Seattle indicates a higher minimum wage neither causes more unemployment nor causes inflation. Economists often point out lower wage earners spend more of their income, stimulating the local economy. This is a win-win for local businesses who enjoy increased local spending, and for minimum wage earners who will better afford basic living expenses.

Thank you for your favorable consideration.

Sincerely,

John Bickel President





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To: Sen. Donovan M. Dela Cruz, Chair  
Sen. Gilbert S.C. Keith-Agaran, Vice Chair  
Members of the Committee on Ways and Means

From: Victor Lim, Legislative Lead  
Hawaii Restaurant Association

Subj: HB 1191 HD 1, SD 1 Relating to Minimum Wage

Date: March 24, 2019

We at the Hawaii Restaurant Association representing over 3,600 restaurants here oppose SB 789 SD2 that will increase our state's minimum wage starting at \$ 12 per hour on January 1, 2020 and jumping to \$15 per hour in January 1, 2023. This \$2 jump on January 1, 2020 and the \$3 jump in 2020 will result like what is happening in New York as described below.

A very recent study done in New York City where they went to \$ 15.00 per hour, more than three quarters of the restaurant in the New York City have reduced employee hours since the new wage went into effect. In a survey by the NYC Hospitality Alliance, 76.5 percent of full-service restaurants said they plan to reduce employee hours and 53 percent said they plan to eliminate jobs this year in response to the mandated wage increase.

Compounding with our high rents and also high mandated costs here such as pre-paid health care, many businesses will definitely struggle to survive since not all cost increases can be passed to the consumer in the form of price increases. This bill will be devastating to the small and medium size businesses that are pass-thru entities that did not get the breaks of the C Corp last year.

Thank you for giving us an opportunity to share our concerns.





## of Hawaii

March 24, 2019

From: Younghee Overly, Public Policy Chair, AAUW Hawaii

To: Hawaii State Senate Committee on Ways and Means

Hearing Date/Time: Thursday, March 28, 2019 10:15AM

Place: Hawaii State Capitol, Room 211

Re: Testimony in SUPPORT of HB1191 HD1 SD1 with amendments

Dear Chair Dela-Cruz, Vice-Chair Keith Agaran, and members of the Committee,

Thank you for this opportunity to submit a testimony in support with a request for amendments for HB1191 HD1 SD1. This bill would raise the minimum wage to \$12 per hour beginning 1/1/20 and \$15 per hour beginning 1/1/23, and provide an income tax credit for qualifying small business.

According to DBEDT, the self-sufficiency income standard (aka living wage) for a single person with no children and employer-provided health insurance in 2016 was \$15.84 per hour, which comes out to \$17 in 2019. I request that HB1191 HD1 SD1 be amended to increase the minimum wage to \$17 per hour.

The American Association of University Women (AAUW) of Hawaii is a state-wide organization made up of six branches (Hilo, Honolulu, Kauai, Kona, Maui, and Windward Oahu) and includes just over 450 active members with over 1700 supporters statewide. As advocates for gender equity, AAUW of Hawaii promotes the economic, social, and physical well-being of all persons.

Thank you for your consideration.

Sincerely,



1050 Bishop St. PMB 235 | Honolulu, HI 96813  
P: 808-533-1292 | e: info@hawaiiifood.com

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**Paul Kosasa**, ABC Stores, *Advisor*  
**Barry Taniguchi**, KTA Superstores, *Advisor*  
**Derek Kurisu**, KTA Superstores, *Advisor*

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TO:

Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: March 28, 2019  
TIME: 10:15am  
PLACE: Conference Room 211

RE: HB1191 HD1 SD1 Relating to Minimum Wage

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 measure to increase the minimum wage to \$15 an hour by 2023. Increasing the minimum wage to economically untenable levels and then attempting to mitigate the negative consequences is not the right choice. This measure recognizes that these sorts of drastic increases in the pay scale can be an overwhelming burden for Hawaii businesses, especially small businesses. Adding the administrative burden of trying to apply for and access a tax credit is not going to undo the damage done by another wage hike.

Locally owned businesses will be the hardest hit by this mandate, as they cannot aggregate the profitability and viability of their business across other states that are more business friendly. We would hate to see even more locally owned businesses forced to sell or close by market pressure.

It is worth nothing that currently, the market is working to pay individuals well above the minimum wage. We don't need a mandate to make this happen. Wages are increasing without government mandates.

The minimum wage is a training wage. Employers pay unskilled employees lower wages while also providing them with skills, training, and experience, and preparing them to advance their careers. Mandating another dramatic increase in the minimum wage will make it harder for employers to provide important entry-level positions to local high school kids, or others who are looking to newly enter the work force.

Under this bill a high school student with no training, no experience, and no higher education would be entitled to \$15 an hour, from the day they start work, regardless of the quality of work they provide to their employer and their customers.

**When employers can no longer afford to employ people in low skill entry-level positions they will be forced to mechanize these roles, eliminate jobs, reduce other benefits, increase prices, sell their business or close their doors.**

If this measure passes many businesses will have no choice but to switch to things like touch pads and self serve kiosks to fill roles that are currently jobs for people. Retailers in high minimum wage areas across the country are already making changes due to the pressure of increased wages. A recent survey of New York City restaurants found that after a mandate increased wages to \$15hr, over 75% of restaurants reduced employee hours, and over a third eliminated jobs.<sup>1</sup>

Businesses in Hawaii face a range of challenges and Hawaii is consistently ranked as one of the most difficult states for doing business. This is the only state in the country where employers are required to provide healthcare for employees working anything over 20 hours a week. It costs thousands of dollars a year beyond just salary for a business to employ a person in Hawaii. This bill will make it even more expensive for businesses in our state to be the employers and job creators that our economy depends on.

Food retailers will be especially hard hit by a measure like this, which will dramatically increase the cost of doing business. Grocery stores generally operate at a profit margin of around 1 or 2 percent. In addition to potentially eliminating jobs, many businesses will be forced to raise prices in order to compensate for a new higher wage scale. This could drive up prices of food and other necessities here, where we already have the highest cost of living in the country.

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 hour<sup>2</sup> (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.

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<sup>1</sup> <https://www.usnews.com/news/national-news/articles/2019-01-16/survey-new-york-city-restaurants-cut-employees-close-after-mandatory-wage-increases>

<sup>2</sup> 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).

Increasing the price of food in our state is something we should be working to avoid.

Hawaii's minimum wage has increased by over 20% in the past several years; the price of another substantial increase is going to be fewer Hawaii jobs, higher prices for Hawaii consumers, and doors closing on Hawaii businesses. This measure is not the right choice for our state. We ask that this measure be held.

A better option to truly improve Hawaii's affordability would be to remove taxes from food. We believe we need to find ways to improve residents' cash flow by addressing taxes on necessity purchases such as food.

Food is a significant expense for Hawaii families. In 2014, the average annual food expenditure for a two-person household was \$9,978 in Maui County, \$9,901 in Kauai County, \$9,467 in Honolulu County, and \$7,676 in Hawaii County. An average two-person household would save more than \$400 each year if food were exempt from the general excise tax, which is significantly more than the existing food income tax credit for low-income families. Larger households would enjoy even more significant savings.

Thirty-two states plus the District of Columbia exempt groceries from their sales taxes. Another six states tax groceries at lower rates than other goods. It is time for Hawaii to join this majority. Hawaii's high cost of living is a constant topic of conversation and each year we see several bills that try to address one aspect of this problem or another. Exempting groceries from the GET is a solution that would effectively make it less expensive to live in Hawaii.

Saving 4.712% on their grocery bill would mean that Hawaii families can put that money towards healthier eating, saving for retirement, and investing in their communities. Keeping the money in the local economy and in the hands of people that need it benefits everyone. This exemption would favor lower-income households the most. Lower-income families spend a significantly higher percentage of their income on food.

Thank you for the opportunity to provide this testimony.





49 South Hotel Street, Room 314 | Honolulu, HI 96813  
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COMMITTEE ON WAYS AND MEANS

THURSDAY, 3/28/19, 10:15 AM, Room 211  
HB1191 HD1 SD1, RELATING TO MINIMUM WAGE  
**TESTIMONY**

Beppie Shapiro, Legislative Committee, League of Women Voters of Hawaii

Chair DELA CRUZ, Vice-Chair KEITH-AGARAN and Committee Members:

The League of Women Voters of Hawaii **supports HB1191 HD1 SD1**, that increases the minimum wage and provides tax credits to small businesses proportional to the additional wages they pay before 1/1/25. We **encourage increasing the minimum wage much more quickly to provide a (barely) living wage.**

We call your attention to a recent article in the New York Times summarizing research into health and social effects of even small increases in the minimum wage: <https://www.nytimes.com/interactive/2019/02/21/magazine/minimum-wage-saving-lives.html>. **Bold font added.** (Citations for all results below are in the article at this link.)

Research summarized in this article shows that:

1. Low-skilled workers reported **fewer unmet medical needs** in states with higher minimum-wage rates. In high-wage states, workers were better able to pay for the care they needed. In low-wage states, workers skipped medical appointments. (a 2011 national study)
2. Increases to the minimum wage are associated with **decreased rates of smoking** among low-income workers.
3. Raising the minimum wage by \$1 would **reduce child-neglect reports** by almost 10 percent. Higher wages allow parents working in the low-wage labor market to keep the lights on and the refrigerator stocked; failing to do so can court neglect charges.
4. Studies have linked higher minimum wages to **decreases in low birth-weight babies, lower rates of teen alcohol consumption and declines in teen births.**
5. A 2016 study published in the American Journal of Public Health found that between roughly 2,800 and 5,500 **premature deaths** that occurred in New York City from 2008 to 2012 could have been **prevented** if the city's minimum wage had been \$15 an hour during that time, instead of a little over \$7 an hour. That number represents up to one in 12 of all people who died prematurely in those five years.



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The article concludes, “modest wage increases have a profound impact on people’s well-being and happiness. Poverty will never be ameliorated on the cheap. But this truth should not prevent us from acknowledging how powerfully workers respond to relatively small income boosts.”

**Suggested changes to HB1191 HD1 SD1:** Revert this bill to its original intent by using the **original dollar increase amounts**, and including the original section 387-2 d, **increasing the minimum wage annually by the amount of increase in the Hawaii Consumer Price Index after 2025**. Indeed, the League would prefer to see **much more rapid increases in the minimum wage to give our struggling workers a living wage of \$17 an hour in 2021**. Every penny of such an increase will undoubtedly be spent on housing, food, health care, clothing etc. in Hawai‘i, adding to the excise tax collections and boosting local businesses. Other jurisdictions around the country have done this and their economies have not suffered noticeably.

Thank you for the opportunity to submit testimony.

**HB-1191-SD-1**

Submitted on: 3/25/2019 7:56:23 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeff Gilbreath	Testifying for Hawaiian Community Assets	Support	No

Comments:

Our nonprofit organization supports HB1191 with amendments to increase the minimum wage to \$17 per hour. According to DBEDT, a single person with no children needs \$17 per hour to be self-sufficient today. Further, Hawaii renters and homeowners report the highest housing cost burdens in the nation. Without a proper minimum wage that will truly allow our workers and working families to live in Hawaii, more of our residents will result to homelessness and living in unsafe, overcrowded situations - all of which will have a significant negative impact on our economy overall. Conversely, a \$17 per hour minimum wage would allow our workers and working families to not only afford monthly housing costs but also strengthen our local economy by spending more on our children's education, transportation to and from work/school, healthcare, and food. Take action to increase our minimum wage to \$17 per hour Pass HB1191 with amendments.

**HB-1191-SD-1**

Submitted on: 3/25/2019 8:33:06 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Edna Ching	Testifying for 7-Eleven Hawaii	Oppose	No

Comments:

Chair Dela Cruz, Vice Chair Agaran, and Members of the Committee,

Thank you for the opportunity to testify. I am in opposition to this measure.

Businesses in Hawaii already face a wide range of challenges and financial burdens. We operate under a substantial regulatory and tax burdened environment. Businesses in our state must provide health coverage for employees who work as little as half-time.

This bill would increase the minimum wage by almost 50% and shift the whole wage scale. In order to adjust to such a dramatic increase in the cost of labor, businesses like mine will have to make some difficult choices. This bill will likely mean having to cut hours, cut jobs, eliminate benefits, or raise prices. Some Hawaii businesses will not survive this increase and will have to close their doors.

Because of the low unemployment rates in our state, many businesses already start employees well above minimum wage. For many businesses like mine the entry-level wage, whether it's minimum wage or higher, is used as a training wage. Employees earn lower wages while they are training and learning valuable skills, and getting ready to advance in their careers. As people learn more skills, gain experience, and get more education they move up in their careers and command higher wages.

Increasing the minimum wage makes it harder for business to offer the types of jobs that allow people entry into the work force. Hiring young inexperienced employees is always a risk. A lot of businesses won't be able to afford to take that risk if the minimum wage is increased to unaffordable levels. This will mean fewer jobs and opportunities for people in Hawaii looking to break into the work force.

Businesses like mine will also need to find other ways to make up for such an extreme increase in the cost of labor. I value my employees, they are what make my business a success every day, and I don't want to be forced to cut their hours, reduce benefits, and I especially want to avoid cutting jobs. Of course I also deeply value my customers, and I hate the idea of raising prices, especially for Hawaii families that struggle with our state's high cost of living. This bill will force countless Hawaii businesses like mine to have to make these kinds of decisions.

The tax credit offered in this bill may provide some help for the few businesses that qualify, but it's going to create an additional administrative burden for those that try to access it. It will also cost the state and taxpayers money. Whatever relief it does provide is not going to be enough to offset all the negative consequences of this measure.

This bill has too many down sides and is not the right choice for our state, and I ask that you do not let it pass. Thank you for the opportunity to testify.

Greg Hanna

CEO/President of Seven-Eleven Hawaii, Inc.

**HB-1191-SD-1**

Submitted on: 3/25/2019 8:42:20 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kausuke Kuroda	Testifying for Hakuyosha International, Inc.	Oppose	Yes

Comments:

Hakuyosha International, Inc. and Dust-Tex Honolulu, Inc. strongly oppose HB 1191 HD1 SD1, which proposes to increase the minimum wage to \$12 per hour on January 1, 2020, and \$15 per hour on January 1, 2024.

The total increase of 39% in the minimum wage since 2015 has made a direct impact on our business. Nearly 90% of our employees are paid minimum wage. The minimum wage increases over the years have impacted our cost of doing business. Like many small businesses in Hawaii, we were forced to absorb a high percentage of the labor increase and it has been difficult to rebound as quickly as we had envisioned.

We have seen our business customers, many of them restaurants; close their doors because the cost of doing business in Hawaii has become so difficult. The increase in the minimum wage will directly affect the cost of goods and services which will result in higher prices in the marketplace.

Hakuyosha and Dust-Tex have been operating at a loss since the minimum wage began to increase and one of our largest competitors, Young Laundry stopped operations recently. If SB789 SD2 is enacted, it will be a challenge for Hakuyosha and Dust-Tex to continue to operate. The increase in labor costs will directly affect our prices and will force us to reduce operations which will reduce labor.

In February 2020, we plan to celebrate Hakuyosha International, Inc.'s 50th anniversary in Hawaii. I am hoping we will be able to fulfill our dream to continue to our service to our customers for many years to come. We are asking for your help and consideration.

Respectfully submitted,

Kausuke "Ko" Kuroda

Director

Hakuyosha International, Inc.

Dust-Tex Honolulu, Inc.



ROMAN CATHOLIC CHURCH IN THE STATE OF HAWAII  
**DIOCESE OF HONOLULU**  
Witness to Jesus



Online Submittal: March 23, 2019

**HEARING:** March 28, 2019

**TO:** Senate Committee on Ways & Means  
Sen. Donovan Delacruz, Chair  
Sen. Gilbert Keith-Agaran, Vice-Chair

**FROM:** Eva Andrade, Executive Director – Hawaii Catholic Conference

**POSITION:** **Support for HB 1191 SD 1 Relating to Minimum Wage**

Honorable members of the Senate Committee on Labor, Culture & the Arts, I am Eva Andrade, representing the Roman Catholic Church in the State of Hawaii in my capacity as Executive Director for the Hawaii Catholic Conference, which under the leadership of Bishop Larry Silva, represents Roman Catholics in the State of Hawaii. Thank you for the opportunity to provide testimony in support of HB 1191, SD1, which would increase minimum wage rates.

The Catholic Church has long been a supporter of a strong economy supported by economic justice. As such, the Catholic Church teaches that society has a moral obligation, including governmental action where necessary, to assure opportunity, meet basic human needs, and pursue justice in economic life<sup>i</sup>. Raising the minimum wage and allowing for adjustments for inflation would assure greater economic justice and opportunity for the poor and vulnerable within our society.

To put it into context, raising the minimum wage is about dignity and it is about justice. It is clear from more than a century of Catholic teaching that work is at the heart of the social question, at the heart of human dignity. We must, as a society, endorse and support the potential benefits and freedoms of a market economy; but this effort must be oriented “toward protecting human life and dignity, and advancing the common good.”<sup>ii</sup>

Setting a just minimum wage, is just one way in which government must act to protect worker dignity, encourage family formation, and ensure the basic needs of children. Moreover, “Increasing the minimum wage to a level that reflects the real economic reality faced by families today would go far in building an economy worthy of the humans that operate it.”<sup>iii</sup>

<sup>i</sup> “A Catholic Framework for Economic Life.” United States Conference of Catholic Bishops. 1996.

<sup>ii</sup> Bishop Stephen E. Blaire, “Building a Foundation of Fairness: 75 Years of the Federal Minimum Wage,” [Testimony before the Senate Committee on Health, Employment, Labor, and Pensions](#), June 25, 2013, p. 5 (accessed March 13, 2019).

<sup>iii</sup> Blaire, op. cit., p. 7

**HAWAII CATHOLIC CONFERENCE**

(The public policy voice for the Roman Catholic Church in the State of Hawaii)



**HB-1191-SD-1**

Submitted on: 3/25/2019 9:29:48 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Peter Kam	Testifying for First Commercial Kitchen LLC	Oppose	No

Comments:

We are strongly opposed to any increase in minimum wages for three reasons: 1. There will be no entry level wage for employees who have no work experience, and consequently this group of people will not be hired, 2. All directly related cost will increase i.e. insurance rates, existing wages, etc., and 3. We will be forced to reduce the number of employees via automation.

Peter Kam, LLC Managing Partner

The Thirtieth Legislature  
Regular Session of 2019

The Senate  
Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
State Capitol, Conference Room 211  
Thursday, March 28, 2019; 10:15 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1191, H.D.1, S.D.1  
RELATING TO MINIMUM WAGE**

The ILWU Local 142 **supports** H.B. 1191, H.D.1, S.D.1 which provides an income tax credit for qualifying small businesses to offset the increase in the minimum hourly wage that employers must pay employees and increases the minimum wage to \$12.00 per hour beginning 1/1/2020 and \$15.00 per hour beginning 1/1/2023 with the tax credit applying to taxable years beginning after 12/31/2019.

Hawaii low-income workers are struggling – in fact, any individual earning less than \$40,850 in Hawaii is considered “very low income” according to the U.S. Housing and Urban Development and unfortunately, a full-time minimum wage worker in Hawaii struggles to make \$20,000 a year or essentially half the income as a “very low income” worker in Hawaii. What this tells us is we clearly have a wage crisis and to make matters worse, the National Low Income Housing Coalition proclaims a renter in Hawaii needs to earn over \$36 an hour to simply afford a modest two-bedroom rental. Further, to add salt to the wound, Hawaii has seen a population decline for the second straight year amounting to the fifth highest population decline among all the states. The truth is, Hawaii residents simply cannot afford to live in Hawaii and raising the wage to a living wage will help keep our families together, reduce the number of homeless from our streets and inject millions of dollars into our economy that relies heavily on consumer spending.

Furthermore, we constantly hear Hawaii has the lowest tip credit in the nation which is simply untrue. Seven states – California, Washington, Oregon, Nevada, Alaska, Montana and Minnesota have no tip credit ensuring servers in those states make the exact same wage as all other minimum wage earners. And some of those states such as Nevada and California have a significantly large service sector economy with a thriving restaurant industry. The fact is, we shouldn't be punishing workers for simply trying to earn a living wage – especially in Hawaii. Ideally, we would prefer the repeal of the tip credit language to ensure all workers have the ability to earn a living wage.

The ILWU Local 142 urges the passage of H.B. 1191, H.D.1, S.D.1. Thank you for the opportunity to offer testimony on this measure.

**HB-1191-SD-1**

Submitted on: 3/25/2019 10:36:12 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kelii Gouveia	Testifying for Duke's Waikiki	Oppose	No

Comments:

Aloha Ways and Means Committee,

We oppose this bill because it does not take into account the current tip credit situation in the state. .75 cent tip credit will not help to keep our state a more approachable destination. Restauranters will pass the cost to the consumer at \$15.00 an hour and we will start to see our visitor count decline. We understand that there needs to be a higher living wage in the state of Hawaii but we have to ensure that we just don't pass that on to the consumer. Airfare, hotels and food have all dramatically increased prices over the years. I have been in the heart of Waikiki and in the business for some time now and we repeatedly hear that we are getting close to not being able to afford to come to Hawaii anymore. We are currently teetering on that edge and Hospitality and tourism employs many people in this state. Purely raising the minimum wage will just increase the cost of living or to visit the way the bill is currently written. Please consider ensuring that the tax credit has a more broad approach and making the tip Credit have a more profound effect on restaurants maintaining their value.

Mahalo

Kelii Gouveia

Duke's Waikiki

**HB-1191-SD-1**

Submitted on: 3/25/2019 11:17:25 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Allan Raikes	Testifying for Condominium Rentals Hawaii	Oppose	No

Comments:

I am strongly opposed to this bill.

This is bad for business and bad for Hawaii,

**HB-1191-SD-1**

Submitted on: 3/25/2019 11:52:47 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alison Tanaka	Testifying for Tanaka of Tokyo	Oppose	No

Comments:

I am writing in opposition of HB 1191 regarding minimum wage increase to \$15 by 2024. Working for a small family-owned business employing approximately 200 employees in the state of Hawaii, the minimum wage increase will cause a number of problems and potentially cause the need to lay off workers or even close our doors for good.

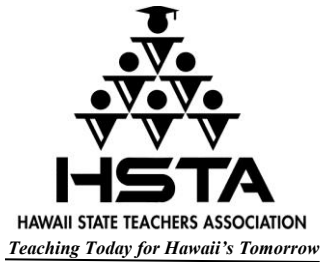
The first point we would like to make is that most of our employees receive tip as restaurant workers. We calculated that including tip, our full time servers and chefs make \$25+ per hour, which is well above the proposed minimum wage increase. The current tip credit is only 75 cents, which is not high enough to even help mitigate the additional labor expense.

Furthermore, businesses will be doing everything they can to try to survive this additional expense, which will include increasing prices across the board. It is already so expensive to live in Hawaii and by passing this bill, it will become even more expensive by way of increased prices across the state and many small businesses that make Hawaii so unique being forced to close their doors for good. Businesses with small profit margins will not be able to overcome the wage increases.

The food and beverage industry is such a unique industry that employs many young adults and allows them to gain experience and skills in the workplace. For many of our employees, this is their first job and they work their way up from entry level positions to higher paying positions such as chefs, servers, and managers. By instituting this bill, it will rob businesses of the ability to give raises based on performance and incentives to work hard to earn more.

Small locally owned businesses are a huge appeal to our tourist market, which helps the state's economy. This bill will have nothing but a negative ripple effect on the entire state, putting restaurants out of business and forcing the surviving ones to raise prices making it even more expensive to travel to Hawaii and making Hawaii an undesirable destination for tourists.

Please take into consideration the negative impact this bill will have on the small businesses that are so unique to Hawaii and the negative impact on our state's economy as a whole.



1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819  
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: www.hsta.org

Corey Rosenlee  
President  
Osa Tui Jr.  
Vice President  
Logan Okita  
Secretary-Treasurer  
Wilbert Holck  
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE ON  
WAYS AND MEANS

RE: HB 1191, HD1, SD1 - RELATING TO MINIMUM WAGE

THURSDAY, MARCH 28, 2019

COREY ROSENLEE, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz and Members of the Committee:

The Hawaii State Teachers Association **supports HB 1191, HD1 Sd1, with the suggested amendments**, relating to minimum wage.

Our minimum wage workers earn only \$21,000 a year (working full time at \$10.10 per hour) while facing the highest cost of living in the nation. For example, a Hawaii minimum wage worker would have to work 109 hours per week just to pay rent for a 1-bedroom apartment.

**This new draft will increase the minimum wage to \$15 by 2023. It is definitely and improvement.** However, according to DBEDT, the self-sufficiency income standard for a single person with no children and employer-provided health insurance in 2016 was \$15.84 per hour, which comes out to \$17 in 2019. Thus we would ask **also to amend the language on page 3, lines 6 - 18 to allow 6 steps to reach \$17 per hour as our minimum wage in Hawaii by 2025.**

- (6) \$9.25 per hour beginning January 1, 2017; [~~and~~]
- (7) \$10.10 per hour beginning January 1, 2018[-];
- (8) \$11.75 per hour beginning January 1, 2020;
- (9) \$13.00 per hour beginning January 1, 2021;
- (10) \$14.00 per hour beginning January 1, 2022;
- (11) \$15.00 per hour beginning January 1, 2023;



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Secretary-Treasurer  
Wilbert Holck  
Executive Director

(12) \$16.00 per hour beginning January 1, 2024; and

(13) \$17.00 per hour beginning January 1, 2025.

Our minimum wage has been falling further behind inflation since Jan. 1, 2018, the last time the wage was increased. The minimum wage in 17 states plus DC have automatic inflation adjustments, and this bill would have Hawaii join them.

However, tipped workers in Hawaii can be paid even less than \$10.10. Seven states, including Nevada and all of the West Coast, have eliminated this sub-minimum wage for tipped workers and pay all of their workers the same minimum wage. **Hawai'i should join them, too, with an amendment to eliminate the tip credit.**

Research shows that higher wages are good for businesses, too. **Between 2015 and 2018, Hawai'i's minimum wage increased by 39 percent while our unemployment rate dropped and restaurants hired more servers. That's because higher wages improve worker morale, productivity and loyalty, which saves employers the costs of constantly hiring and training new people. And any extra money paid to minimum wage workers is plowed right back into local businesses, leading to positive ripple effects across our economy.**

To provide a living wage to all workers in Hawaii, the Hawaii State Teachers Association asks your committee to **support** this bill with suggested amendments.



**HB-1191-SD-1**

Submitted on: 3/25/2019 12:19:02 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sean Uezu	Testifying for Pop's Inc	Oppose	No

Comments:

[https://www.washingtonpost.com/news/wonk/wp/2018/01/11/what-does-a-15-minimum-wage-do-to-the-economy-economists-are-starting-to-find-out/?utm\\_term=.47369a556ed9](https://www.washingtonpost.com/news/wonk/wp/2018/01/11/what-does-a-15-minimum-wage-do-to-the-economy-economists-are-starting-to-find-out/?utm_term=.47369a556ed9)

If the minimum wage is raised, companies will be forced to figure out how to make ends meet. No different than if costs go up for a person, they will try to cut costs in different ways to afford everything. Some of that will be reducing the number of workers. Or cutting hours. Or cutting benefits.

When looking at other areas where the minimum wage has gone up, it is apparent that there are a number of negative effects that you need to take into consideration.

TO: Chair Donovan M. Dela Cruz; Vice Chair Gilbert S.C. Keith-Agaran; and Committee

FROM: David Hong, Chairman of the Board of Island Plastic Bags, Inc.

RE: HB 1191 HD 1 SD 1 RELATING TO MINIMUM WAGE

POSITION: OPPOSE

Thank you for the opportunity to submit testimony in opposition of HB 1191 HD 1 SD 1. My name is David Hong and I am the Chairman of the Board of Island Plastic Bags Inc., a second-generation, family business in Halawa Valley that manufactures plastic trash liners and food grade bags. If passed HB 1191 HD 1 SD 1 would create significant hardship for small businesses.

I am not against a living wage but the benefits of a minimum wage increase must be measured against the costs of driving local, small businesses to sell or close shop. Already national and international businesses are buying up locally owned businesses and squeezing out the competition. For example, Hopaco was purchased by Office Max who subsequently was purchased by Office Depot, headquartered out of Orlando. Sysco purchased HFM. There are a lot more examples I can provide. You further handicap small businesses against these large corporations with a higher minimum wage because small businesses cannot spread the increased overhead costs across a large, national company.

Another consideration is that we have to compete with imports from Asia. For example, in Guangdong Providence/Pearl Delta, China has the highest minimum wage in China at 15.85 RMB or \$2.32/hr. Also in Vietnam the minimum wage is approximately \$1.13/hour. This is based on information pulled from Google searches. We have Hawaii companies importing products from China, Vietnam, Cambodia, etc. right now. These businesses expect us to match these import prices and a high minimum wage will only make the situation more difficult. With a \$15 minimum wage and benefits, you are paying employees around \$17/hour in overall compensation.

The last thing to consider is that unskilled workers will lose out to automation. Skilled workers will be able to command \$15/hr. because their skills make them more productive. But unskilled workers under a higher minimum wage will become more costly to businesses than automating certain tasks or even certain functions. The more expensive the state makes labor, the more cost effective labor saving equipment becomes (ex. semi-automated box assembly machines; pallet wrap machines; semi-automated sorting and picking systems).

There are other ways to make Hawaii more affordable (ex. expand affordable housing). All that I am asking is that we let the market decide what an employee should be paid. A skilled worker in today's market will easily earn more than the current minimum wage and unskilled workers can now work towards building those skills because the minimum wage is lower. To meet a higher minimum wage, businesses might cut benefits, overtime, or automate certain functions. Thank you again for the opportunity to testify. Should you have any questions or comments about my testimony you can contact me by email at [dhong@islandplasticbags.com](mailto:dhong@islandplasticbags.com) or by phone at 808-484-4046.

Sincerely,

David Hong



**To:** Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

**From:** Jozette Montalvo  
Hawaii Petroleum, LLC-Human Resources Director  
**RE: HB1191 Relating to the Minimum Wage**

**Date:** March 25, 2019

Thank you for the opportunity to provide testimony. Hawaii Petroleum Company is an independent petroleum marketer operating on the islands of Maui and Hawaii, with approximately 324 employees on two islands. We operate seventeen Minit Stop convenience stores.

Hawaii Petroleum **opposes H1191** for the following reasons.

For the past four years (2015-2018), employers have been burdened with increase cost as the minimum wage has gone up every single year. This bill once again increases the cost another **four more years** raising the minimum wage to \$11.00 per hour beginning January 1, 2020 and then to \$15.00 an hour by 2024. While we understand that medical provided to the employee by the employer would reduce the yearly increase rate, this will cause disparity in pay amongst employees performing the same position. While granted that this would lessen cost to employers paying for medical, this will incentivize employees to seek Human Service Medical Plans, shifting cost there.

While we understand that the minimum wage rate from time to time needs to be reviewed and adjusted, these **annual** increases are negatively impacting businesses throughout the State of Hawaii. What's important to consider as well is that these increases in the minimum wage creates "*wage compression*" with higher paid positions within the organization where adjustments may need to be made to those as well adding onto cost.

Labor is just one cost of doing business, but it is the largest cost. To survive as a business, higher cost will ultimately need to be passed onto consumers in the form of higher prices increasing the overall cost of living in the State of Hawaii for everyone. Market forces should be allowed to set pay rates, not the government. Current market forces are

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**Hilo:** 16 Railroad Avenue, #202 | Hilo, Hawaii 96720 | t: 808.935.6641 | f: 808.934.7197

**Kona:** 74-5558 B Kaiwi Street | Kailua-Kona, Hawaii 96740 | t: 808.329.1862 | f: 808.326.2755

e-mail: [sales@hawaiipetroleum.com](mailto:sales@hawaiipetroleum.com) | [www.hawaiipetroleum.com](http://www.hawaiipetroleum.com) | [www.ohanafuels.com](http://www.ohanafuels.com) | [www.minitstop.com](http://www.minitstop.com)

already driving wages up due to a shortage of workers. Mandating a higher minimum wage does nothing to alleviate the employee shortage and only exacerbates costs of doing business to a point where it may become unsustainable for business to operate. Businesses could therefore resort to closing or seek to replace employees with automation to reduce cost. In addition, this will limit opportunities for first time workers with no experience. Also, this bill will limit employee's opportunity to pick up additional shifts because of the higher labor costs. While employees will ultimately be making more money, they will also be spending more money for goods and services purchased from local establishments burdened by annual minimum wage increases.

For these very reasons, we kindly ask that you vote **NO** on **HB1191**.

**HB-1191-SD-1**

Submitted on: 3/25/2019 1:00:05 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jamie Harada	Individual	Oppose	No

Comments:

Aloha Chair Luke, Vice Chair Cullen and members of the Labor Committee,

1. am writing on behalf of Tanaka of Tokyo Restaurants Ltd. and we oppose the HB 1191 HD1 relating minimum wage. We are a local restaurant that has been serving tourists and locals for the past 40 years. We have faced many challenges in 2018 with the minimum wage increase and the rising costs of commodities in 2019. Passing the bill will make it virtually impossible for restaurants and small businesses in Hawaii to flourish in both profit and quality of service for our customers/visitors. Restaurants provide entry level job positions for workers who can be trained on site to gain the experience, skills and knowledge needed for their future careers. Passing the bill will force employers to eliminate these positions, cut work hours, and raise prices to offset the wage increase. Hawaii has one of the lowest tip credit in the country, thus making it difficult for Businesses in Hawaii to operate long term.

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Raises minimum wage and gives businesses a credit for paying it.

BILL NUMBER: HB 1191, SD-1

INTRODUCED BY: Senate Committee on Labor, Culture and the Arts

EXECUTIVE SUMMARY: Increases the minimum wage each year from 2020 through 2024. Provides a nonrefundable income tax credit to qualifying small businesses. At a minimum, technical changes are needed.

SYNOPSIS: Amends section 387-2, HRS, to increase the minimum wage to \$12 per hour beginning January 1, 2020, and to increase it to \$15 per hour beginning January 1, 2023.

Adds a new section to chapter 235, HRS, to establish the minimum wage income tax credit for a qualified small business. The amount of the credit is 20% of the increase of total hourly wages paid to all employees during the taxable year over the total hourly wages paid in the prior taxable year, up to \$50,000.

All claims for tax credits, including any amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which the credits may be claimed. If not timely claimed, the credit is waived.

If the qualified small business is a passthru entity, eligibility and calculation of the credit is determined at the entity level.

Defines a qualified small business as one that has 50 or fewer employees.

EFFECTIVE DATE: July 1, 2020; the credit applies to taxable years beginning after December 31, 2019.

STAFF COMMENTS: This measure is problematic because the automatic, mandatory diversion of income tax revenues limits the State's ability to fund priorities, thereby impacting the State's general financial plan. A financially sound approach to manage the State's funds would include providing funding based on need, funding ability, and consideration of statewide priorities.

The Foundation takes no position on whether the proposed increase in the minimum wage is desirable as a matter of social policy.

We do have technical comments on the bill and the operation of the tax credit.

- The amount of the credit is based on the increase in total hourly wages paid to all employees from one year to the next. At a minimum, flexibility should be given to the department of taxation to prescribe a methodology that can be used if either the current or previous taxable year is a short year, which could happen if the business is bought or sold

during the year or if the taxpayer changes its annual accounting method. See IRC section 443. Perhaps the following could be inserted into subsection (b):

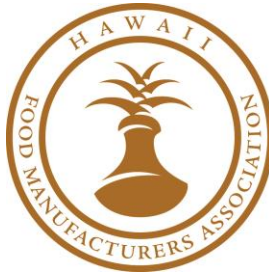
The Department may adopt rules to prevent distortions in calculating a taxpayer's credit caused by a change in accounting methods used by such taxpayer, or by the use of a short taxable year.

- In the definition of qualified small business, we suggest a clarification as to when the number of employees is measured, such as:

(f) For purposes of this section, "qualified small business" means a taxpayer that has fifty or fewer employees at the end of the taxable year.

Digested 3/25/2019





Testimony to the Senate Committee on Ways and Means  
Thursday, March 18, 2019 at 10:15 AM  
Conference Room 211, State Capitol

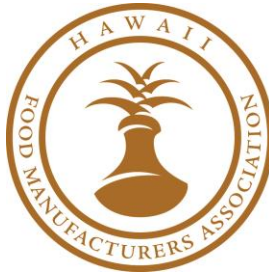
**RE: HOUSE BILL 1191 HD1 SD1, RELATING TO MINIMUM WAGE**

Aloha Chair Taniguchi, Vice Chair Ihara and Members of the Committee,

The Hawaii Food Manufacturer's Association (HFMA) strongly opposes any increase to Hawaii's minimum wage because it will hurt your middle-class constituents, while failing to help those the mandate is trying to help. HFMA is a non-profit organization of approximately 150 members that has been promoting Hawaiian grown or manufactured products since 1977. HFMA works to increase the understanding and appreciation of the unique flavors, quality, and care that go into the production of Hawaii's fine foods and beverages represented by our membership.

Raising the minimum wage violates the law of supply and demand and there is little evidence to support successful results from the last mandatory increase. There is ample evidence supporting that cost of goods has increased because of the last hike to the minimum wage. The minimum wage is an entry level wage and should not be confused with a living wage. Most of us know an increase will not help and won't acknowledge the real problem which is the high cost of land, which will take some bold thinking and creative strategies to solve but can be solved using the same basic principles of supply and demand.

The minimum wage is an entry level wage which allows businesses to hire employees lacking skills or abilities while providing them opportunity to move up in pay through merit. Paying more to the lowest producers in a company leaves less room in a budget to pay those who deserve more and make up our middle class. It will also force businesses to eliminate jobs that would give unskilled workers, like high school students, a chance at employment. After the last round of minimum wage increases, the poverty level has not miraculously gotten better because price of goods have only inflated as a reaction to the minimum wage increase. Many small businesses that are unable to sustain profitable margins, while trying to implement increases, have failed. The increases also price goods produced in Hawaii out of market for export contention. This is why only a select few large companies are able to grow revenue through export, while others struggle to scale due to labor costs.



The increase has good intention but displays little in terms of practical economic sense. Socialism simply does not work and is evidenced by failing economies like Greece, Venezuela, North Korea and even the demise of the USSR. Trying to force an increase in wages sounds good in the absence of an alternative solution but will continue to weaken Hawaii's economy. As the middle-class wages drop more, the best and the brightest will continue to leave for better opportunities elsewhere. This will allow large national conglomerates to take over as they can absorb the deficiencies of an entitled workforce where small businesses can't. Most businesses in Hawaii are small on a national and global scale.

Please work on finding a solution to the high costs of space to live and operate businesses. Perhaps leasing state lands at bargain prices to public/private partnerships so we can build affordable housing, not just for low income but anyone who doesn't mind dormitory style living units, to save for an upgrade later is an option. Same can be done for businesses creating shared work spaces – with cheap leases on land and sensible construction these residential and commercial units could be rented out at lower costs than available at current market prices.

These solutions would help both employers and employees instead of continuing to repeat a model that does not work, resulting in the following undesirable consequences:

- Entry level wages are designed for high school students, summer hires and unskilled labor with no previous experience
- Doesn't leave room for businesses to offer wage increases for employees that make up our middle class
- Business are less likely to hire
- Hawaii economy becomes a more service based industry
- Loss of Hawaii manufacturers
- Less startups due to labor cost barrier
- Foreign market sales decrease due to even higher priced products
- Businesses will have more incentive to automate and eliminate jobs
- All goods at supermarkets, restaurants and stores will increase in price due to labor costs in all these establishments. Within a short time \$15, \$17 or \$20 will no longer be a "livable wage" as seen in the last minimum wage increase
- The real problem is the cost of housing for Hawaii's residents and the cost of rent for businesses

Thank you for the opportunity to testify.



Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

I'm a small business owner who respectfully opposes HB 1191 HD1 SD1 and am very concerned with the current push to increase the minimum wage and the unintended consequences this will have on our business and other businesses like ours in Hawaii. We are proud of both our business and our employees. We recognize that our employees are a big part of what makes our business a success and do everything we can to retain them through both wages and benefits. With that said, we hope that when contemplating passing legislation raising the minimum wage, that you please consider the consequences it will have on businesses of all sizes.

If the minimum wage is increased, I believe that we will be forced to pass on our cost increase to our customers just to stay afloat. We provide an important product that is used and needed by the local consumers and visitors on a daily basis. The increase in cost will create yet another domino effect that will do greater harm than good. I can almost assure you that we may be forced to reduce employee hours or initiate layoffs just to stay afloat. Businesses cannot afford the increased costs mandated through this legislation.

Thank you for your time and consideration of my concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Kurt Osaki".

Kurt Osaki, President

Kauai Ice Distributors  
1000 Bishop Street #609  
Honolulu HI 96813



MOILIILI  
COMMUNITY  
CENTER

Moiiliili Community Center (MCC) is not taking a position for or against the proposed minimum wage increase legislation; however, I would like to offer the following comments concerning the impact that the proposed increases would have upon our programs:

Unlike for-profit businesses such as restaurants and other retailers, it would be very difficult for a non-profit such as MCC to increase our program fees to meet the increase in the minimum wage for our employees, and we would probably have to cut back our staff, which would mean a decline in our participants.

Looking back at the previous minimum wage increase, our Children & Families A-Plus After-School program struggled. Although we had to pay our staff a higher minimum wage, the fees for the After-School program remained the same for the participants. There was a lag in the fee increase which is regulated by the Board of Education.

To make-up for the loss in revenue, we increased our fees over the past year and experienced a decline in participants in both our After-School program and our popular Summer Smiles program.

Our Senior Center program serves 300 - 500 Kupuna each day, and it would be very difficult for us to continue to serve our current number of participants if the cost for the staff of these programs increases. The majority of the seniors, many of whom are in their 90s, credit MCC for helping to keep them thriving and strong.

In summary, in as much as I wish I could pay my staff more for what they do each day, to have a minimum wage jump from \$10.10 to \$15.00 in 2023, would be difficult to manage for our Center. We have already worked through the last increases which went from \$7.25 in 2014 to \$10.10 in 2018, a four-year span. Grants are becoming more difficult to secure and the cost of a lot of our daily supplies, water, sewer, electricity and health insurance all continue to increase. MCC has been in the community for more than 117 years and we would like to remain here for another 100+ years.

I, along with everyone associated with MCC, would appreciate it very much if our legislative leaders would take all of my aforementioned into consideration when it comes to the decision making process.

Thank you very much for your time and consideration.

Respectfully,

Nadine N. Nishioka  
Executive Director



**HB-1191-SD-1**

Submitted on: 3/25/2019 2:20:19 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Skyler Yamada	Testifying for Tanaka of Tokyo Restaurants	Oppose	No

Comments:

To whom it may concern,

I would like to bring to your attention, a few reasons of why this bill should not be passed as written.

Tourism is one of Hawaii's biggest industries that contributes to our economic growth. In the hospitality and restaurant industries, many of the employees receive tips to supplement their hourly wages. While the minimum wage is currently \$10.10 (\$9.35 with tip credit), this does not factor in the tips that the employees make. I have worked for several companies in the restaurant and hospitality industry, and can confidently state from experience, that tipped employees actually take home \$22.00 to \$32.00 an hour on average, when factoring in their nightly tips. This is just the average, and many of the employees make much more on weekends, holidays, and busy seasons. This is true only for tipped employees, which is why the USDOL implemented tip credit exists. However, the tip credit in Hawaii is only \$0.75, which is well below the \$4.83 national average. The second lowest tip credit in the nation is \$2.90, almost four times the Hawaii tip credit, putting Hawaii legislation far behind the rest of the nation. This makes it very difficult for economic growth, as companies struggle to stay in business, and do not have the resources to expand. This limits our economic and job growth in our biggest industry, an industry that Hawaii cannot afford to fall behind in.

Hawaii restaurants operate in a two to three percent profit margin (as documented in Pacific Business News in their December 2018 article), which is already below the national average of three to five percent. Due to these extremely low profit margins, Hawaii restaurants have already been forced to minimize costs effectively, just to stay in business. With the high costs of good being shipped into the islands, there is very little room for further cost decreases in products. In the current version of the bill, wage expenses will increase by 50%, an amount that Hawaii restaurants will be unable to

absorb. As business will be unable to effectively cut back on the cost of goods, they will be forced to further reduce their labor costs. If the bill is passed, employees will see a rise in their hourly pay, but at the risk of seeing less income on their paychecks. This will be due to businesses being forced to reduce their labor hours, which the employees will feel the impacts of.

In addition to reducing labor hours, positions will also need to be eliminated, and unemployment will rise. In order to run a business competitively, we must always be competitively priced and properly staffed to provide an excellent guest experience, or risk losing our guest's repeat business. This will be a difficult decision for many small-businesses to make, and many will be forced to shut down, further contributing to the state's unemployment rate.

In the current, low-unemployment economy, employees currently have the advantage of selecting careers at businesses of their choice. Each business currently faces the everyday task of searching for employees, and are already being competitive to retain loyal personnel.

A solution to this predicament is increasing the Hawaii tip credit accordingly, in an amount greater than the increase in the minimum wage. This will help Hawaii become equal with the rest of the nation, and ensure healthy job growth in our economy. At the minimum, this bill should be re-written to include this important addition, in order to protect our most valued industry.

We have already seen too many of Hawaii's "landmark" restaurants close due to increased business costs, and will lose many more if this bill passes as written. Our keiki will already miss out on the opportunity to eat at iconic restaurants that we experienced, such as Wailana Coffee House, Kenny's Restaurant, and Willows Restaurant, just to name a few. It would be tragic for more of these long-term, community-focused businesses to have to close due to increased wage expenses.

Thank you for your consideration,

Skyler Yamada



To: Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice  
Members on WAYS AND MEANS

From: Michael Miller, Tiki's Grill & Bar  
Subject: HB 1191, HD1, SD1. Relating to Minimum Wage  
Date: March 25, 2019

Thank you for the opportunity to provide testimony. We, at Tiki's Grill & Bar, hereby oppose House bill [HB 1191, HD1, SD1](#) Relating to the increase in Minimum Wage.

BUT if you must pass something, please consider **ADDING/changing the tip credit language in any and all Minimum Wage legislation to be calculated at 25% of the tips.** This will allow restaurateurs to continue to provide valuable "Living Wage" positions to its Servers and continue to provide discretionary increases to their "Back Of The House" employees, reducing the disparity in wage inequality that the current legislation promotes.

**All of our staff who are paid minimum wage actually bring home between \$15 and \$30 per hour because they earn gratuities by giving excellent service and working hard with each other.**

2022 is only a few years away and we have no idea what the economy will look like. Let market determine what companies that are still in business can afford to pay.

The implementation of this bill is not free, which at its basic level, reduces the ability of restaurants to provide opportunities by reducing the number of new hires, decreasing the amount that can be spent on current employees.

We will need to raise our prices to stay in business. Our bloodline is our economy, which is based heavily on tourism. If we keep raising our prices, Hawaii will lose visitors to other locales that offer more value to visitors.

Employees have job advancement choices: to move to higher positions within the company or leave for other opportunities. An example of growth within would be to move from a host to waiter or from a dishwasher to a prep-cook. Or an employee leaves us for better opportunities because s/he has learned new skills on the job and has the drive to grow outside the company. Our General Manager started as a busboy and worked his way up. Our Sous Chef worked his way up from a dishwasher to his current position.

We urge you NOT to pass this bill out of committee and say, "Mahalo," for considering our point of view.

Mahalo, Michael Miller / Director of Operations / michaelm@tikisgrill.com



O'ahu County Democrats  
oahudemocrats.org



Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Ways and Means Committee,

**RE: HB1191 HD1 SD1, Relating to the Minimum Wage.**

The O'ahu County Democrats support House Bill 1191, House Draft 1, Senate Draft 1.

The Platform of the O'ahu County Democrats states that as *"the party of working people in Hawai'i, we work to... institute fair labor practices [including] a living wage for all workers."*<sup>1</sup> Research from DBEDT<sup>2</sup> and the Hawai'i Appleseed Center for Law and Economic Justice both found that our current minimum wage ought to be raised.<sup>3</sup> Those workers making the lowest wages lag far behind the levels of income necessary to provide for basic sufficiency. This 'working poverty' robs people of housing and food security, educational attainment, and keeps families one paycheck from disaster. Multiple decision-making bodies of the Democratic Party of Hawai'i and the O'ahu County Democrats have repeatedly confirmed the priority of this issue. Given the great economic disparities of our present-day economy on O'ahu, a minimum wage raise to \$15/hour by 2023 is due.

The raises established in this bill, HB1191, are modestly, incrementally phased to appropriately transition to \$15 per hour, some four years from now. DBEDT found that \$17 per hour was the minimum wage necessary for self-sufficiency.<sup>2</sup> This measure gets us much closer to the goal. There are always complex considerations to such expansive measures, particularly for small business. Labor advocates include the Party have worked with the business community, agreeing to far less than we originally asked. So we can all arrive together at the solution: a vibrant economy that works for all its families, with HB1191 HD1 SD1 as a key component.

For economic activity and growth, the goose that lays the golden eggs is consumer spending. Raising the minimum wage to \$15 per hour is a good boost for consumer spending. Small business depends on more consumers and higher consumer spending. Economist have long demonstrated that consumer spending is highly elastic at the lower income levels, and steeply responsive to increases in discretionary income. The best way to increase discretionary income is to raise worker wages.

We urge all members of the Committee on Ways and Means to vote 'aye' on this measure, for the good of our working people. In summary, the O'ahu County Democrats and its tens of thousands of members support HB1191 HD1 SD1.

Respectfully,

Dylan P. Armstrong, Vice Chair  
O'ahu County Committee, O'ahu County Democrats

**References**

1. Labor Platform of the O'ahu County Democrats. <https://www.oahudemocrats.org/oahuplatform.htm#lab>
2. Department of Business, Economic Development and Tourism. Self Sufficiency Income Standard: Estimates for 2016. [http://files.hawaii.gov/dbedt/economic/reports/self-sufficiency/self-sufficiency\\_2016.pdf](http://files.hawaii.gov/dbedt/economic/reports/self-sufficiency/self-sufficiency_2016.pdf)
3. Hawai'i Appleseed Center for Law and Economic Justice. The State of Poverty in Hawai'i. 2016. <http://hiappleseed.org/wp-content/uploads/2016/11/State-of-Poverty-2016-Report.pdf>



**HB-1191-SD-1**

Submitted on: 3/25/2019 3:32:48 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Neil Ishida	Testifying for ABC Stores	Oppose	No

Comments:

ABC Stores strongly oppose HB 1191 HD1 SDI Relating to Minimum Wage. This measure increases minimum wage rates annually for January 1, 2020 through January 1, 2024 and provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

While we appreciate the lower rates for those who provide health benefits, the most harmful consequence of this minimum wage increase will be the smaller retailers, such as many of Hawaii's *Mom and Pop Stores*, who play an important role in keeping Hawaii... Hawaii, for both Kama'aina and Malihini.

The impact of a minimum wage increase is exponential, causing a compression of wages between newly hired/untrained workers and the veteran/experienced employees. Mandating scheduled adjustment at the lowest tier of the employment scale causes a tremendous increase in overall employment costs, including unemployment insurance, Social Security and Medicare, workers' compensations premiums, vacation pay, holiday pay, and Hawaii's mandated healthcare coverage. Increasing the minimum wage will be counterproductive to the growth of businesses in Hawaii. We ask that you hold this measure. Mahalo for this opportunity to testify.

# IRON WORKERS STABILIZATION FUND

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March 28, 2019  
9:30 am

Committee on Ways and Means  
Senate  
Conference Room 211  
State Capitol  
Honolulu, Hawai'i 96813

Re: HB1191 HD1 SD1 – Relating to Minimum Wage

*Aloha* Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the Senate Committee on Ways and Means:

We **SUPPORT THE INTENT** of HB1191 HD1 SD1. We ask that the committee consider raising the amount of the minimum wage to **\$17 per hour** and also ensure that there is appropriate **small business support**. We believe that increasing the minimum wage will increase economic activity at our state and local levels, reduce poverty, reduce government welfare spending, reduce income inequality, and increase worker productivity and reduce employee turnover. Currently our workers making minimum wage that are providers in their families have trouble affording essentials and home ownership is out-of-reach. With more money in their pockets, our neighbors on minimum wage living pay-check to pay-check would be better able to provide for themselves and their families including being able to avoid homelessness if a Health emergency or other life crisis occurs.

While we believe minimum wage needs to increase, we also believe that we ought to support our businesses in this effort as well, particularly our small business community.

Please support a minimum wage increase with small business support to restore dignity to some of our neighbors and support our job creators.

*Mahalo* for your time and consideration.

Managing Director T. George Paris



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Managing Partner,  
Commercial & Business Lending

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Trina Orimoto  
Clinical & Research Psychologist

Kaipo Kukahiko  
Executive Director,  
KEY Project

Miwa Tamanaha  
Deputy Director,  
Kua'āina Ulu 'Auamo

**HACBED Staff**

Brent N. Kakesako  
*Executive Director*

Keoki Noji  
*Chief Operating Officer*

Athena T. Esene  
*Bookkeeper & Office Manager*

Foley Pfalzgraf  
*Program Specialist*

Chelsie Onaga  
*AmeriCorps VISTA*

Date: March 25, 2019  
To: Senator Donovan M. Dela Cruz, Chair, Senator Glibert S.C. Keith-Agaran,  
Vice-Chair, and members of the Committee on Ways and Means  
From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic  
Development (HACBED)  
Re: Support for HB1191 HD1 SD1 with amendments

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) supports HB1191 HD1 SD1, with amendments, which increases the minimum wage annually from January 1, 2020 through January 1, 2024. We ask that the bill be improved to raise the wage to at least \$17 per hour.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development and asset building strategies. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED played a facilitating role in the State Asset Policy Task Force and was a key contributor to the State Asset Policy Road Map. HACBED also facilitated the Family & Individual Self-Sufficiency Program (FISSP), which administers the Internal Revenues Services' Volunteer Income Tax Assistance (VITA) program as a part of its larger asset building and financial education initiatives for needy families. As such, HACBED supports the proposed bill with amendments, that would provide an increase in the minimum wage while supporting small businesses with a tax credit to offset those increases.

Through HACBED's efforts with providing VITA services, we have heard countless stories of the importance that a stable wage provides. HB1191 HD1 SD1 would increase our state's minimum wage to \$15 in 5 steps from 2020 to 2024. According to DBEDT, the self-sufficiency income standard for an individual with no keiki in 2016 was \$15.84 per hour, which comes out to \$17 in 2019. As such, we ask the Committee that this bill should be improved by continuing to raise the wage to at least \$17 per hour.

Mahalo for this opportunity to testify,

Brent N. Kakesako  
Executive Director  
Hawai'i Alliance for Community-Based Economic Development



**TESTIMONY OF TINA YAMAKI  
PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
March 28, 2019**

**Re: HB 1191 HD1 SD1 Relating to Minimum Wage**

Good morning Chairperson Dela Cruz and members of the Senate Committee on Ways and Means. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) as founded in 1901 and is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

We are in **STRONG OPPOSITION** to HB 1191 HD1 SD1 Relating to Minimum Wage. This measure provides an income tax credit for qualifying small businesses to offset the increase in the minimum hourly wage that employers must pay employees. Increases the minimum wage to \$12.00 per hour beginning 1/1/2020 and \$15.00 per hour beginning 1/1/2023. Tax credit applies to taxable years beginning after 12/31/2019. Effective 7/1/2050.

While we appreciate the lower rates for those who provide health benefits, 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 the 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. We must also factor in that Hawaii mandates healthcare coverage for workers.** This is also another benefit that is a cost to employers that we are having to make adjustments for by restructuring our business plans and budget to accommodate the rising cost of healthcare and other mandated expenses.

Over the past few years, the retail industry has seen reasonable growth, with existing companies opening new locations and new retailers entering the marketplace. 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 of our industry and Hawaii.**

We respectfully ask that you hold this measure.

Mahalo again for this opportunity to testify.

**HB-1191-SD-1**

Submitted on: 3/26/2019 5:33:40 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael J DeWeert	Testifying for MARY & Mike Properties LLC	Support	No

Comments:

Testimony on Raising the Minimum Wage

Position: Strongly Support

I am writing is strong support of HB1191, to raise the minimum wage to \$12 in 2020 and \$15 in 2023.If anything, this bill does not go far enough. In Hawaii, where “low-rent” apartments can cost \$1,400/month,even a minimum wage of \$15/hour - a monthly income of around \$2,500- is inadequate to afford a decent life of dignified work.

Moreover, allowing such low wages only adds burdens to government and society. For example, impoverished workers often delay medical care until they must be treated in emergency rooms – often at public expense. The costs to society, both tangible and intangible, are so high that we simply cannot afford poverty-level wages.

A living wage also makes business sense. The Chamber of Commerce keeps urging me to oppose, against all reason. I am a small-business owner, in property rental. Whenever we have a rental available, I get heart-breaking letters from poor people asking if we could just charge less. Even if we could charge below-market rents and still cover expenses, I would have to issue 1099 forms for the difference, and the tenants would be liable for extra taxes.

Minimum-wage workers already pay a disproportionate share of their income in Medicare and Social Security taxes, effectively subsidizing the retirements of higher-paid workers, leaving the working poor even worse off.

There are many business owners who would be glad to pay their workers decently – decent pay reduces worker stress and improves productivity. However, the playing field must be level. Well-run businesses providing products people want will be able to manage the wages. With fair laws requiring decent wages, a business that still claims it cannot afford to pay a living wage is simply a business that wetaxpayers cannot afford to keep subsidizing.

Please pass HB 1191.

Aloha and Mahalo,

Michael J DeWeert

Mary & Mike Properties LLC

45-343 Mahalani Street

Kaneohe, HI 96744

**HB-1191-SD-1**

Submitted on: 3/26/2019 7:59:11 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Tami Hamilton	Testifying for Pacific Whale Foundation	Oppose	No

Comments:

- It is too soon for a minimum wage increase. The last increase to \$10.10 took effect in January 2018 and there have not been any studies on the impacts of the last minimum wage increase. A study should be completed and shared on the impacts to businesses, the economy and residents before passing another minimum wage increase.
- A minimum wage increase creates what is known as a wage compression, meaning a compression between wages paid to unskilled labor and skilled labor that results in a wage inflation. Even employers who currently pay more than the minimum wage well understand that other employees will also expect a wage increase when new employees are automatically paid more, which raises wage costs across the board.

**HB-1191-SD-1**

Submitted on: 3/26/2019 8:32:27 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John Ferguson	Testifying for Kalaheo Cafe & Coffee Co.	Oppose	No

Comments:

We oppose **HB1191 HD1 SD1**.

Compounded with our high rents, utilities, and high mandated costs such as pre-paid health care, we currently struggle to survive. A forced wage increase could be devastating to small businesses due to the fact that every cost increase cannot be passed to the consumer. This bill will be devastating to the small and medium size businesses such as ours that are pass-thru entities that did not get C-Corp tax breaks last year."



**HB-1191-SD-1**

Submitted on: 3/26/2019 9:00:37 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nicole	Testifying for Teapresso IL Gelato LLC	Oppose	No

Comments:

Submit testimony on HB 1191 HD1, SD 1 Relating to the Minimum Wage

**To: Sen. Donovan M. Dela Cruz, Chair**

**Sen. Gilbert S.C. Keith-Agaran, Vice Chair**

**Members of the Committee on Ways and Means**

**From: Nicole Lueker**

**Manager and Owner Teapresso IL Gelato LLC**

**Subject: HB 1191 HD 1, SD 1 Relating to Minimum Wage**

**Date: March 25, 2019**

**Aloha Chair, Vice Chair and the members of the Committee,**

**My name is Nicole Lueker and I am the owner and manager of Teapresso IL Gelato LLC.**

**I respectfully oppose HB1191 as I am very concerned with the current push to increase the minimum wage and the unintended consequences this will have on our business and other businesses in Hawaii. Our employees are a big part of what makes our business a success and we do everything we can to retain them through both wages and benefits.**

**We run a small Boba Tea and Gelato Business at Pearl Highland Center in Pearl City and mostly hire students and entry-level employees with no skills or experience. We invest a lot of time and money to train them. With increases in minimum wage all operating cost and costs of living in Hawaii will go up and will make it difficult to run a business and to live in Hawaii.**

**Tax incentives are good idea for small businesses but in order to see the benefits businesses need to make profits. We are currently not making any money but work hard to survive. Rents and operating costs are very high. We are mostly concerned that with increasing minimum wage all cost will go up further - not just direct labor cost- and that we cannot pass those costs on to the consumer. As a consequence we may have to close our retail store and find other employment ourselves.**

**We like to ask the legislators to protect Hawaii's small businesses and provide a pro-business climate. Otherwise only large national chains, which can leverage their cost throughout the nation will survive and Hawaii's unique restaurant industry will be gone.**

**We recently have been made aware of an opinion issued by one of the mostly respected Economists in Hawaii Professor and Director of HERO Carl Bonham, Ph.D.. Dr. Bonham published an blog on the proposed minimum wage increases and warns for high and fast increases. Please read and try to understand the complexity of the issue and carefully consider that opinion.**

**Please see his blog below at**

**<https://www.uhero.hawaii.edu/news/view/348>**

**Based on his review on current research by others, he concluded that a significant increase in minimum wage may have unintended adverse effects on Hawaii's economy and he recommends to proceed with caution.**

**We suggest postponing the measure to next year and in the meanwhile studying the matter more carefully before making a drastic change in minimum wages and possibly impacting Hawaii's unique economy and market place.**

**Thank you for your time and consideration of my concerns.**

# Submit testimony on SB HB 1191 and Relating to the Minimum Wage

**To: Sen. Donovan M. Dela Cruz, Chair  
Sen. Gilbert S.C. Keith-Agaran, Vice Chair  
Members of the Committee on Ways and Means**

**From: Dirk Koeppenkastrop, Ph.D.  
Owner IL Gelato LLC**

**Subject: HB 1191 HD 1, SD 1 Relating to Minimum Wage**

**Date: March 26, 2019**

Aloha Chair, Vice Chair and the members of the Committee,

My name is Dirk Koeppenkastrop and I am the owner of IL Gelato Hawaii.

I respectfully oppose HB1191 as we are very concerned with the current push to increase the minimum wage and the unintended consequences this will have on our business and other businesses in Hawaii.

As we have seen very little testimony by researchers and economist in this matter to date, I approached UH Professor Carl Bonham regarding potential impacts on the proposed minimum wage on Hawaii's economy. Carl Bonham is the founder and Director of UHERO at the University of Hawaii and the leading State economist. He published a blog with one of his PH.D students, which he made available to all Hawaii's legislators.

Please see his blog below at

<https://www.uhero.hawaii.edu/news/view/348>

**Based on his review on current research by others, he concluded that a significant increase in minimum wage may have unintended adverse effects on Hawaii's economy and he recommends to proceed with caution.**

In order to show what effect's minimum wages increases have on small businesses we'd like to share some details of our own business. My wife and I run a small gelato

business at three locations on Oahu and mostly hire students and entry-level employees with no skills or experience. We are proud of both our business and our employees. Our employees are a big part of what makes our business a success and we do everything we can to retain them through both wages and benefits. We invest into training them. Increasing minimum wages from \$7.25 to \$10.10 over the last few years has been hurting our business. Rents increased, insurance cost increased and food cost increased and our profit margins were dropping year by year so we are now suffering. Our payroll/revenue ratio has gone up from 30%, which is where it suppose to be to 40%. This does not allow for any margins to keep the business profitable.

Recently we had no other option to increase our scoop prices from \$3.75 to \$4.25 with the result that our sales have gone down! We simply have less people buying gelato from us, as the prices are perceived to be too high. This is proof that not all cost can be passed on through to the consumer.

With further increases in minimum wages all operating and costs of living in Hawaii will go up. As minimum wages will go up all other wages and salaries will as well. The increased minimum wage will not compensate for the increase in cost of living and further minimum wage increases will be required spiraling cost and not accomplishing the original intent.

Legislators also need to consider that some small business will choose to have employees work “under the table” to avoid higher costs of wage hikes, payroll taxes and medical and other benefit cost. Business like ours who do not do that will be at a disadvantage.

Furthermore, we need to consider although tax incentives are good idea to support small businesses, the small businesses first need to make profits and survive before becoming eligible for a tax break.

IL Gelato Hawaii alone may have to close 3 retail stores if the minimum wage goes up to \$15.00 per hour. We will than no longer be able to provide 30 to 40 entry-level jobs to those students. We further will no longer be generating GET and income taxes.

We would like to ask our legislators to protect Hawaii’s businesses and provide a pro-business climate to avoid loosing small businesses to prevailing large national chains.

As an alternative we suggest to postpone any decision on increasing minimum wages this year and to study the matter further. It looks like increasing minimum wages in smaller increments and longer time periods may be a more prudent approach. Drastically increasing minimum wages may impact Hawaii’s small businesses and economy too harshly. Please consider the consequences it will have on businesses and our economy.

**Thank you for your time and consideration of our concerns.**



Testimony of Jim Yates,  
President of the Hawaii Petroleum Marketers Association

**IN OPPOSITION TO HOUSE BILL 1191, HOUSE DRAFT 1, SENATE DRAFT 1,  
RELATING TO MINIMUM WAGE**

Senate Committee on Ways & Means  
The Honorable Donovan Dela Cruz, Chair  
The Honorable Gilbert Keith-Agaran, Vice Chair

Thursday, March 28, 2019 at 10:15 a.m.  
Hawaii State Capitol, Conference Room 211

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee,

I am Jim Yates, president of the Hawaii Petroleum Marketers Association (“HPMA”). HPMA is a non-profit trade association comprised of members who directly market liquid motor fuel products across the Hawaiian Islands. Our membership includes individuals and companies who operate as independent marketers, jobbers or distributors of petroleum products and who buy liquid motor fuel products at the wholesale level and sell or distribute products to retail customers, other wholesalers, and other bulk consumers. HPMA’s primary purpose is to protect and advance its members’ legislative and regulatory interests in Hawaii and Washington, DC.

House Bill 1191, House Draft 1, Senate Draft 1 provides an income tax credit for qualifying small businesses to offset the increase in the minimum hourly wage that employers must pay employees; and increases the minimum wage to \$12.00 per hour beginning 1/1/2020 and \$15.00 per hour beginning 1/1/2023.

**HPMA opposes this bill.**

Any change in the State minimum wage will have a cascading effect on increasing costs in benefits as well as wages across all our employee positions, not just those in frontline retail positions.

HPMA members strive to pay above the minimum wage to attract experienced candidates for hire in convenience stores. An increase of even a dollar per hour in the minimum wage exerts pressure on a company to raise other employees’ hourly, salary and managerial pay and benefits, so that the company can remain competitive in a tight job market.

Testimony of the Hawaii Petroleum Marketers Association  
In Opposition to H.B. 1191, H.D. 1, S.D. 1, Relating to Minimum Wage  
Senate Committee on Ways & Means  
Hawaii State Capitol, Room 211  
Thursday, March 28, 2019 at 10:15 a.m.  
Page 2

Even more concerning is the notion of equating the minimum wage to a “living wage.” The job market needs entry-level pay for entry-level jobs. The current situation HPMA faces in paying more than the minimum wage to attract workers is already forcing our members to limit store hours, reduce staffing, automate functions, or implement a combination of all three options.

As it was stated in a recent *Pacific Business News* editorial, if establishing a higher minimum wage makes employing 10 people cost as much as employing 15 people, then guess what happens to the five people?

We therefore ask the Legislature to reconsider mandating such steep increases at this time. Thank you for allowing HPMA the opportunity to submit written testimony on this bill.





PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

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*Mandy Fernandes*  
*Gavin Thornton*  
*Trisha Kajimura*  
*Scott Morishige*  
*Debbie Shimizu, Ex Officio*  
*Marya Grambs, Ex Officio*  
*Susan Chandler, Ex Officio*

**Executive Director**

*Bryan L. Talisayan*

TO: Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S. C. Keith-Agaran, Vice Chair  
Members of the Committee on Ways and Means

FROM: Pedro Haro, Advocacy Director, PHOCUSED

SUBJECT: Testimony in Support of HB1191 HD1, SD1, Relating to  
Minimum Wage

Hearing: March 18, 2019 at 10:15 am  
Conference Room 211

**TESTIMONY IN SUPPORT WITH AMENDMENTS**

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means:

Thank you for the opportunity to testify in support of House Bill 1191, HD1, SD1. I am Pedro Haro, Advocacy Director for PHOCUSED.

PHOCUSED supports HB 1191 HD1, with the amendments described below.

PHOCUSED is a nonprofit, nonpartisan organization dedicated to increasing the safety for, visibility of, and investment in the children and adults in Hawaii who are marginalized, impoverished, and under-served. Our organization has been a leading voice in advocating for our homeless populations since our formation, as the membership of PHOCUSED and our Board of Directors represent many of the major providers of human services across our state.

This bill would raise the minimum wage from the current \$10.10 an hour – or \$21,000 per year for full-time work -- in two steps, topping out at \$15 in 2023. It also provides an income tax credit for qualifying small businesses to offset the increase in minimum wage.

PHOCUSED is a membership and advocacy organization for health and human services in Hawaii, which works together with community stakeholders to collectively impact program and policy change for the most vulnerable in our state. Our commitment to the people is reflected in our name – Protecting Hawaii's 'Ohana, Children, Under-Served, Elderly, and Disabled. We are guided by the shared commitment of our members to protect the interests of Hawaii's people and the sector which seeks to provide them with quality programs and services.



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

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*Debbie Shimizu, Ex Officio*  
*Marya Grambs, Ex Officio*  
*Susan Chandler, Ex Officio*

**Executive Director**

*Bryan L. Talisayan*

PHOCUSED, with years of history working with homeless and people with few resources, understands that the economic impact that families face in Hawaii. With our astronomical cost of living, the jobs that our most vulnerable populations are able to attain are not paying wages enough to keep them housed and sustainable. At an income of less than \$25,000 per year for full-time work, minimum wage is simply not a livable wage.

That is why we respectfully request the following amendment to this bill: increase the steps up in the minimum wage to \$17 per hour by 2023.

Why \$17 an hour? According to the Department of Business, Economic Development & Tourism, the "self-sufficiency income" for a single person without children in Hawai'i was close to \$16 an hour in 2016. After adjusting for inflation, the self-sufficiency income is \$17 in 2019.

We urge you to please pass HB 1191, HD1, SD1 with the above amendment. Thank you for your consideration of our testimony.

PHOCUSED is a membership and advocacy organization for health and human services in Hawaii, which works together with community stakeholders to collectively impact program and policy change for the most vulnerable in our state. Our commitment to the people is reflected in our name – Protecting Hawaii's 'Ohana, Children, Under-Served, Elderly, and Disabled. We are guided by the shared commitment of our members to protect the interests of Hawaii's people and the sector which seeks to provide them with quality programs and services.



Thursday, March 28, 2019

House Bill 1191 HD1 SD1  
Testifying in Support With Amendments

Aloha, Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means,

The Democratic Party of Hawai'i (The Party) **supports, with amendments, HB1191 HD1 SD1 Relating to the Minimum Wage**, which provides an income tax credit for qualifying small businesses to offset the increase in the minimum hourly wage that employers must pay employees and increases the minimum wage to \$12.00 per hour beginning 1/1/2020 and \$15.00 per hour beginning 1/1/2023. Tax credit applies to taxable years beginning after 12/31/2019.

The Party appreciates the intent of this measure and agrees that the minimum wage needs to be increased well beyond its current \$10.10 an hour level.

Workers earning the minimum wage today are making only \$21,000 annually. This in the state with the highest cost of living and among the highest housing costs in the country. At this wage, it's no wonder we have the highest per-capita rate of homelessness in the nation. Working full-time at the current \$10.10 an hour, an individual has to work 109 hours a week to afford a one-bedroom apartment.

Despite messaging to the contrary, the minimum wage was not initially established to provide an "opening" or "training" wage for young or new workers. It was never intended as a starting wage for teenagers joining the workforce. In fact, in the wake of industrialization and the Great Depression, the federal minimum wage was established to ensure workers were being paid enough to survive.

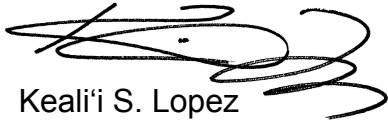
According to DBEDT's Self-Sufficiency Income Standard<sup>1</sup>, in 2016, an individual living in Honolulu needed to be making \$33,350 a year to be "self-sufficient." This works out to \$15.84 per hour. This works out to \$17 in 2019. It is for this reason primarily that the Party, working with the Raise Up Hawai'i Coalition, believes the State Legislature should move the minimum wage to \$17 an hour as quickly as possible, but slowly enough to allow businesses to adapt and to avoid job losses.

From 2014, when the last minimum wage increase was passed, to 2018 Hawai'i's unemployment rate dropped for each of the four consecutive years the minimum wage increased. Obama's Council on Economic Advisors looked at 19 state-level minimum wage increases and concluded that "the recent legislation contributed to substantial wage increases with no discernible impact on employment levels or hours worked."

The Party recognizes the challenges small businesses face in Hawai'i, but we do not believe those challenges should be prioritized over the needs of working people. The talking points from the Chamber of Commerce and the Restaurant Association are based on conjecture and are designed to instill fear in legislators. It is important we find a way to address the reasonable concerns of small businesses while ensuring one job is enough to make a living in Hawai'i.

For all these reasons, we urge you to pass this bill, with amendments.

Mahalo for the opportunity to testify,



Keali'i S. Lopez  
Chair, Democratic Party of Hawai'i

1. [http://files.hawaii.gov/dbedt/economic/reports/self-sufficiency/self-sufficiency\\_2016.pdf](http://files.hawaii.gov/dbedt/economic/reports/self-sufficiency/self-sufficiency_2016.pdf)

TESTIMONY BEFORE THE SENATE COMMITTEE ON  
WAYS AND MEANS

RE: HB 1191, HD1, SD1 - RELATING TO MINIMUM WAGE

THURSDAY, MARCH 28, 2019

MITZIE HIGA, LEGISLATIVE CHAIR  
DEMOCRATIC PARTY OF HAWAII LABOR CAUCUS

Chair Dela Cruz, and Members of the Committee:

The Democratic Party of Hawaii Labor Caucus **supports HB 1191, HD1, SD1 with the suggested amendments**, relating to minimum wage.

Our minimum wage workers earn only \$21,000 a year (working full time at \$10.10 per hour) while facing the highest cost of living in the nation. For example, a Hawaii minimum wage worker would have to work 109 hours per week just to pay rent for a 1-bedroom apartment.

**This new draft will increase the minimum wage to \$15 by 2023. It is definitely and improvement.** However, according to DBEDT, the self-sufficiency income standard for a single person with no children and employer-provided health insurance in 2016 was \$15.84 per hour, which comes out to \$17 in 2019. **Thus we would ask also to amend the language on page 3, lines 6 - 18 to allow 6 steps to reach \$17 per hour as our minimum wage in Hawaii by 2025.**

(6) \$9.25 per hour beginning January 1, 2017; [~~and~~]

(7) \$10.10 per hour beginning January 1, 2018[-];

(8) \$11.75 per hour beginning January 1, 2020;

(9) \$13.00 per hour beginning January 1, 2021;

(10) \$14.00 per hour beginning January 1, 2022;

(11) \$15.00 per hour beginning January 1, 2023;

(12) \$16.00 per hour beginning January 1, 2024; and

(13) \$17.00 per hour beginning January 1, 2025.

Our minimum wage has been falling further behind inflation since Jan. 1, 2018, the last time the wage was increased. The minimum wage in 17 states plus DC have automatic inflation adjustments, and this bill would have Hawaii join them.

However, tipped workers in Hawaii can be paid even less than \$10.10. Seven states, including Nevada and all of the West Coast, have eliminated this sub-minimum wage for tipped workers and pay all of their workers the same minimum wage. **Hawai'i should join them, too, with an additional amendment to eliminate the tip credit.**

Research shows that higher wages are good for businesses, too. **Between 2015 and 2018, Hawai'i's minimum wage increased by 39 percent while our unemployment rate dropped and restaurants hired more servers. That's because higher wages improve worker morale, productivity and loyalty, which saves employers the costs of constantly hiring and training new people. And any extra money paid to minimum wage workers is plowed right back into local businesses, leading to positive ripple effects across our economy.**

To provide a living wage to all workers in Hawaii, the Labor Caucus asks your committee to **support this bill with suggested amendments.**

**HB-1191-SD-1**

Submitted on: 3/26/2019 4:42:09 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Chandra Bertsch	Testifying for Holo Holo Charters	Oppose	No

Comments:

I strongly oppose the minimum wage increase as proposed in this bill. As the General Manager of a local business on Kauai, it will be incredibly difficult to absorb this much of an increase in such a short period of time. Considering this will impact payroll directly, which is already our largest expense, plus associated taxes, insurance, and other numbers that are dependent on payroll figures.

I am in favor of paying employees a living wage, the cost of living in Hawaii is one of the highest in the nation but this is not the means to solve that problem. A living wage is not the same thing as the minimum wage. Minimum wage jobs are for unskilled, untrained or untalented people, it is supposed to be an entry-level position and the benefit of gaining skills or training is to earn a higher pay.

One must earn a living wage, we should not reward every worker with higher pay by increasing the minimum wage. Low pay should be the motivation for upward momentum; humans are creatures of habit, if we are too comfortable, we will remain stagnant. It's true, if you are only making the minimum wage you will be struggling to get by, that struggle and discomfort is necessary to motivate people to seek change. Instead of artificially inflating the minimum wage we should encourage growth and development, people need to earn pay raises or pursue new opportunities. We should be incentivizing those who use the discomfort to propel themselves forward, take the online class, go to night school, push yourself to gain skills and experience to then earn a living wage.

This minimum wage increase will be detrimental for small businesses. It may seem like our business would not be affected by this bill since we do not currently have any employees being paid the minimum wage, but this will force all wages up to an unsustainable level. We choose to reward our most talented, skilled and committed employees with higher pay, it should not be handed out to everyone. With such a low unemployment rate and high competition for qualified workers, wages are self-regulated within industries. Implement a minimum wage that rises annually with inflation, then let the market dictate how much a low-skilled worker is worth, most often it will be well-above the stated minimum wage.



Board of Directors:

### **Senate Committee on Ways & Means**

Gary L. Hooser  
*President*

**Hawai'i Alliance for Progressive Action strongly supports: HB 1191  
HD1 SD1 w/ amendments**

Andrea N. Brower  
Ikaika M. Hussey  
*Co-Vice Presidents*

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

Kim Coco Iwamoto  
*Treasurer*

Mahalo for the opportunity to submit testimony in support of HB 1191 HD1 SD1, with amendments on behalf of the Hawaii Alliance for Progressive Action (HAPA).

Bart E. Dame  
*Secretary*

Our state's minimum wage workers earn only \$21,000 a year (working full time at \$10.10 per hour) while facing the highest cost of living in the nation. For example, a Hawaii minimum-wage worker would have to work 109 hours per week just to pay rent for a 1-bedroom apartment.

Paul Achitoff

Kaleikoa Ka'eo

SB 1191 should be amended to increase our state's minimum wage to \$17 per hour.

Michael Miranda

Walter Ritte Jr.

According to DBEDT, the self-sufficiency income standard for a single person with no children and employer-provided health insurance in 2016 was \$15.84 per hour, which comes out to \$17 in 2019. Since SB 1191 would provide for a lower wage for employees who receive employer-paid health insurance, it would make sense to make \$17 the lower-tier wage, and then offer a higher wage for employees who don't get health insurance from their employers.

Pua Rossi-Fukino

Karen Shishido

Leslie Malulani Shizue Miki

Our current minimum wage doesn't automatically adjust for inflation, causing its value to often fall far behind the cost of living. The minimum wage in 17 states plus DC have automatic inflation adjustments, and this bill would have Hawaii join them.

However, many hard-working Hawaii residents are paid even less than \$10.10 an hour because they also receive tips. Seven other states, including Nevada and all of the West Coast, have eliminated this sub-minimum wage for tipped workers and instead pay all workers the same minimum wage. Hawaii should join them, too, and eliminate the tip credit.

Studies have found that higher wages are good for business. Hawaii's minimum wage rose from \$7.25 to \$10.10 between 2015 and 2018 while



our unemployment rate dropped and economy grew. Higher wages improve employee retention and productivity, which gives employers savings in hiring and training costs. And minimum wage workers' raises tend to be spent quickly in the local community, multiplying the beneficial effects across our state.

Despite claims to the contrary, decades of research has shown that raising the minimum wage does not increase unemployment rates.

The latest major study, in 2017, found that, on average, 137 minimum-wage increases since 1979 reduced the number of jobs paying LESS than the new minimum while also adding jobs paying AT OR ABOVE the new minimum, effectively canceling each other out. [1]

In 2016, President Obama's Council of Economic Advisers looked at 19 recent state-level minimum wage hikes and concluded that "the recent legislation contributed to substantial wage increases with no discernible impact on employment levels or hours worked." [2]

Another paper in 2015 analyzed 15 years of minimum-wage research and found "no support for the proposition that the minimum wage has had an important effect on U.S. employment." [3] A 2013 study reviewed the literature since 2000—including two meta-studies—and concluded that minimum wage increases "have no discernible effect on employment." [4]

Last summer, a University of Washington paper that found negative job effects from Seattle's minimum wage increase made a lot of headlines mainly because it contradicted the existing body of research. [5] In fact, a few days earlier, a University of California, Berkeley, study that found that Seattle's minimum wage increase had beneficial effects drew almost no media attention. [6]

Since then, major flaws in the University of Washington paper have been found by economists at institutions such as the Economic Policy Institute [7], the University of California, Berkeley [8], and the Center for American Progress [9]. As a result, some eminent economists who initially affirmed the Seattle paper have retracted their endorsements of it. [10]

Please pass HB 1191 with amendments to help our minimum wage workers and their families be able to make ends meet. Thank you for your attention to this testimony. HAPA is a member of the Common Good Coalition and Raise Up Hawaii.

Mahalo,



Anne Frederick  
Executive Director

References:

[1] Centre for Economic Performance, *The effect of minimum wages on the total number of jobs: Evidence from the United States using a bunching estimator*, CEP Discussion Paper No 1531, February 2018.

[2] VOX CEPR Policy Portal, *Minimum wage increases by US states fuelled earnings growth in low-wage jobs*, December 2, 2016.

[3] Tuck School of Business Working Paper No. 2705499, *15 Years of Research on U.S. Employment and the Minimum Wage*, December 20, 2015.

[4] Center for Economic and Policy Research, *Why Does the Minimum Wage Have No Discernible Effect on Unemployment?*, February 2013.

[5] National Bureau of Economic Research, Working Paper 23532, *Minimum wage increases, wages, and low-wage employment: Evidence from Seattle*, June 2017.

[6] Center on Wage and Employment Dynamics, *Seattle's Minimum Wage Experience 2015-16*, June 2017.

[7] Economic Policy Institute, *The "high road" Seattle labor market and the effects of the minimum wage increase*, June 26, 2017.

[8] Center on Wage and Employment Dynamics, "UC Berkeley and the UW reports on the effects of Seattle's minimum wage policy," Reich, Michael, Memorandum to Robert Feldstein, June 26, 2017.

[9] Center for American Progress, "Five Flaws in a New Analysis of Seattle's Minimum Wage," June 28, 2017

[10] The Washington Post, "The effects of 137 minimum wage hikes, in one chart," February 5, 2018.



**MOLOKAI CHAMBER OF COMMERCE**

P.O. Box 515  
Kaunakakai, HI 96748

T 808 658 0608

[info@molokaichamber.org](mailto:info@molokaichamber.org)

[www.molokaichamber.org](http://www.molokaichamber.org)

March 26, 2019

THE SENATE  
THE THIRTIETH LEGISLATURE  
REGULAR SESSION OF 2019

COMMITTEE ON WAYS AND MEANS

Thursday, March 28, 2019 @ 10:15 AM  
Conference Room 211  
State Capitol, 415 South Beretania Street

**OPPOSE HB 1191 HD1 SD1, RELATING TO MINIMUM WAGE.**

Aloha Honorable Chair Dela Cruz, Vice Chair Keith-Agaran and Committee Members:

As a representative organization of the neighbor-island of Molokai with dozens of members who employ hundreds of our neighbors, friends and families, we are respectfully submitting testimony to **OPPOSE** HB 1191, HD1, SD1.

Small businesses make up the majority of our island's business community and any additional mandates that increase the cost of doing business could have a substantial negative impact on their operations and financial health.

With already burdensome and costly regulations from both the State and Maui County, and the fact that it simply costs more to do business on Molokai because of our isolated geographic location, two way shipping cost of goods and products, and our limited economies of scale, raising the minimum wage by nearly 50% over 5 years is sure to cause many of our businesses to alter their operations to absorb these costs.

Fewer future hires, laying off current employees, increased retail costs to customers, and an overall decrease in business operations isn't the way to maintain a healthy business community, which supports our hard working families. But that's exactly what this measure will do. Our business community can only shoulder so much, and this measure goes beyond that.

Additionally, the tax credit proposed in this measure has to come from somewhere, and the fact that the government derives its revenue from taxing Hawaii's businesses, residents & guests places an even greater burden on our working families, those who provide jobs, and those who live and visit our great State of Hawaii. Tax credits aren't free and there has to be a balancing entry to offset them.

We support our working families and our business community provides the jobs to do so. Please help us to continue supporting the financial health and well being of our island business community and residents by opposing this measure.

For these reasons, among others we humbly ask you do not pass this bill and hold it in committee.

Sincerely,

Robert Stephenson, President & CEO



**1928 Republican Street Honolulu, HI 96819 Phone: (808) 845-9868 Fax: (808) 848-7848**

March 27, 2019

Aloha Chair Dela Cruz, Vice Chair Keith-Aragon and members of the Committee,

My name is Jimmy Chan and I started the Hawaiian Chip Company nineteen years ago. I oppose HB 1191 HD1 SD1. The State of Hawaii just raised the minimum wage to \$10.10 an hour. Please consider that both employers and employees are saying things are worse than ever in terms of recruitment and opportunities. This is evidence that the last raise did not work. The minimum wage is an entry level wage. The last increase has made it difficult for me to hire high school kids with no work experience for their first jobs or keep employees who have poor attendance and low productivity, on payroll. To offset the cost of the increase these employees are only hired as part timers because the cost of paying medical is a burden my budget can't handle. Another increase will cause me to eliminate such positions altogether because I do not have capacity to automate like many large stores have done with basic cashier positions.

My prices are dictated by competition in the market. I buy local sweet potatoes from Hawaii's farmers. My competitors on the mainland and Asia pay half what I do for potatoes and much less than \$10.10 an hour for labor. These companies are able to undercut my prices by as much as 50% in stores here in Hawaii. This difference in margin also makes it almost impossible to export my sweet potato chips. Another increase to the minimum wage will likely push my product out of Hawaii's market, too. As a result, my sales will decrease and so will my need for basic labor.

Raising the minimum wage sounds "progressive" but is not a real solution to fighting poverty. Otherwise, there should be evidence that the increase to \$10.10 an hour helped get people off government assistance for housing, food and healthcare. The proponents of another increase suggest that every person employed is dependable, punctual, hard-working, and has a good attendance record. That is just not a reasonable reality. These deficiencies are the reasons any employee here would only earn the minimum wage. My company and almost every business I know is hiring and offering more than the minimum. But with two percent unemployment, many applicants just don't meet criteria because of the afore mentioned problems. Paying these workers more than \$10.10 an hour hurts all the hard working, dependable workers who are earning their raises through merit.

We should address the real problem which is the high cost of land in Hawaii. Residents pay a disproportionately high amount for a place to live and the cost of space to operate is just as burdensome for a business.

Thank you for the opportunity to provide testimony.

**HB-1191-SD-1**

Submitted on: 3/27/2019 5:32:34 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Irish Barber	Testifying for IATSE Local 665	Support	No

Comments:

IATSE Local 665 SUPPORTS raising the minimum wage to \$17.00 so that workers can afford to live in Hawai'i at a higher quality of life. We also encourage the State Legislators to find ways to empower and encourage small business endeavors. Mahalo NUI for allowing us to testify on this measure.



March 28, 2019

10:15 a.m.

Hawaii State Capitol

Conference Room 211

**To: Senate Committee on Ways and Means**

**Sen. Donovan M. Dela Cruz, Chair**

**Sen. Gilbert S.C. Keith-Agaran, Vice Chair**

**From: Grassroot Institute of Hawaii**

**Joe Kent, Executive Vice President**

Re: HB 1191 — RELATING TO MINIMUM WAGE

***Comments Only***

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on House Bill 1191, which would increase Hawaii's mandatory minimum wage to \$15 an hour by 2023, while providing a tax credit for qualifying small businesses.

The Grassroot Institute of Hawaii is gravely concerned about the possible effect of this legislation on the state's businesses and economy — especially in the case of restaurants, which are already notorious for their razor-thin profit margins.

Moreover, there is evidence to indicate that this bill, if enacted, would fail in its intent to help lift the state's working families out of poverty. Recent years have seen a glut of research demonstrating that far from helping low-wage employees, minimum wage hikes are more likely to increase their economic burden as businesses cut hours, turn to technology or even cut jobs in order to mitigate the higher costs.

In August 2018, a University of Washington study<sup>1</sup> [found](#) that increasing Seattle's minimum wage from \$11 to \$13 an hour resulted in both the loss of about 5,000 jobs and an average cut in pay for the remaining employees of about \$125 a month, thanks to a cut in their job hours of more than 9 percent.

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<sup>1</sup> Ekaterina Jardim, et al. "Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle." NBER Working Paper 23532. National Bureau of Economic Research (Cambridge, Mass.), May 2018  
<https://www.nber.org/papers/w23532>

Proponents of a minimum-wage hike often point to a few highly limited surveys that suggest raising the minimum wage can be economically neutral, but the vast majority of research shows the opposite is true. Study after study shows that when a municipality drastically raises its legal minimum wage, low-wage employees suffer.

In 2010, researchers from the National Bureau of Economic Research and the Federal Reserve Board compiled the results of 53 scholarly studies into a book, "[Minimum Wages](#)," and concluded there is "no compelling evidence that minimum wages on net help poor or low-income families, and some evidence that minimum wages adversely affect these families, and increase poverty."<sup>2</sup>

Examining the idea that higher minimum wages will reduce poverty, those same researchers found that the opposite was true. While some low-wage workers do make more money, the gains are offset by loss of employment or hours for other workers. The researchers [found](#) that a minimum-wage hike increases the proportion of poor families by 0.5 to 1 percent.<sup>3</sup>

The minimum-wage debate is often framed as a fight between businesses and employees. In truth, raising the legal minimum wage can hurt both. Employment declines as businesses find ways to cope with the increased cost. Some stop hiring, some turn to automation, and some demand more work from the employees that stay.

For businesses that already have to contend with low margins and high risks, even a moderate increase in the minimum wage can be sufficient to drive them out of business.

In 2017, Dara Lee Luca of Mathematica Policy Research and Michael Luca of Harvard Business School [looked at](#) restaurant closings in San Francisco after the minimum wage was raised to \$13 an hour. The pair found that the higher minimum wage led to the death of many mid-range restaurants, as well as fewer new restaurant openings. For every dollar that the San Francisco minimum wage went up, there was a 4 to 10 percent increase in the likelihood of restaurant closings.<sup>4</sup>

If we were to extrapolate that finding to this bill, we could expect a 20 to 50 percent increase in restaurant closings over the next four to five years. This would be devastating to both restaurant owners and their workers who would find themselves unemployed as a result.

The Grassroot Institute of Hawaii prefers policies that would strengthen our state's economy and benefit both businesses and employees. Hawaii's business community has made it clear that this bill would not only be a burden, but also have a negative effect on employment in general. Not only would

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<sup>2</sup> David Neumark and William L. Wascher, "Minimum Wages," The MIT Press (Cambridge, Mass.), August 2010, <https://mitpress.mit.edu/books/minimum-wages>.

<sup>3</sup> "Minimum Wages Redistribute Income Among Low-Income Families," National Bureau of Economic Research (Cambridge, Mass.), Jan. 30, 2019, <https://www.nber.org/digest/jan98/w6127.html>

<sup>4</sup> Dara Lee Luca and Michael Luca, "Survival of the Fittest: The Impact of the Minimum Wage on Firm Exit," Harvard Business School NOM Unit Working Paper No. 17-088, April 2017 (revised August 2018), <https://www.hbs.edu/faculty/Pages/item.aspx?num=52552>.

companies in Hawaii be forced to lay off workers or cut hours or benefits in order to afford increased wages, they also likely would slow or even stop new hiring.

If we want to establish our state as a desirable place to do business, we cannot continue to treat company profits as an endless funding source for the state's social initiatives. It is not fair to assume that Hawaii's employers are intentionally underpaying their employees or to assume that the government is more capable of addressing the payroll limitations of a business than the business owner is.

In order to help Hawaii's workers make more money, the state should pursue policies that will make the state more prosperous as a whole. A combination of tax relief and a reduction in the obstacles that the state places in the way of business and entrepreneurship is the best way to move forward, to improve both our economy and the situation of low-wage workers — not a minimum wage bill that would more likely hurt than help Hawaii's businesses and low-income working families.

Thank you for the opportunity to submit our testimony.

Sincerely,

Joe Kent  
Executive Vice President  
Grassroot Institute of Hawaii





**Testimony to the Senate Committee on Labor, Culture and the Arts**

**Thursday, Mar. 28th, 2019 @ 10:15pm**

**Conference Room 211, State Capitol**

**RE: House Bill 1191 Relating to Minimum Wage**

**Position: Support - Amend \$15.00 to a Living Wage**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

Thank you for this opportunity to testify in support of increasing the minimum wage.

**Add More Increments**

Please increase the minimum wage to \$17.00 per hour by 2024. In addition, please provide incremental raises each year, including in the years 2021 and 2022 which this bill currently does not offer.

**U.S. Chamber of Commerce No Longer Opposing all Minimum Wage Increases**

In January the President and CEO of the US Chamber of Commerce for 20 years, Thomas Donohue, said they're not automatically opposing minimum wage increases. "In times past, we always would say, 'Well, wait a minute,' look, these are different times, and we're going to listen. We're not going out and opposing, but some states have got legitimate concerns here." If he recognizes the need for some states to get raises, Hawaii, with the lowest real minimum wage in the nation is definitely most deserving of one.

**Legal starvation wages force full-time workers to struggle**

According to the Hawaii's Department of Business Economic Development and Tourism, a single childless adult requires approximately \$35,000 annually, or \$17 per hour to be able to afford their basic necessities working 40 hours a week and 52 weeks a year. At the current legal minimum wage of \$10.10, a full-time workers earns only \$21,000. This requires working adults to either put in 65 hours on the job per week, to sacrifice their well-being by going without their basic necessities, or to depend on the generosity of society to make up the \$14,000 difference.



## **Low wage floor encourages massive worker exploitation**

As many businesses in Hawaii work on slim margins, it's necessary that they reduce their costs wherever possible. If they can find someone to work for \$10.10 per hour rather than \$12 per hour, it is viewed as an effective way to help the bottom line and remain competitive. This race to the bottom might help small businesses stay afloat, but the consequence is that more than 200,000 workers are paid well below the \$17/hr required to keep them alive.

We should not depend on the selflessness of businesses to sacrifice and offer higher wages for the benefit of their employees, but rather we should level the playing field for all businesses. The minimum legal wage should be at least enough to provide that worker the ability to afford their basic needs and not depend on the state or society for help.

Without this mandated wage floor, Hawaii's lawmakers are encouraging and almost requiring businesses to exploit the labor force in order to cut costs. As long as one business is willing to pay below a living wage then many others must be willing to do the same.

## **Economic growth faster during minimum wage hikes**

Despite the consistent rhetoric that our economy will collapse if low-wage workers are paid enough to afford their basic needs, the 4 year period from 2014 to 2018 when the minimum wage increased 39.2% from \$7.25 to \$10.10, the economy grew faster than in the previous 4 years.

From 2010 to 2014, Hawaii's real GDP per capita increased 5.5% compared to the US economy which increased by 7.5%. From 2014 to 2018, Hawaii's real GDP per capita increased 10.4%, while the US economy only grew by 10.0%.

## **Jobs in Hawaii at all-time highs**

Hawaii's employment numbers are currently at all-time highs following 4 straight years of minimum wage increases. In 2014 when the minimum wage was \$7.25, there were 667,000 people employed in Hawaii. In 2018, with a \$10.10 minimum wage, there were 687,000 people employed in Hawaii.

Restaurants have also felt this economic boom by employing 20% more wait staff now than in 2014.



### **Unemployment near record lows**

This 4 year span from 2014 to 2018 was also met with all-time low unemployment rates. The unemployment rate dropped from 4.3% in 2014 to 2.1% in 2018. Finding a job in Hawaii today is easier than when the minimum wage was only \$7.25

### **Low-wage workers much better off**

With the significant increase in the minimum wage, a full-time minimum wage worker earns \$6,000 more per year now than in 2014. As unemployment is near record lows, there is ample opportunity for them to find a job that pays them more. If we continue raising the minimum wage, low and middle income workers will benefit significantly.

### **All workers better off with minimum wage hikes**

This economic boom was felt by workers across the spectrum. From 2014 to 2018 the real median wage of the Hawaii worker increased by more than 5%, after adjusting for inflation. This left the average full-time worker with more than \$2,000 to spend or save. Compared to the period between 2010 and 2014 when real worker wages declined by 4% and left full-time workers poorer by more than \$1,500 annually.

### **Increases in cost of living were slower during minimum wage hikes**

Paying low wage workers more has not shown to lead to massive cost increases for the average consumer. The annual rate of inflation between 2010 and 2014 was 2.3% compared to only 1.9% between 2014 and 2018.



## **A majority of legislators support a living wage**

We are fortunate to live in a Democratic state with so many legislators that stand with Democratic Party principles. A majority in the Senate have already come out to publicly support a living wage including 10 out of 13 members of the Ways and Means Committee: Senators English, Harimoto, Inouye, Kahele, Keith-Agaran, Kanuha, Kidani, Moriwaki, Shimabukuro, and Taniguchi. We are excited that these members now have the opportunity to stand by their positions and honestly represent the needs of their community for a living wage.

This is the entire list of the 17 Senate members that publicly support a living wage:

District 1 - Kaiiali'i Kahele  
District 2 - Russell Ruderman  
District 3 - Dru Kanuha  
District 4 - Lorraine Inouye  
District 5 - Gilbert Keith-Agaran  
District 6 - Roz Baker  
District 7 - Kalani English  
District 9 - Stanley Chang  
District 11 - Brian Taniguchi

District 12 - Sharon Moriwaki  
District 13 - Karl Rhoads  
District 16 - Breene Harimoto  
District 17 - Clarence Nishihara  
District 18 - Michelle Kidani  
District 20 - Mike Gabbard  
District 21 - Maile Shimabukuro  
District 24 - Jarrett Keohokalole

Thank you again for the opportunity to testify. Please amend this language to increase the minimum wage to a living wage and allow this measure to be voted on and passed.



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

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

The Thirtieth Legislature, State of Hawaii  
The Senate  
Committee on Ways and Means

Testimony by  
Hawaii Government Employees Association

March 28, 2019

H.B. 1191, H.D. 1, S.D. 1 – RELATING TO MINIMUM WAGE

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO conceptually supports H.B. 1191, H.D. 1, S.D. 1 which provides an income tax credit for qualifying small businesses to offset the increase in the minimum hourly rate that employers must pay employees and increases the minimum wage to \$12.00 per hour in 2020 and \$15.00 per hour in 2023.

While it is meritorious to address the financial impact on small businesses, there may be significant challenges to implement, enforce, and ensure Employers do not abuse the employer tax credit. We respectfully question if there are provisions to prohibit an Employer from arbitrarily reducing current above-minimum employee wages or withholding increases to above-minimum wage earners in future years to qualify for the tax credit. In the worst case scenario, the state could be incentivizing wage suppression. Abusing tax credits will not only harm the minimum wage employee, but also has the potential to adversely impact the state treasury.

Further, although not contained in this specific measure, we are supportive of more aggressive increases to the minimum wage and/or subsequent indexing to the Honolulu Consumer Price Index. We believe salary increases are one tool that will help spur Hawaii's economy and generate much needed consumer spending.

Thank you for the opportunity to testify in support of H.B. 1191, H.D. 1, S.D. 1.

Respectfully submitted,

Randy Perreira  
Executive Director



**Testimony to the Senate Committee on Ways and Means  
Thursday, March 28, 2019 at 10:15 A.M.  
Conference Room 211, State Capitol**

**RE: HB 1191 HD1 SD1 RELATING TO MINIMUM WAGE**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **does not support** HB 1191 HD1 SD1, which increases the minimum wage to \$12.00 per hour beginning January 1, 2020 and then to \$15.00 per hour beginning on January 1, 2023. This bill would also provide a tax credit for qualifying small businesses to offset the increase in the minimum wage that employers will have to pay.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ 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.

National data has differed on their opinion of the effects that an increase in the minimum wage could have on employers and their businesses. However, should this bill pass, it will harm local businesses, the state economy, job creation and, potentially, the very employees it is trying to help.

**A Minimum Wage Increase is not a One-Size Fits All Fix**

The number of small businesses across the state of Hawaii vary from the size of the business, to the number of employees or even the products and goods that they sell. A rise of the minimum wage will have an impact that will be felt throughout the small business community. We have heard from many members regarding what would happen to their businesses if the minimum wage were to be increased. Some of our members have said that their businesses would be able to absorb the additional costs of an increase in minimum wage. However, we have heard from other members who have raised concerns on what sort of impact these new increases will have on their businesses.

One of the business owners that we have heard from, someone who has owned a restaurant for over 30 years and employs around 25 workers has indicated that even the smallest increase being considered for a minimum wage increase will cost them nearly \$45,000 more on hourly wages in the first year. This owner has also indicated that most likely they will need to raise prices, cut back on the premium health care that their business currently offers,



# Chamber of Commerce HAWAII

*The Voice of Business*

and most likely also cut hours. This is also an owner that has used his business to help contribute millions of dollars to charitable causes in Hawaii through fundraisers, donations and other efforts throughout the years.

We hope that lawmakers will take this into account when considering the impact that a minimum wage would have on small businesses across the state.

## **Minimum Wage vs. Living Wage**

Recently, when considering a minimum wage increase, proponents have tied it to the argument that workers need to be making a livable wage. The Chamber understands and empathizes with working families and the challenges that they face with the high cost of living in Hawaii. That is why we believe we need to look at the whole picture of factors that are affecting workers here in Hawaii. A minimum wage increase is not going to be the silver bullet that will fix all of Hawaii's cost of living problems. Living wage is a complex, multifaceted issue and we need to take a hard look at solving issues such as lack of available and affordable housing, and reliance on imported goods and energy when considering a living wage.

## **Hawaii is Different: Prepaid Healthcare Law Mandates Employers to Pay for Insurance Premium Costs**

While the Chamber understands that other states have recently considered increases in their minimum wage, it is essential to keep in mind that **Hawaii is the only state in the nation** that requires employers to provide health insurance to its employees, including part-time employees (20 or more hours per week). No other employers in the country have this additional responsibility. In addition, workers' compensation premiums, Social Security tax, Medicare tax, temporary disability insurance, and unemployment insurance tax are all based on wages. Increasing the minimum wage requires additional increases for all the foregoing benefits. This bill will not only increase direct labor costs to business but will also **increase mandated benefit costs and taxes**.

During the Chamber's recent Health Summit event, the Deputy Insurance Commissioner provided our members with an outlook on the continued rising costs of healthcare in Hawaii. During his presentation, he talked about how the cost of premiums for medical and drugs in 1974 were just \$17.50 per individual per year. In 2015, those costs rose to nearly \$600 per individual. In 2026, it is anticipated that the costs will rise to about \$14,000 per individual, a cost that will certainly impact small businesses should it continue to rise.

## **Other Important Factors for Consideration**

Increasing the minimum wage will also greatly affect job opportunities, especially for new, unskilled workers. In addition to traditional adult workers changing industries, young adult





# Chamber of Commerce HAWAII

*The Voice of Business*

workers also often receive their initial work experience by starting at unskilled jobs. As mentioned previously in our testimony, business owners are telling us that raising the minimum wage will result in some businesses having to cut salaries and positions and raise prices on their products. Raising wages does put more money into circulation of the economy; however, it also can lead to fewer jobs, fewer hours worked for employees, and in some cases, the loss of the business entirely.

According to figures from the Department of Labor and Industrial Relations and the Hawaii State Data Book, minimum wage increases led to a rise in teen unemployment. 2018 data show that while the state's overall unemployment rate was at 2.4 percent, the unemployment level for workers aged 16-19 was at 11.4, a nearly four percent increase from 7.8 percent the previous year. The Employment Policies Institute found that for each 10 percent increase to the minimum wage, teen unemployment increased by as much as 3.6 percent. Many businesses hire teen employees to help them gain important skills and experience for the workforce, but as the data shows, these increases are costing this demographic an opportunity to build the foundations of their careers.

In a March 21, 2019 University of Hawaii Economic Research Organization (UHERO) post, its executive director explained how hard it is to accurately predict the effects of a minimum wage increase. He stated, "all existing studies of the minimum wage suffer from data and methodology shortcomings, so there remains a great deal of uncertainty about the employment effects of a \$15 or higher minimum wage." Additionally, the post also states, "[a \$15 minimum wage] is well outside the range that has been studied extensively for US minimum wage changes over the past 25 years. This, along with the changing Hawaii economic landscape with rising unemployment, falling employment, and dramatically slowing job growth all suggest that a cautious and possibly more gradual approach may be called for." This is in response to the minimum wage alone and does not consider other mandates as mentioned in our testimony.

There is also a misconception that business owners here in Hawaii are uncaring—an accusation that many of our members have been confronted by throughout this debate. This could not be further from the truth. The business owners that we've had the opportunity to hear from have all said that their employees are like family – they spend many hours, days, months, and even years working together to help serve our communities. We've also heard from business owners who have cut into their profits in order to provide their employees with better benefits, free meals during employees' shift, opportunities to earn bonuses, and the availability of premium healthcare coverage.

While our economy at this time is healthy, we note that the minimum wage has never been decreased when the economy enters a recession. The Council on Revenues recently lowered the state's forecasted revenue growth because of a projected slowdown. Hawaii is also just one year removed from the last incremental increase of the minimum wage that began in





# Chamber *of* Commerce HAWAII

*The Voice of Business*

2015 to raise the minimum wage to the current \$10.10 per hour level. We are still trying to determine the impact this raise had on our local businesses, so we encourage the committee to take this into consideration.

The Chamber appreciates that this bill tries to address some of these burdens through a proposed tax credit. We recognize that this credit would be able to help our businesses absorb some of the additional costs that would come with an increase to the minimum wage.

However, for the above reasons, we must still respectfully ask that this bill be held. Thank you for the opportunity to express our views and concerns.

**HB-1191-SD-1**

Submitted on: 3/24/2019 12:18:20 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Martha E. Martin	Individual	Support	No

Comments:

*I support HB1191 .*

*Please amend HB1191 to set the amount up to at least \$17 an hour, and then please pass it.*

*I was born and raised on Oahu, and have lived on Maui over 50 years. When I worked at minimum wage salaries, just paying for my basic needs was extremely hard. I know that if our entry-level employees are paid more, that Hawaii will become a better place for everyone.*

*Mahalo,*

*Martha E. Martin*

*40 Kunihi Lane #226*

*Kahului, HI 96732*

**HB-1191-SD-1**

Submitted on: 3/24/2019 2:16:39 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kathryn Braun	Individual	Support	No

Comments:

**HB-1191-SD-1**

Submitted on: 3/24/2019 4:07:55 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Shannon Rudolph	Individual	Support	No

Comments:

\$15 is NOT enough to live in Hawai'i, we need \$17. I am a 35 year Hawai'i resident.

**Chair Dela Cruz**  
**Vice Chair Keith-Agaran**  
**Senate Committee on Ways & Means**

**Thursday, March 28, 2019**  
**10:15 AM**

**TESTIMONY IN SUPPORT OF HB1191 HD1 SD1 RELATING TO MINIMUM WAGE  
WITH AMENDMENTS**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, Members of the Senate Committee on Ways & Means,

My name is Jun Shin. I am a freshman at the University of Hawai‘i at Mānoa, and currently serve as an executive committee member of the Young Progressives Demanding Action (YPDA). I am **testifying as an individual in support of HB1191 HD1 SD1 Relating to Minimum Wage with an amendment.**

Starting from enactment of legislation in 2014, in January of 2018, Hawai‘i’s minimum wage reached an increase of \$10.10/hr. Annually, this means that a minimum wage worker working full time with factors including holidays, vacations, or taking time off for being sick is making \$21,000 annually. This was a great step in the right direction, but it’s not enough. We have workers living paycheck to paycheck, taking on several jobs to stay afloat as workers are many times not only responsible for themselves, but for children and elderly relatives.

Hawai‘i is a beautiful place to live, but people also need to contend with the high cost of living. Our own Department of Business, Economic Development & Tourism (DBEDT) noted that self-sufficiency income in 2016 for a single adult with no child, working full time while taking no weekdays off was \$15.84/hr. That’s \$33,000 annually. In 2019, if we adjust that for inflation, we’re talking about \$17/hr. The \$10.10 minimum wage is a long way from even barely making it. That is why, we can have no less than \$17/hr. Please **amend HB1191 HD1 SD1 to go up to at least \$17/hr.**

We all have an opportunity to help take on a big part of creating a livable future for all of Hawai‘i, an opportunity for my generation, Generation Z to be able to have a future here in order to thrive, lead, and innovate. I **support HB1191 HD1 SD1 with an amendment** and request for your committee to incorporate this amendment into this measure.

Thank you for the opportunity to testify,

Jun Shin  
1561 Kanunu St.  
Cell: 808-255-6663  
Email: junshinbusiness729@gmail.com

**HB-1191-SD-1**

Submitted on: 3/24/2019 7:05:08 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lynn Robinson-Onderko	Individual	Support	No

Comments:

Aloha Chair and Committee Members,

Thank you for hearing this extremely important measure. I am writing in strong support of HB1191 HD1 SD1. It is time that we pay our workers a liveable wage. Their lives and livelihood depend on it. Please do the right thing and pass this measure.

Mahalo for your time and consideration,

Lynn Robinson-Onderko, Ewa Beach

**HB-1191-SD-1**

Submitted on: 3/24/2019 10:26:34 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cory Harden	Individual	Support	No

Comments:

Aloha legislators,

People in poverty cannot buy many goods and services, and the whole economy slows.

mahalo,

Cory Harden

**HB-1191-SD-1**

Submitted on: 3/25/2019 6:54:17 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Randy Ching	Individual	Support	No

Comments:

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the committee,

I support HB1191 HD1 SD1. \$10.10 an hour is not enough to survive in Hawaii, even for someone supporting just herself/himself. A raise to \$15 an hour will do much to help minimum wage earners keep a roof over their head and to put food on the table.

The State Department of Business, Economic Development and Tourism (DBEDT) calculated that a living wage in 2016 for an individual was \$17 an hour. Please amend HB1191 to raise the minimum wage to \$17 an hour in 2023. If it makes sense, please increase the wage gradually from \$12 an hour in 2020 to \$13.50 in 2021, to \$15 in 2022, and to \$17 in 2023.

Please pass HB1191 HD1 SD1. Mahalo for your consideration.

Randy Ching (Honolulu)



**HB-1191-SD-1**

Submitted on: 3/25/2019 8:47:10 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Patricia Blair	Individual	Support	No

Comments:

**HB-1191-SD-1**

Submitted on: 3/25/2019 9:43:21 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Robert Paparelli	Individual	Oppose	No

Comments:

AS A OWNER OPERATER I HAVE A DUTY TO MY EMPLOYEES AND IT IS TO KEEP OUR COMPANY STRONG. OUR COMPATITION IS THE MAINLAND BAKERYS SHIPPING IN LOW COST PRODUCTS AND WE ALL KNOW MAINLAND COMPANYS DONT HAVE THE COST AS WE DO HERE IN HAWAII. THE LAST MINIMIUM WAGE INCREASE WE INVESTED IN HIGH SPEED EQUIPMENT TO KEEP OUR PRICES DOWN BY CUTTING JOBS WE WENT FROM 70 EMPLOYEES TO 50 I I HATED THAT BUT OUR COMPANY IS STRONGER NOW IF THE MINIMIUM WAGE GOES UP AGAIN WE NEED TO DO THE SAME. PLEASE HELP US KEEP JOBS IN HAWAII

THANK YOU FOR YOUR CONSIDERATION

BOB PAPARELLI

THE PATISSERIE INC

**HB-1191-SD-1**

Submitted on: 3/24/2019 6:10:55 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Trevor Wedlund	Individual	Support	No

Comments:

I support this bill but feel it should be amended to increase to \$15 per hour by 2020 and \$17 per hour by 2023. Our own DBEDT says that a single person with no children needs \$17 per hour just to be self-sufficient today . . . people shouldn't have to work multiple jobs to live and the exodus of labor to other states will escalate if something isn't done. Politicians like Governor Ige and others promised a \$15 per hour minimum wage in their campaigns and this needs to happen NOW, not in 2023 . . . many places on the mainland are going to a \$15 per hour minimum wage now and the cost of living here in Hawaii is just as high or higher than all of those places. I guess \$15 per hour by 2023 is better than nothing but it will be another slap in the face to Hawaii's working class by politicians who claim to understand the plight of lower income earners in this state. One need look no further than how poorly State and County workers are treated, many of whom are paid less than \$15 per hour now and some of whom are paid less than \$12 per hour . . . I hear current contract negotiations for Hawaii's government workers will not deliver much more than a 2% pay raise this year if the employer gets their way and if this is true it just shows that we have been lied to once again . . . politicians aren't even willing to look after their own workers. The lower income earning working class isn't asking for too much . . . they just want a level playing field with other states and a LIVING WAGE. Mahalo for your time and consideration.

**HB-1191-SD-1**

Submitted on: 3/25/2019 10:00:49 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
James Lenhart	Individual	Oppose	No

Comments:

**HB-1191-SD-1**

Submitted on: 3/25/2019 11:22:18 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ramona Hussey	Individual	Support	No

Comments:

Please support the Minimum Wage increase to \$15 for our lowest wage earners in the state. They actually need a higher wage -- \$17/hour would be so much more meaningful. But please don't let this bill die, as these wage earners currently only make only \$10.10/hr. Who can live on that?

Thank you for your support of our neediest citizens.

**HB-1191-SD-1**

Submitted on: 3/25/2019 12:00:13 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kevin	Individual	Oppose	No

Comments:

Being in the restaurant industry, a majority of restaurant employees are “tipped employees”, and should not be categorized as “minimum wage” workers. This because the majority of income made by “tipped employees” are the tips, on top of an hourly wages. This being the case, our tipped employees earn between \$22-\$32 per hour when factoring in their tips.

Over the past 5 years, we were forced to reduce our employee labor hours, and we did so by 15%, to mitigate the increase in our payroll expenses due to the annual minimum wage increases. These added expenses will ultimately hurt the workforce and employees will inevitably lose other benefits or hours due to the rise in expense that fall upon the restaurant. Restaurants also need to be adequately staffed to insure proper service. There was no increase in the tip credit, and even though we reduced our labor hours, our payroll expenses increased significantly.

Hawaii has a \$0.75 tip credit, which is the lowest in the nation. (Nation average is \$4.83; the second lowest tip credit is \$2.90). For tipped employees, an increase in the minimum wage should be matched by an equal increase in the tip credit which will assist businesses to be able to continue to operate

I urge you to reconsider this bill and the negative affect it will ultimately have on the people we are trying to help, the community, and the local restaurants that keep Hawaii the premier destination for visitors across the world.

Mahalo,

Kevin Lau

**HB-1191-SD-1**

Submitted on: 3/25/2019 12:30:46 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Stephany Cecil	Individual	Support	No

Comments:

Please raise the minimum wage to \$17!!! A living wage ASAP for Hawaii residents!! Too many working people live in poverty!

**HB-1191-SD-1**

Submitted on: 3/25/2019 3:58:36 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lee Eisenstein	Individual	Support	No

Comments:

Hawaii's people need a \$17.00 an hour, minimum wage just to get by in Hawaii.



To: Sen. Donovan M. Dela Cruz, Chair  
Sen. Gilbert S.C. Keith-Agaran, Vice Chair  
Members of the Committee on Ways and Means

From: Byron Robert Graper  
As an individual

Subj: HB 1191 HD 1, SD 1 Relating to Minimum Wage

Date: March 25, 2019

Is the goal of this legislation to increase the wages of the employees who are currently making \$16.25 per hour or more? That is what this legislation will do for many employees.

State and Federal governments have identified employees that customarily and regularly receive tips and written into law that they must declare those tips (wages) and pay income taxes on them.

Currently the Hawaii minimum wage is \$10.10 per hour and if an employee receives at least \$7.00 per hour in tips then the employer may take a tip credit of \$.75 per hour, thus paying a minimum wage of \$9.35 per hour, in which case, the employee is earning at least \$16.35 per hour (\$9.35 plus \$7.00 or more in tipped wages). That means one of the goals of this legislation is to increase the wages of many employees who are currently making at least \$16.25 per hour.

To compensate for the increased labor costs, restaurants will raise menu prices, find more ways to reduce employee hours and hope customer demand doesn't fall. For some, they will go out of business. For the others they will have successfully passed the cost on to the consumer and reduced employee hours. But wait a minute, the minimum wage tipped employee currently earning at least \$16.25 per hour gets an additional benefit. The tips they receive will also go up because of the increased menu prices. If: "The legislature finds that Hawaii has some of the highest costs of living in the country." why would you would you do that? This would be and unnecessary increase the cost of living in Hawaii.

Full-service restaurant credit card receipts demonstrate average tips are around 17.5% of the bill. The reason they are not closer to the 20% standard is some customers believe there is a benefit to the server if they leave a cash tip.

The current 75-cent tip credit should increase by whatever the minimum wage increase is because menu price increases are going to automatically provide tipped wage increases for those employees. By doing it this way, we are not legislating an unnecessary high consumer dining out price and unnecessarily increasing the cost of living in Hawaii.

The next time you are out for a restaurant meal, you do the math. Multiply the tip you give by the 4 to 5 tables your server is taking care of. How much are they really earning?

Hawaii's \$4.6 billion a year restaurant sector, which provides 66,000+ jobs (many of which are tipped service employees). This isn't an insignificant sector of the minimum wage job category.

Thank you for your consideration.

**HB-1191-SD-1**

Submitted on: 3/25/2019 4:36:25 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mishka Sulva	Individual	Support	No

Comments:

This bill is crucial in guarenteeing all working families a life of dignity that a higher minimum wage would provide. I fully support raising the minimum wage. However, based on Dr. Amy K. Glasmeier and the Massachusetts Institute of Technology's analysis of the cost of living in Honolulu, an individual adult today (in the year 2019) requires an hourly wage of \$16.46 in order to sustain him/herself. Please see: <http://livingwage.mit.edu/metros/46520>

We must **go further** than raising the state minimum wage to \$15 by 2023--working families need at least \$16.46, TODAY. Please, increase the minimum wage to at least \$17/hour.

**HB-1191-SD-1**

Submitted on: 3/25/2019 8:22:30 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Soo San Schake	Individual	Support	No

Comments:

As a student and long time resident of Oahu, I strongly support this bill. If other states such as California, Washington, New York, and Washington, D.C. can afford to then Hawaii should be able to as well. Especially since our high cost of living is similar to these states, if not higher. A higher minimum wage would not only benefit the large majority of the working class, but also would create an increase in tax revenue for the state. With higher wages, workers would have more money to spend which would benefit the local economy. It is the taxpayer that has to subsidize businesses who do not pay their employees a living wage. It is my belief that with a higher minimum wage it would greatly increase the quality of life for the working class and low-income, which would make Hawaii a better place to live in for all. I also think it would make it a more desirable place to visit since the effects of poverty creates a negative presence on Oahu and across the state.

It was proven that the majority of minimum wage workers in Hawaii are not teenagers, they are adults, and the majority are women. Raising the minimum wage would help to eliminate unfair wage inequality and create a larger middle class. There is no evidence that raising the minimum wage would result in job loss or businesses to close. Overall, I think this would be beneficial for all the people of Hawaii and for our economy. Thank you for reading my testimony.

**HB-1191-SD-1**

Submitted on: 3/26/2019 7:57:45 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lindsey Dymond	Individual	Oppose	No

Comments:

I strongly oppose HB1191 relating to increases in the Hawaii Minimum Wage.

Hawaii has already seen numerous increases in the minimum wage over the past 5 years and the additional labor cost cannot be passed on to the consumer. Where are the funds for this going to come from in small business that can't reach into deep corporate bank accounts or credit lines?

With unemployment at record lows, competition for quality staff is tougher than ever. Since Hawaii is one of, if not the most expensive state to operate in, rather than forcing economic hardship on the employers through mandated benefits, wages, etc....and collecting taxes on all of the trickle, we should be making Hawaii an easier place to do business and CREATE jobs. Supply and demand will force more generous wages and benefit packages and will ease wage compression.

The vast majority of min wage earners are:

- 1. Not head of household
- 2. minors or just starting first jobs
- 3. live in combined income house holds that gross > than the \$70,000 requirement for a 2 bedroom condo
- 4. Are retired and just working for the free health care.... well, free to them.
- 5. Servers already make an additional \$15-\$30/hr above their minimum wage
- 6. Other tipped employees make \$10-\$15
- 7. Minimum wage and living wage are not and were never intended to be the same thing.

Why is Hawaii so expensive for small business?:

- cost of raw materials / COGs
- Mandated medical insurance that raises hourly wage by \$3 per hour
- High rents
- Low vacancy rates
- High Construction costs
- Permit delays during the start up period
- High Costs of energy and other utilities

How to lower expenses without omplicated tax breaks or credits, etc...

- Lower the salary/wages cap that TDI & Work Comp premiums can be based on
- Pressure HECO and BWS to lower energy and sewer rates....these are third world rates and place crippling cost burdens on small businesses
- Streamline the building dept to allow new business to open faster without eroding precious free rent periods and start-up capital (all the while collecting more permit fees w/o raising taxes)
- Give permit and other start up preferences to Hawaii owned and based businesses
- focus on educating kids on how to work....maybe even offer more trade classes - fewer and fewer young people are willing to enter the job market at the entry level. Example: the Don Dymond scholarship at LJA rewards high school kids who excel at a job and excel in school.

More businesses opening/operating =

1. less vacancy...good for landlords and leasing agents....more GE tax on rents, commissions and CAM collected
2. More bank lending on SBA and construction loans....more GETax on interest on loans
3. more jobs available....more payroll tax collected
4. increased sales ....income and GE tax revenue for the state
5. more money circulating locally and at higher velocity...good for banks...more GE tax collected
6. growth for vendors, advertisers, insurance companies, etc... = more growth across other sectors serving Hawaii small business...even more GETax collected at wholesale rates

Tougher competition for skilled and unskilled labor leads to more benefit rich employment packages at the lower income levels including: retirement, higher wages, sick pay, vacation pay, family leave, life insurance, etc...

If the cost of business continues to increase at this artificially rapid rate:

1. More layoffs and hour reductions
2. small businesses close or at least shrink
3. price of unskilled labor (which is what min wage is for) becomes artificially too high
4. wage compression
5. Increased operating costs tied to wages...work comp, TDI and other payroll taxes/with-holdings
6. Increased administrative costs to manage family and sick leave.
7. Greater wage disparity between FOH & BOH in restaurants
8. longer unemployment lines...net result

**If the business owners don't stay competitive in the labor market by reallocating the savings on overheads, they at least will die on their own swords and not die by legislation.**

**Mahalo**

**HB-1191-SD-1**

Submitted on: 3/26/2019 8:23:36 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Raymond Catania	Individual	Support	No

Comments:

To Ways and Means Committee

Honorable Chair Donovan Delacruz and Honorable Vice Chair Gilbert Keith-Agaran

I support the bill HB1191, HD1, SD1, but with the original amendment raising Hawaii's minimum wage to \$17 an hour. Although much more difficult to attain, the \$17 an hour amendment is a more accurate reflection of Hawaii's true cost of living according to the 2016 report by the State's Department of Business, Economic Development and Tourism (DBED&T). Hawaii's poorest workers are looking to our Legislature for help.

Mahalo,

Raymond Catania Puhi,Kauai 631-6748 may11nineteen71@mail.com

**HB-1191-SD-1**

Submitted on: 3/26/2019 9:03:36 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cleota Brown	Individual	Support	No

## Comments:

I support HB1191 HD1 SDI and ask that it be amended to at least \$17.00 an hour. A single person needs \$17.00 per hour to adequately cover basic living expenses in Hawai'i. We need our law makers to put people first and do the right thing for Hawaii's taxpayers. Quality of life is important for all Hawaii's people. Don't let us down.

Cleota G Brown



**HB-1191-SD-1**

Submitted on: 3/26/2019 9:46:58 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Deborah G. Nehmad	Individual	Support	No

Comments:

Since our own DBEDT says that a single person with no keiki needs [\\$17 an hour just to be self-sufficient](#) in 2019, we need a livingwage of at least \$17 instead. PLease support this legislation.

THank you for your consideration

Deborah Nehmad

**HB-1191-SD-1**

Submitted on: 3/26/2019 10:44:13 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dawn Morais Webster Ph.D.	Individual	Support	No

Comments:

Thank you for continuing to address the urgent need to raise the minimum wage. This is a top Democratic Party priority. Just passing a token increase will achieve next to nothing. Either we base policy-making on what the research shows --or we pass laws that are arbitrary and feudal in how they view low income workers. DBEDT says a single person with no children needs \$17 an hour to just survive. Passing anything less sends a clear signal that workers lives and well-being are not a top priority for the party that claims it is the champion of workers' rights. Anything less than \$17 an hour which is already being overtaken by the rising cost of living does not allow parents working even two or three minimum wage jobs to feed their children. We should be truly ashamed that nearly 170,000 people, including more than 50,000 children in Hawaii go hungry. I implore you to imagine if your children were among those going hungry: wouldn't you do all in your power to improve their lot? Let's treat low income workers as we would want to be treated ourselves. Please make the minimum wage a true living wage: \$17 an hour ASAP.

**HB-1191-SD-1**

Submitted on: 3/26/2019 6:27:49 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Zack Stoddard	Individual	Support	No

Comments:

The cost of living is by far the number one issue in Hawaii. Income inequality is central to the problem. We need to provide a living wage for the residents who need it most. Please amend this bill to \$17/hour and pass the most meaningful bill in the state this year.

Testimony of Carmen Hulu Lindsey  
In **SUPPORT WITH AMENDMENTS** of HB1191 HD1 SD1 – Relating to Minimum Wage

Senate Committee on Ways and Means  
Thursday, March 28, 2019  
10:15 AM  
Conference Room 211

E ka Luna Ho‘omalua Dela Cruz, ka Hope Luna Ho‘omalua Keith-Agaran, a me nā Lālā ‘ē a‘e o kēia Kōmike o ka ‘Aha Kenekoa, aloha kākou!

My name is Carmen Hulu Lindsey, and I am the Maui Trustee for the Office of Hawaiian Affairs, submitting testimony in my personal capacity. Mahalo for the chance to submit testimony in **SUPPORT** of HB1191 HD1 SD1, **WITH AMENDMENTS**.

HB1191 HD1 SD1 provides an income tax credit for qualifying small business to offset the increase in minimum hourly wage that employers must pay employees and increases the minimum wage to \$12 per hour beginning on January 1, 2020 and \$15 per hour beginning January 1, 2023. I appreciate the Legislature’s intent to combat the wage disparity and offset the high costs of living. According to DBEDT, the self-sufficiency income standard for an individual with no keiki in Maui in 2016 was \$17.08 per hour.<sup>1</sup> As such, **I respectfully request that the committee amend this bill to raise the wage further to \$17 per hour.**

I feel a particular obligation to speak for the nearly 5,000 Kānaka Maoli who currently make up over 14% of our state’s minimum, or close to minimum wage workers. Families continue to leave Ka Pae ‘Āina, and those that stay are facing the continuous, greater struggle of making ends meet. Workers earning the minimum wage today are only making \$21,000 annually in a state struggling with both the highest cost of living and housing costs in the country. For most people, steady income from employment is used to cover the costs of basic necessities, such as food, rent, transportation, and healthcare. Kānaka Maoli lag behind other ethnic and racial groups with a 12.2% unemployment rate and with 29.8% of the population below 125% of the poverty level.<sup>2</sup> Of the measure of income equality considered, per capita income reflects the greatest disparity between Kānaka Maoli and the total state population, as it accounts for the larger family and household size prevalent in Kānaka Maoli communities.<sup>3</sup>

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<sup>1</sup> DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM, SELF-SUFFICIENCY INCOME STANDARD ESTIMATES FOR HAWAII 2016 20 (2017).

<sup>2</sup> HAWAII PUBLIC HEALTH INSTITUTE AND UNIVERSITY OF HAWAII DEPARTMENT OF NATIVE HAWAIIAN HEALTH, REPORT TO THE TWENTY-NINTH LEGISLATURE PURSUANT TO SENATE RESOLUTION 60, SD1 (2014): REQUESTING THE UNIVERSITY OF HAWAII JOHN A. BURNS SCHOOL OF MEDICINE TO ESTABLISH A NATIVE HAWAIIAN HEALTH TASK FORCE 2017 PRELIMINARY REPORT AND RECOMMENDATIONS 22 (2016).

<sup>3</sup> OFFICE OF HAWAIIAN AFFAIRS RESEARCH DIVISION, INCOME INEQUALITY AND NATIVE HAWAIIAN COMMUNITIES IN THE WAKE OF THE GREAT RECESSION: 2005 TO 2013 11 (2014).

Besides earning less than the national average, high living expenses are a crucial factor in explaining why Kānaka Maoli experience economic challenges in their daily lives. More than 50% of Native Hawaiians are burdened by having to direct a third or more of their income to housing expenses.<sup>4</sup> Expensive price tags on housing means people need to earn higher salaries to fulfill their basic needs of living. Over 70% of Kānaka Maoli consider themselves to be living paycheck to paycheck.<sup>5</sup> Over one-third of Kānaka Maoli have reported that they have struggled to pay for food.<sup>6</sup> Higher costs of daily expenses are problematic as Kānaka Maoli lack living and housing stability.

Consequently, Kānaka Maoli carry the devastating burden of an unconscionable pay gap via financial insecurity. Researchers looked into the below average income level of Kānaka Maoli and have proposed the following contributing factors: young median age of population, larger family size, greater number of single families, lower number of people in management and professional positions, and fewer people attaining a bachelor's degrees or higher.<sup>7</sup> With a variety of reasons determining people's poverty status, a straight-forward way to assist low- and moderate-income families is to gradually increase the minimum wage.

Some businesses oppose minimum wage increases, fearing their impact on their bottom line. As a businesswoman, I recognize the challenges that small businesses face in Hawai'i. However, I do not believe that these challenges should be prioritized over the needs of our beneficiaries. A minimum wage increase has **a positive effect for our people and our state's economy**; when the minimum wage increased 39.2% between 2014-2018, Hawai'i's real GDP per capita increased, unemployment decreased, and the annual rate of inflation decreased. In 2016, President Obama's Council of Economic Advisers looked at 19 recent state-level minimum wage hikes and concluded that "the recent legislation contributed to substantial wage increases with no discernible impact on employment levels or hours worked."<sup>8</sup>

If the minimum wage in Hawai'i were raised to \$17 by 2024, nearly 13,000 Kānaka Maoli (more than a third of Kānaka Maoli) workers could see their lives improve. Increasing the living wage would also indirectly affect, over 16,000 Kānaka Maoli workers (close to 50% of the work force) would benefit, allowing thousands to climb out of poverty.

The extra money our workers will make if we enact a living wage will allow them to purchase goods, and critical services, such as childcare. I have seen too many families who are unable to give the children the attention they need because they are trying to pull income from two, or

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<sup>4</sup> HAWAII PUBLIC HEALTH INSTITUTE AND UNIVERSITY OF HAWAII DEPARTMENT OF NATIVE HAWAIIAN HEALTH, *supra* note 2.

<sup>5</sup> HAWAI'I APPLESEED CENTER FOR LAW AND ECONOMIC JUSTICE, STRUGGLING TO MAKE ENDS MEET: THE NEED FOR A WORKING FAMILY CREDIT 3 (2017).

<sup>6</sup> *Id.*

<sup>7</sup> HAWAII PUBLIC HEALTH INSTITUTE AND UNIVERSITY OF HAWAII DEPARTMENT OF NATIVE HAWAIIAN HEALTH, *supra* note 2 at 23.

<sup>8</sup> Sandra Black, et al. *Minimum Wage Increases by US States Fuelled Earnings Growth in Low-Wage Jobs*. VOX CEPR POLICY PORTAL, (2016), <https://voxeu.org/article/minimum-wage-increases-and-earnings-low-wage-jobs>.

sometimes three, minimum wage jobs. They are overworked, and their health suffers. Meanwhile, children fend for themselves with very little supervision. Juvenile delinquency, poor performance at school and failure to graduate are the inevitable outcomes.

A minimum wage job certainly does not keep kūpūna who continue to work at low- and moderate-income jobs out of poverty or allow them to feed their mo‘opuna as well as they should. Kūpūna who care for their grandchildren in the absence of their parents, do not see the minimum wage as a “training wage,” a term that is being bandied around as an excuse to pay people less than they deserve. Despite messaging to the contrary, the minimum wage was not initially established as a “starting” or “training wage,” but as a wage that was established to ensure workers were being paid enough to survive.

Amending HB1191 HD1 SD1 will provide greater toward a true living wage that will more adequately address poverty and economic inequality in Hawai‘i and may help address the economic disparity between Kānaka Maoli and other groups in Hawai‘i. For the above reasons, I respectfully request that you **PASS** this measure, **with amendments**. Mahalo nui for the opportunity to testify.

**HB-1191-SD-1**

Submitted on: 3/27/2019 5:36:59 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Claire Gearen	Individual	Support	Yes

Comments:

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Other Members of the Senate Ways and Means Committee:

My name is Claire Gearen, and I write in strong support of House Bill 1191 HD 1 SD1 relating to minimum wage. As a concerned private citizen who has joined Raise Up Hawai'i this legislative session, I additionally recommend an amendment raising the minimum wage to \$17 an hour in 2024.

The February 2019 issue of Hawai'i Business Magazine offers compelling reasons to create positive change in our economy. In this testimony I include several facts from editor Steve Petranik's "change report." In 2015 in Hawai'i, 31% of jobs payed wages between \$10 and \$15 an hour. We know from DBEDT that \$17 an hour is needed for a survival budget for a single person with no child. It is not surprising, then, that 48% of households are ALICE or below. In some communities, like Hilo and Wahiawā, the percent is even higher at 58% and 62% respectively (Hawai'i Business Magazine).

According to Hawai'i Business Magazine, what ALICE households most want is more time with family. What is more, workers in ALICE households are foregoing necessary medical and dental care and have less time to take care of their health with a healthy diet and exercise. Housing is especially difficult for many households. Appleseed Center reports that in 2015, one in four workers was not adequately housed. And according to Feeding America (as cited in Civil Beat on March 25, 2019), 1 in 8 Hawai'i residents experience hunger, with an even higher proportion of children—1 in 6—going hungry.

Ultimately, HB1191 HD1 SD1 would correct for an equity issue. The economic recovery since 2008 has occurred on the backs of low income workers. 19% more households lived in poverty in 2015 as compared to 2007. The percentage of jobs earning less than \$10 an hour doubled. While low skilled jobs are in the highest demand nationwide, these incomes have lost more to inflation since the recession than all higher wage earners.

Raising the minimum wage to a living wage would enable businesses to take care of their workers without sacrificing a business advantage, since all businesses would incur the cost. Furthermore, HB1191 HD 1 SD1 includes a tax credit for small businesses.

Respected business leaders Peter Ho and Duane Kurisu have argued that addressing the needs of low income workers is important for the health of our social fabric and state economy both. We do not want a repeat of the 1990s, when we lost more residents per capita than any other state according to the U.S. Census. Please heed sound advice. I urge you to pass a living minimum wage now!

With Regards,  
Claire Gearen



**HB-1191-SD-1**

Submitted on: 3/27/2019 8:48:44 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Samantha	Individual	Support	No

Comments:

**HB-1191-SD-1**

Submitted on: 3/27/2019 9:11:02 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Glen Kagamida	Individual	Oppose	No

Comments:

OPPOSE.

Raising the minimum wage will raise the cost of living. Workers hours will be cut. With the higher hourly wage, they may bring home the same amount, but prices will go up and they will have to get a third, fourth or fifth job. It's a vicious cycle, and raising the minimum wage will throw gasoline on the fire.

**HB-1191-SD-1**

Submitted on: 3/27/2019 9:23:22 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kanani Higbee	Individual	Support	No

Comments:

Aloha,

My name is Kanani Higbee. I reside in Lahaina, Maui. I support this bill. I would suggest the minimum wage is increased to \$17 an hour. I feel that CEOs make far too much money. And even small business owners make a great deal of money. Those who are the bread and butter of companies tend to have to work 2-3 jobs because they do not make a liveable wage. It shouldn't be that way. Please raise the minimum wage. I would like to own a home. But I make too little at one job. Many people have to choose between raising their children or owning their own home. They can't have both. This goes for Hawaiians on the list for Hawaiian Homes too. I know a woman who worked 3 jobs to pay her mortgage for Hawaiian home. Her son ultimately killed himself. She feels if she was at home more, he would not be so fragile and neglected. My whole family is on the list for Hawaiian Homes. I feel we have to wait until our children are grown before we get a home because we don't want to neglect our children and they go down the wrong path. Hawaii workers are the bread and butter of the companies they work for and deserve a decent wage to live in Hawaii. If we don't have a decent wage, crime will go up because people will feel it's not worthwhile working honestly since they get paid peanuts. They will go into drugdealing because they can work decent hours and get paid decently. Crimes will stay up because all these kids have no parents at home since they have to work so much to afford the bills.

Mahalo,

Kanani Higbee

### 73 Individuals in opposition

**Message:**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Senate Ways and Means Committee,

I respectfully oppose HB 1191 HD1 SD1 and am very concerned with the current push to increase the minimum wage and the unintended consequences this will have on our business and other businesses like ours in Hawaii. We are proud of both our business and our employees. We recognize that our employees are a large part of what makes our business a success and do everything we can to retain them through both wages and benefits. With that said, we hope that when contemplating passing legislation raising the minimum wage, that you please consider the consequences it will have on businesses of all sizes.

If the minimum wage is increased, businesses will have to alter operations to stay afloat. It is a misconception that all increases in business costs can be passed on to the customer. That is simply not true. Businesses cannot afford the increased costs mandated through this legislation. Thank you for your time and consideration of my concerns.

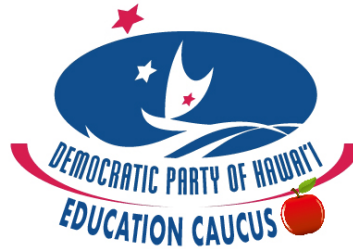
From	Message
Roofworks Hawaii Inc Samorano	Aloha, I oppose this bill. Mahalo, Rick Samorano
Joshua Calixto	
Ronald Simon	
Newton Young	Raising the minimum wage will create gross inflation that will hurt everyone in Hawaii especially those this bill is intended to help. It will cause more people to have to take on additional jobs just to make up for all the increases in pricing business will be forced to do. Businesses will have to increase everyone's pay as a result of a higher minimum wage and that will make EVERYTHING more expensive causing more hardship on families, especially seniors on fixed incomes and those with large families. If this bill passes, it will greatly hurt the people. Higher and higher taxes and now out of control self induced inflation.
Jon Tanouye	
Ted Jung	
Suzette Santos	
Benjamin Godsey	PS - if you really want to put more money in workers pockets, you should look at making lower benefit level health care available in Hawaii. Prepaid mandates an extremely high level of care (and cost) which is unnecessary for most families and individuals. Offering plans that look more like gold, silver or bronze obamacare plans would help tremendously and allow employees to take home more pay.
Thomas Mewshaw	
Kenneth Kunz	
Jason Cohn	Aloha, While I firmly believe anyone working to feed a family in this state deserves a living wage, it is important to consider that not all people with jobs need "a living wage" to support themselves. When I was in college I spent a summer working in the office of Hawaii Forest & Trail as an \$8 an hour employee. While I did not save a dime that summer, I learned a lot of important skills that served me throughout my professional career and have led me back to Hawaii Forest & Trail where I make a great salary as the Vice President of Sales and Marketing. Had this high of a minimum wage been in effect at the time, I have no doubt that my position would have never been created, and I never would have had the opportunity to jump-start my career by getting valuable experience before entering the job market as a full-time employee. When crafting this bill please think about the entire work force, and how they would be affected; the retiree trying to stay active and get out of the house, the high school kid trying to make some gas money, the military vet getting paid to go back to college on the GI bill. These employees may be able to work lower

	wage jobs and allow the rest of us to benefit by allowing businesses to offer lower prices at our restaurants, gas pumps, and grocery stores. Mahalo for your time.
Rae Yoshida	
Sonny Leandro	Wage hikes is never smart. Business will hurts to the point of either letting people go, going out of business etc. A smart decision is to produce more knowledge based training to AID people to get the talents to work for hire pay. Train people to grow and make money, not give more ad have it cause HIPER-inflation....
Eleilani Madden	
Mark Kaneshiro	
Ryan Nowinski	I respectfully oppose HB 1191 HD1 SD1
Kevin Chan	
Rose Marie Agpoon	
Shiela Bueno	
Naomi Guro	
Melvina Joyo	
Peggy Odiorne	
Rosabell Castillo	
Edward Kawamura	
Eugine Kang	Smaller prvate sector businesses are barely holding on by a thread as we are already having to battle the union giants. Hawaii leads the nation with the most union employees. In the last 5 years as Operations Manager of a local skylight company, I can barely find workers already, why make it harder than it already is.
David Meredith	
Mika Leong	
Melchor Rosario	
Cher Rosario	
Jodi Maero	our small business currently employs 12 field technicians, with varying degrees of proficiency, from no practical experience and no drivers lic. to no experience with drivers lic. on up to journeyman. The starting wage currently is \$12.00 with no lic or experience and they can quickly work up from there. If we have to start that person at \$15 then all the other pay rates will need to increase \$3.00 per hour. This in turn effects our worker comp costs which are base on gross payroll, payroll taxes and so forth.
Shon Gregory	
Richard Baqui	
Reid Kodama	
Cari Leong	
Myong Leong	
David Leong	
Ezra Martin	
Brock Martin	
Davelyn Martin	We are a family owned and operated small business that was established in 1980. If this bill passes, we may not be able to survive much longer trying to compete with all the other huge corporations. We simply cannot have this bill pass and stay afloat. Please do not pass this bill. For the sake of all the small and large local businesses, we cannot afford this bill to pass.
Caprice Itagaki	The ultimate economic effect of raising the minimum wage (especially by such a significant amount) will be for businesses to simply pass on the increase directly to its customers, which will ultimately hurt everyone. We need to focus on encouraging and supporting Hawaii businesses by fostering a more business-friendly environment. I urge the legislature to look for other ways of correcting the deficit problem.
Ashley Ann Mejia	
Kausuke Kuroda	Hakuyosha International, Inc. and Dust-Tex Honolulu, Inc. strongly oppose HB 1191 HD1 SD1, which proposes to increase the minimum wage to \$12 per hour on January 1, 2020 and \$15 per hour on January 1, 2024. The total increase of 39% in minimum wage since 2015 has made a direct impact on our business. Nearly 90% of our employees are paid minimum wage. The minimum wage increases over the years have impacted our cost of doing business. Like many small businesses in Hawaii, we were forced to absorb a high percentage of

	<p>the labor increase and it has been difficult to rebound as quickly as we had envisioned. We have seen our business customers, many of them restaurants; close their doors because the cost of doing business in Hawaii has become so difficult. The increase in the minimum wage will directly affect the cost of goods and services which will result in higher prices in the marketplace. Hakuyosha and Dust-TEX have been operating at a loss since the minimum wage began to increase and one of our largest competitors, Young Laundry stopped operations recently. If SB789 SD2 is enacted, it will be a challenge for Hakuyosha and Dust-TEX to continue to operate. The increase in labor costs will directly affect our prices and will force us to reduce operations which will reduce labor. In February 2020, we plan to celebrate Hakuyosha International, Inc.'s 50th anniversary in Hawaii. I am hoping we will be able to fulfill our dream to continue to service our customers for many years to come. We are asking for your help and consideration. Respectfully submitted, Kausuke "Ko" Kuroda Director Hakuyosha International, Inc. Dust-TEX Honolulu, Inc.</p>
Alberta Estrada	
Thomas Kaohimaunu	
Neil Ishida	
Jon Miyabuchi	
Steven Sofos	
	Hawaii does not need more taxes and higher salaries for part time government workers.
Stan Kinoshita	
Marjory Kinoshita	
Grant Nishida	
Bradley Kinoshita	In the insurance industry, we cannot control premiums or control commissions. This makes it impossible to pass on labor costs.
Sheri Kinoshita	We are in the insurance industry. As the last independent agency on the Big Island, we neither control the insurance premiums, nor do we control the commissions paid to our agency. Overall, we look to "decrease" premiums for our clients and yet are paid less commissions from companies. We have no way of passing on this extreme increase in the cost of labor.
Jackie De Luz Watanabe	
Stanley Yamagata	Tired of politicians shoving things down our throat without thinking of the outcome in the future. Will your children be able to afford living here. Entitlement can last only so long.
Joni Uemura	Raising the minimum wage will have a snowball effect on the rest of the compensation ladder. Higher paid workers will anticipate wage increases. It will be hard for employers with multilevel wage earners to competitively pay their employees.
Kim Robello	I'm always confused why there is never an initiative from government to work with the business community to help draft legislation prior to the official Legislative session that is important as the minimum wage is. Using formal groups like the Chamber of Commerce and representatives of the Legislative committee charged with initiatives like raising the minimum wage along with business leaders representing companies affected by the legislation proposed could provide a compromised form of the minimum wage initiative that would be good for the business community and their employees who would benefit from well thought out legislation. To have the Legislation shoved down the throats of the business community creates animosity between the Legislative body and the business community at large. Just my two cents. Mahalo.
Ian Hatch	I hope you can reconsider and/or make the hospitality/service industry (those that depend on tips) exempt in this increase. The hospitality industry largest costs are labor as it is already. This increase will be detrimental to many small and large businesses as a result.
Keone Gaspar	Dear Senators, While I understand the inflated costs living in Hawaii, I disagree with the minimum wage increase. Having managed hotels and a small business, restaurant, for the last 8.5 years, and having a comprehensive understanding of the hiring, firing, training, nurturing and all the other nuances associated with employees, it is a good time to evaluate the effort and time of business owners in relation to staffing. My general belief is that wage is based on merit, simple. The quality, competence, experience, attitude and effort of an employee determines wage. Minimum wage is simply a starting point. In many cases, the business owners required effort to train employees in conjunction with turnover and the other costs

	associated with running a small business is overlooked. The effort required in 90% of the cases is similar to raising a child. It is literally an investment. Rather, it would be beneficial if government became more effective in controlling the cost of living, placed a stronger emphasis on our crumbling, oft ignored infrastructure and the array of worsening social problems. Government must become more efficient by concentrating on the many core issues that are continually spiraling out of control while reducing the bureaucracy. Mahalo for your time and efforts. Sincerely, Keone Gaspar
Matt S	As a business owner I can tell you that increase in costs will be passed on to customers which creates a circular path to higher costs especially born by those on fixed incomes who can least afford it. Flipping burgers for \$15 per hour is not meant to be a career choice unless you intend to be a franchise owner one day. The best means of success for a higher standard of living is stay in school, pay attention in school and strive for more than a minimum wage job instead of rely on government handouts.
Andrew Rosen	As the leader of our organization we would have to either lay off people or reduce hours to try and make a profit. Let the market determine wages. We should be looking at the overwhelming impact of GET on our people and economy. Our industry loses nearly 5% of revenue from GET. Money that could go back into the hands of our employees. We just lost a valued member of the team to a competitor because they could afford to pay more than your proposed new minimum wage bill. Mahalo nui for taking the time to read my opinion.
Miles Ichinose	I feel that we are all on the same side as we want to help our communities that we do business in succeed. As an employers who participates in the community we are happy to because we are able to help provide a way for many people to enter the workforce and provide a means for advancement opportunities. If the minimum wage is increased at a rate at which we cannot absorb I believe it will drastically create a situation where we will no longer be able to provide both. The reality is for myself and many of my fellow small business people Hawaii's cost of doing business is already one of the highest in the nation and I believe many of us will not only make less money but be in situation for a number of years which will make us even less able to hire and promote the very people we want to grow. Please provide a better solution for us all or we may regret the outcome in the the long run. Thank You
Hoku Lee	
Jim Warneck	Raising the minimum wage will adversely affect our Hawaii market. Smaller companies and business owners will be driven out due to the inability to pay for increased costs. Larger companies will absorb the cost by forwarding the costs over many products and will also drive smaller companies out while driving overall prices up. This will also increase the average cost of goods for the middle and lower class to be more intrusive on their current struggles to make ends meet now.
Ken Peterson	
Eddie Soencer	
Minh Tran	
Michael Daniels	Increasing the minimum wage will actually hurt small businesses. Prices will need to be raised. Fewer hours will be scheduled for people to work. The very people who are supposed to benefit will be hurt. Please do not raise the minimum wage.
Scott Plater	
Gordon Takaki	
Matthew Takamine	
Kristine Miller	Many tipped employee already earn well over a living wage. An increase in the Minimum Wage without a substantial increase in the Tip Credit will hinder business owners from increasing the wages of non-tipped employees.
Christine Lanning	We are a small business that employs over 25 technical people and pay way over the minimum wage. But even though all of our employees earn a very comfortable living, raising the minimum wage to such a high level will severely impact our internship program. On average we take on 3 interns per year. If the minimum wage was increased we simply couldn't afford to continue the program.

**LATE**



## **HOUSE BILL 1191, HD 1, SD 1, RELATING TO MINIMUM WAGE**

MARCH 28, 2019 · SENATE WAYS AND MEANS  
COMMITTEE · CHAIR SEN. DONOVAN DELA CRUZ

**POSITION:** Support, with suggested amendments.

**RATIONALE:** The Democratic Party of Hawai'i Education Caucus supports and suggests amendments for HB 1191, HD 1, SD 1, relating to minimum wage, which provides an income tax credit for qualifying small businesses to offset the increase in the minimum hourly wage that employers must pay employees and increases the minimum wage to \$12.00 per hour beginning 1/1/2020 and \$15.00 per hour beginning 1/1/2023.

A living wage is a human right. According to the Department of Business, Economic Development, and Tourism, a single adult required an income of \$32,957 to achieve self-sufficiency in Hawai'i in 2016, while a single parent with one child required \$56,157. At our current statewide minimum wage rate of \$10.10 per hour, however, a full-time employee earns only \$21,008 annually. Moreover, the National Low Income Housing Coalition's Out of Reach 2018 report estimates that a minimum wage worker would have to work 109 hours per week to afford a one-bedroom rental home at fair market rent, which is the equivalent of nearly three full-time jobs.

Additionally, as the minimum wage increased to \$10.10/hour over the last four years, our local economy has also grown. People earning more income, especially at the lower end of the pay scale, spend money on basic goods and services, thereby putting their increased earnings back



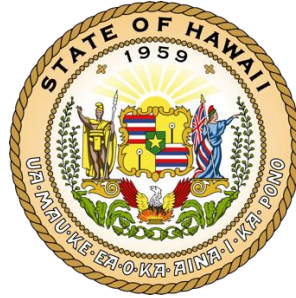
into the local economy, increasing demand, raising local profits, and uplifting the Aloha State's overall economy. Over the same time span, we have experienced record low unemployment and seen the number of small businesses increase. Hawai'i will likely see the same impact under new minimum wage increases, leading to greater prosperity for all.

That said, we suggest **amending this measure to phase in a minimum wage increase to \$17 over five years, with future minimum wage increases linked to the Honolulu region consumer price index** for all urban consumers for the twelve months prior to September 1 of each year as calculated by the United States Department of Labor. Furthermore, we urge you to **revise this measure to eliminate the tip credit contained in HRS §387-2**, thereby preventing low-wage restaurant workers from losing precious earnings. It should also be noted that across the country, restaurant workers and advocacy groups have pointed to the tip credit's impact on sexual harassment, arguing that diners can more easily harass workers who won't retaliate for fear of losing tips. According to Restaurant Opportunities Center United (ROC United), restaurant servers—a group made up predominantly of women—are more likely to endure harassment and abuse from customers, since their livelihoods depend on the tips they earn.

Finally, we note that **the tax credit contained in this bill would not necessarily incentivize minimum wage increases and urge you to eliminate it from the measure**. According to the proposal's current tax credit language, the credit is based on an increase in a business's overall wages, rather than wages for minimum wage workers only. If a business paid 10 of its workers \$100,000 in one year, then increased such employees' pay to \$125,000, they could claim credit worth \$50,000, the maximum credit allowable under the bill, without increasing the pay of minimum wage workers at all. Alternatively, the same business could have 10 workers making \$12 an hour in one year, then double their staff to 20 workers in the next year. Even while continuing to pay only \$12 an hour to those workers, they'd get a tax credit of \$49,920.

We must provide economic justice to working families. We should not forego this legislative opportunity to help our islands' working poor, whose financial situation becomes more precarious with each passing year.

**LATE**



Testimony on behalf of the  
Hawai'i State Commission on the Status of Women  
**Khara Jabola-Carolus, Executive Director**

Prepared for the Senate Committee on Ways and Means

In Support of HB1191 HD1, SD1 With Amendments  
Thursday, March 28, 2019 10:15 a.m. in Room 211

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Honorable Members,

On behalf of the Hawai'i State Commission on the Status of Women supports House Bill 1191 HD1, SD1 with suggested amendments. HB1191 HB1, SD1 would increase the minimum wage to \$15 per hour beginning in 2023.

Hawai'i should commit to reversing decades of growing inequality in the state. As an agency administratively attached to the Department of Human Services—which provides basic subsistence needs to over 300,000 Hawai'i residents—we also seek to ensure that certain employers do not continue to exploit the state and taxpayers by subsidizing high profits and low wages with state-funded assistance programs.

In 2019, the wage needed for a worker to survive in Hawai'i with no children and with pre-paid health insurance is \$17 per hour. According to DBEDT, a single parent needs \$33 per hour to meet basic necessities. The majority of single parents in Hawai'i are women. Therefore, the Commission recommends \$17 per hour as starting point of a wage increase schedule.

The Commission also urges the elimination of a tip credit, which allows sexual harassment to flourish. For example, restaurant servers—a group made up predominantly of women—are more likely to endure harassment and abuse from customers, since their livelihoods depend on the tips.<sup>1</sup> In fact, the largest share of over 170,000 complaints filed to the Equal

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<sup>1</sup> The Restaurant Opportunities Centers United, *The Glass Floor: Sexual Harassment in the Restaurant Industry*, Oct. 7, 2014, [http://rocunited.org/wp-content/uploads/2014/10/REPORT\\_TheGlassFloor\\_Sexual-Harassment-in-the-Restaurant-Industry.pdf](http://rocunited.org/wp-content/uploads/2014/10/REPORT_TheGlassFloor_Sexual-Harassment-in-the-Restaurant-Industry.pdf).

Employment Opportunity Commission (EEOC) between 1995 and 2016 were from workers in full-service restaurants.<sup>2</sup>

Last, the Commission urges the removal of a ‘minimum wage income tax credit’ for businesses. Taxpayer money should not be used to subsidize for-profit businesses that rely on the exploitation of workers to remain competitive.

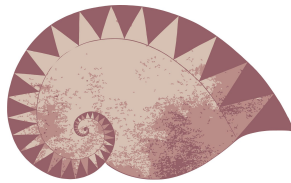
To lift women workers out of poverty, the Commission urges that the Committee pass HB1191 HD1, SD1 with the requested amendments.

Mahalo,

Khara Jabola-Carolus

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<sup>2</sup> Vo, L.T., “ We Got Government Data on Twenty Years of Workplace Sexual Harassment Claims,” Dec. 5, 2017, <https://www.buzzfeednews.com/article/lamvo/eeoc-sexual-harassment-data#.xtkw1pwxX>.



Pono Hawai'i Initiative

**LATE**

Josh Frost - President • Kau'i Pratt-Aquino - Secretary • Patrick Shea - Treasurer  
Kristin Hamada • Nelson Ho • Summer Starr

Tuesday, March 26, 2019  
Testifying in Support with Comments

Aloha, Chair and Committee members

The Pono Hawai'i Initiative (PHI) **is in support of HB1191, HD1, SD1** Relating to Minimum Wage, however believes it needs to be amended to provide for a \$17 hourly minimum for all workers.

This measure continues the dialog that an increase to the minimum wage in Hawaii is needed, however the language and amounts set forth in this measure do not go far enough.

According to State's own Department of Business, Economic Development & Tourism, the "self-sufficiency income" for a single person without children in Hawaii has grown to \$17 an hour in 2019. **The study done by DBEDT also assumed the individual would have health insurance.**

The state of Hawaii needs to increase the minimum wage to an amount that will actually help families combat inflation, plus gain a little ground to increase their spending power, otherwise we will just be here again next year. Thus we are also requesting that the Senate consider **amending this measure to include automatic inflation adjustments. 17 States plus the District of Columbia already have that language included in their statutes.**

When low wage workers receive wage increases, all workers are better off.

**I ask the Committee to please pass this measure forward with amendments to increase the minimum wage for all workers to \$17 an hour based on DBEDT's "self sufficiency formula. Please also include language for an annual automatic inflation adjustment.**

Mahalo for the opportunity to testify,

Gary Hooser  
Executive Director

Pono Hawai'i Initiative, an organization member of the Common Good Coalition

**LATE**

**HB-1191-SD-1**

Submitted on: 3/27/2019 1:06:18 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jay-R Bautista	Testifying for Tanaka of Tokyo	Oppose	No

Comments:

Aloha Chair Luke, Vice Chair Cullen and members of the Labor Committee,

I am writing to you on behalf of Tanaka of Tokyo Restaurants Ltd. and we oppose the HB 1191 HD1 relating minimum wage. We are a local restaurant that has been serving tourists and locals for the past 40 years. We already face many challenges in the new year of 2019 with rise in cost of commodity goods. Passing the bill will make it nearly impossible for restaurants and small businesses in Hawaii to flourish in both profit and quality of service for our customers/visitors. Restaurants provide entry level job positions for workers who can be trained on site to gain the experience, skills and knowledge needed for their future careers. Passing the bill will force employers to eliminate these positions, cut hours, and raise prices to combat the wage increase. This will also force popular businesses to close and let go employees to battle the labor cost. Hawaii ranks one of the lowest in tip credit in the country and Businesses in Hawaii cannot survive with the increased costs mandated through this legislation. Thank you very much for taking the time to read our concerns regarding this bill.

Mahalo,

Jay-R

**LATE**

**HB-1191-SD-1**

Submitted on: 3/27/2019 1:30:29 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Hiroshi Lamansky	Testifying for Tanaka of Tokyo Restaurants	Oppose	No

Comments:

Tanaka of Tokyo currently operates three restaurants in Honolulu and employs over 150 employees. We have been serving local families and tourists from around the world since 1978.

The majority of employees in the restaurant industry receives and relies on tips as a source of income. 80 percent of our staff falls in the category of "tipped employees". Based on our payroll records, our servers on average earns \$30 per hour, our busboys earn \$18 per hour, our bartenders \$32 per hour, and our chefs \$27 per hour. As you can see from these figures, which are comparable to the majority of full service restaurants, staff who receive tips are not the same as "minimum wage" earners and cannot be categorized as such. Any increase in the minimum wage without an equal increase in the tip credit will negatively affect all restaurants. Currently, Hawaii has a tip credit of \$0.25, by far the lowest in the nation. The second lowest tip credit in the nation is in Iowa at \$2.90 where their minimum wage is also \$7.25, whereas the rate for the majority of states that allows tip credits ranges between \$3.00-\$5.00. In an effort to make up for the additional labor costs due to an increase in the minimum wage without an equal increase in the tip credit, restaurants will be forced to raise menu prices, cut labor hours, and unfortunately, jobs will be lost as restaurants reduce payroll expenses just to stay in business. Our company has already experienced this as we reduced our labor hours by 15% over the past 5 years with the mandatory minimum wage increases.

Full service restaurants are one of the largest employers in Hawaii as our state heavily relies on tourism. Whether it's students working part time to pay their way through school or those who simply enjoy their careers in the restaurant industry, it is our hope and goal that we will be able to continue to assist the state by providing jobs which we will only be able to do if the tip credit, at the very least is equal to the proposed increase in the minimum wage spread out over time.

**LATE**



## **HB 1191, HD 1, SD 1, RELATING TO MINIMUM WAGE**

MARCH 28, 2019 · SENATE WAYS AND MEANS  
COMMITTEE · CHAIR SEN. DONOVAN DELA CRUZ

**POSITION:** Support, with suggested amendments.

**RATIONALE:** IMUAlliance supports and suggests amendments for HB 1191, HD 1, SD 1, relating to minimum wage, which provides an income tax credit for qualifying small businesses to offset the increase in the minimum hourly wage that employers must pay employees and increases the minimum wage to \$12.00 per hour beginning 1/1/2020 and \$15.00 per hour beginning 1/1/2023.

A living wage is a human right. According to the Department of Business, Economic Development, and Tourism, a single adult required an income of \$32,957 to achieve self-sufficiency in Hawai'i in 2016, while a single parent with one child required \$56,157. At our current statewide minimum wage rate of \$10.10 per hour, however, a full-time employee earns only \$21,008 annually. Moreover, the National Low Income Housing Coalition's Out of Reach 2018 report estimates that a minimum wage worker would have to work 109 hours per week to afford a one-bedroom rental home at fair market rent, which is the equivalent of nearly three full-time jobs.

Additionally, as the minimum wage increased to \$10.10/hour over the last four years, our local economy has also grown. People earning more income, especially at the lower end of the pay scale, spend money on basic goods and services, thereby putting their increased earnings back into the local economy, increasing demand, raising local profits, and uplifting the Aloha State's overall economy. Over the same time span, we have experienced record low unemployment and

seen the number of small businesses increase. Hawai'i will likely see the same impact under new minimum wage increases, leading to greater prosperity for all.

That said, we suggest **amending this measure to phase in a minimum wage increase to \$17 over five years, with future minimum wage increases linked to the Honolulu region consumer price index** for all urban consumers for the twelve months prior to September 1 of each year as calculated by the United States Department of Labor. Furthermore, we urge you to **revise this measure to eliminate the tip credit contained in HRS §387-2**, thereby preventing low-wage restaurant workers from losing precious earnings. It should also be noted that across the country, restaurant workers and advocacy groups have pointed to the tip credit's impact on sexual harassment, arguing that diners can more easily harass workers who won't retaliate for fear of losing tips. According to Restaurant Opportunities Center United (ROC United), restaurant servers—a group made up predominantly of women—are more likely to endure harassment and abuse from customers, since their livelihoods depend on the tips they earn.

Finally, we note that **the tax credit contained in this bill would not necessarily incentivize minimum wage increases and urge you to eliminate it from the measure**. According to the proposal's current tax credit language, the credit is based on an increase in a business's overall wages, rather than wages for minimum wage workers only. If a business paid 10 of its workers \$100,000 in one year, then increased such employees' pay to \$125,000, they could claim credit worth \$50,000, the maximum credit allowable under the bill, without increasing the pay of minimum wage workers at all. Alternatively, the same business could have 10 workers making \$12 an hour in one year, then double their staff to 20 workers in the next year. Even while continuing to pay only \$12 an hour to those workers, they'd get a tax credit of \$49,920.

We must provide economic justice to working families. We should not forego this legislative opportunity to help our islands' working poor, whose financial situation becomes more precarious with each passing year.





**LATE**

To: Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C Keith-Agaran, Vice Chair  
Members of the Committee on Ways and Means

From: Lane Muraoka, President/Owner Big City Restaurants, Inc.

Subject: HB 1191 HD 1, SD1 Relating to Minimum Wage

Date: March 26, 2019

Big City Diner is opposing HB 1191 HD1, SD 1 because will have a major negative impact on our operations and our customers.

With six restaurants on Oahu, all of which employ more than thirty employees each, we will be directly impacted by the measure. We are a local company that relies on local suppliers for our products and services. This measure will not only increase our base payroll, but also increase our product and service cost. All the local companies will be forced to increase pricing to help cover the increase in labor cost.

These increases will come at a time when the restaurant industry as whole is facing a decrease in traffic. We are also, as with all Hawaii residents, are facing increased rents due to the increase property values and increased mandated cost such as pre-paid health care. Please keep in mind that increased payroll values will also increase worker's comp and TDI costs. These costs are all based on payroll values.

Due to the wide spread negative impact on our operations and our customers, we urge you to not pass this bill out of committee. Thank you for the opportunity to share our comments on HB 1191 HD 1, SD 1.

Mahalo,

Lane Muraoka  
President/Owner Big City Restaurants, Inc



CATHOLIC CHARITIES HAWAII

**TESTIMONY IN SUPPORT OF HB 1191, HD2, SD1 Relating to Minimum Wage**

**TO:** Senator Donovan Dela Cruz, Chair, Senator Gilbert Keith-Agaran, Vice Chair;  
and Members, Committee on Ways and Means

**FROM:** Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i

**Hearing:** **Thursday, March 28, 2019; 10:15 am; CR 211**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members, Committee on Ways and Means:

Thank you for the opportunity to provide written testimony **in strong support of HB 1191, SD1**, which increases the minimum wage rate. I am Betty Lou Larson with Catholic Charities Hawai'i. Increasing the minimum wage directly impacts our advocacy priority of reducing poverty in Hawai'i.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 70 years. CCH has programs serving elders, children, families, homeless and immigrants. Our mission is to provide services and advocacy to the most vulnerable of the people in Hawai'i.

We support this bill with the changes in the Senate Draft 1, which provides for a tax credit to help small businesses offset the cost of this wage increase and increases the minimum wage to \$15/hour by 2023. As we advocate for the needs of our low-income workers, we also know that it takes the whole community, working together to create a livable Hawai'i.

Many of the vulnerable in Hawai'i are the working poor, people who earn low wages through hard work but due to our high cost of living struggle to make ends meet. We serve these low-income workers in our programs. They are often barely able to avoid homelessness, or working several jobs to juggle the basic expenses of their families and unable to spend time raising their children. These workers are parents who try very hard to support their own families but often must also rely on some type of public or charitable assistance. Raising the minimum wage to \$15 by 2023, as this bill proposes, is a first step.

This raise would also support our local economy. Low-income workers spend their income on basic living expenses and higher wages would be put right back into local businesses. With more money in their pockets, workers would be better able to avoid homelessness as rents increase or a sudden emergency strains their already tight budgets.

This increase to the minimum wage will help to restore the dignity of the working poor, people who are currently not being paid wages that allow them a decent level of economic stability.

This is an important bill for economic justice and the prevention of homelessness. If you have any questions, please contact me at 373-0356 or [bettylou.larson@catholiccharitieshawaii.org](mailto:bettylou.larson@catholiccharitieshawaii.org).





**HB-1191-SD-1**

Submitted on: 3/27/2019 2:29:53 PM  
Testimony for WAM on 3/28/2019 10:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
William Caron	Individual	Support	No

Comments:

Aloha Chair Dela Cruz,

The minimum wage was established by President Franklin Roosevelt in order to keep full-time workers out of poverty. It was not then, and has never been, meant to be a "training" or "entry level" wage. Such talk as this is simply an excuse to pay workers less than they deserve and less than they need, and uses the fact that some workers are still dependents as camoflaugue to disguise what it really is: greed. There is no such thing as "training" or "entry level" expenses; landlords will not accept "entry level" rent; the grocery store will not sell food at a discounted "entry level" rate to those who make below the cost of living in Hawai'i.

The bottom line is that people need to be able to cover their basic needs, and the Department of Business, Economic Development and Tourism has calculated that number, at the most conservative estimate, to be \$17 an hour, including employer-provided health insurance. Anything less than that is simple insufficient, and the community at large, including small businesses, will suffer as a result of a stagnating economy.

**Please amend the bill so that all employees are paid \$17, not \$15. Include an automatic cost-of-living adjustment to the wage so that no worker that puts in 40 hours a week will ever live in poverty in Hawai'i again. And please consider eliminating the provisions that allow employers to pay persons with disabilities a subminimum wage.**

We are headed right for another recession, but we have the power to determine, right now, how severe that downturn will be. Recessions in a consumer-based economy can only be mitigated by ensuring that consumers have enough money in their pockets to continue spending, and to keep the economy moving, even during hard times. If consumers do not have this extra money to dispose of into the economy, it will not matter how much or how little businesses have raised their prices: with zero extra money to spend on consumerism, customers will no longer patronize small businesses; they will be forced to rely increasingly on government assistance, costing the government more money; and they will contribute less in taxes as a result. This will create a severe strain on revenue from both ends, and--if anything--could force many small businesses to close down, something we all want to avoid.

The shortsighted nature of the Chamber of Commerce's opposition to a living wage of \$17 is based on logical fallacies, misinformation and fear. I know that small businesses sometimes operate on thin profit margins, and I know it can be anxiety-inducing to imagine increased costs as a result of wages going up. But, as policy makers, elected officials are charged with seeing the big picture. And the big picture is that raising the wage will help businesses, not harm them.

The Raise Up Hawai'i Coalition has provided numerous citations for research showing that this policy is good for business and the economy, even if it may seem counter-intuitive to business owners. If the business community has credible data, not unattributed and vague anecdotes to offer, then why doesn't it? Because it does not exist. Studies saying wage increases result in higher unemployment, or significantly reduced hours have all been debunked with significant methodology flaws or willful bias in order to score political points. Meta data and peer-reviewed research all supports the idea that this policy is a necessary and successful one.

Anytime government has, rightly, mandated regulations to improve either safety, health, the dignity and rights of workers, or to protect the environment, business has come out claiming that such regulations will destroy the economy, cause investors to flee, and cause unemployment rates to spike. They said it when seatbelts were mandated; when warning labels were put on cigarette boxes, when the right to unionize was granted, when zoning codes and resource management laws were established, whenever proposals to tax business to pay its fair share are discussed, and every single time the minimum wage has been raised. They said it in 2014, and they're saying it again now, despite the fact that not one single thing they claimed would happen came true. Unemployment dropped every single year we raised the minimum wage. There are more small businesses around today than in 2014; there are 25% more servers working in restaurants today than in 2014. Price increases over the past four years have been high enough for businesses to continue to do well, and modest enough for customers to have barely even noticed as the increased wage has put more money into consumer pockets and the economy.

The policy is a triple win for government, business and the people. We must pay people what they deserve, which is at least enough to survive on. Please amend HB1191 HD1 SD1 to increase the wage rate to \$17 an hour.

Mahalo.

**LATE**

HB 1191 Relating to Minimum Wage

Committee: WAM

Room: 211

March 28, 2019, 10:15 pm

This is personal testimony of Dennis B Miller, as a small business owner and a concerned citizen.

Dear Senators,

A living wage eliminates poverty.

Poverty costs more in total social costs than the temporary burden of forcing businesses to adjust their business model.

The benefit to the state budget, the city budget, and to the personal lives of everyone who will benefit vastly outweigh the initial adjustment within the business community.

To assist businesses with an immediate bump of the minimum wage to \$18 dollars per hour, you can lower the cost of business in various ways.

1. lower the cost of health insurance premiums in Hawaii by 30% within 6 months by getting Governor Ige to change his mind and support letting the Hawaii Health Authority design its All Payer Healthcare System. This design period can be completed in four months, at which time the legislature has an opportunity to review the design, and then either approve it or decline it.
2. The HHA's All Payer system will also lower the cost of Workers Compensation premiums by 70%
3. Enforce labor law regarding abuse of independent contractor status by 95% of the massage, nail, beauty salon industry, as well as by a large portion of the contractor industry. simply by sending out letters informing those business owners of the IRS's 20 point test for approving independent contractor status and the risk of a five year audit for unpaid payroll taxes will create voluntary compliance. This will accomplish two things. First, the state will collect more payroll

tax. Second, those businesses who currently comply with labor law will be competing against fewer competitors who ignore labor law.

4. Apply similar educational efforts aimed at reducing the cash economy. Btw, one main driver of the cash economy is the catch 22 of current health insurance. Many employers can't afford to pay it, so they pay their staff out partially by cash, so the staff can then qualify for Medicaid. Medicaid is the insurance provider of choice for the independent contractor who doesn't report all of their income. This isn't in the interest of the tax payer or the state. The HHA will eliminate this motivation to live on the cash economy.

Once again, do the math. Paying poverty wages causes poverty. The tax payer subsidizes poverty, or pays the social consequences via homelessness, etc. We pay our police to shuffle homeless from one park to the next. By shifting how money flows, we could pay a living wage, eliminate the unnecessary social and economic costs of poverty, help businesses by reducing unnecessary costs on the 'cost of business,' and the result will be a society that will be much more appealing for residents and for tourists.

The homeless situation in our world renowned tourist areas are now an international disgrace, which is harming arrival numbers. If Hawaii took bold steps to eliminate homelessness, our international image would skyrocket and our actual quality of life would dramatically improve.

What is holding you back from passing a living wage, now, today, that takes effect asap?

Thank you,

Dennis B Miller

singlepayerhawaii@gmail.com

2215 Aloha Drive Apt 5J

Honolulu, HI 96815

**LATE**

**HB-1191-SD-1**

Submitted on: 3/27/2019 10:29:46 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Marilyn Jorgensen	Individual	Oppose	No

Comments:

My husband and I own a small business/ restaurant on Maui. We oppose the increase in minimum wage. Small businesses can offer a better work environment for their employees that cannot be measured in dollar values! Our staff of 10 people is like a family. Restaurants can also offer free employee meals and more flexible work schedules. Please do not mandate another increase - you will put small restaurants out of business. The prepaid Health Care Act is already strangling and killing many restaurants. Our health care costs are out of control! Please help your small businesses - do not kill them. By the way, tourism on Maui has been very slow the last 6 months and every restaurant has seen a decrease in business - Longhi's Restaurant in Lahaina closed yesterday and Makawao Steak House a few weeks ago. Please help business -not hurt them.

**LATE**

**HB-1191-SD-1**

Submitted on: 3/27/2019 2:44:55 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Tada	Individual	Support	Yes

Comments:

I am grateful to Senator Taniguchi for introducing this bill. The minimum wage in Hawaii is too low, and our workers need to be able to live on their wages rather than welfare programs. Our keiki should not be growing up on a diet of spam and rice. I am hopeful that the Committee will raise the minimum wage to a living wage. The top 1% have enough money to pay the workers, but they won't do it unless they have to. Local people should not be stuck in cyclical poverty while investors get rich.

I respectfully request that this Committee amend this bill to make it more inclusive. Currently, this minimum wage bill excludes workers with disabilities because the statutes that it amends currently exclude workers with disabilities. This Committee has the opportunity to amend this bill so that it will raise the minimum wage for all workers, not just the workers without disabilities. If the Committee could **please add the language from House Bill 232**, which the Committee passed just over a month ago, into this bill so that it does not leave out a part of our community, I would be most grateful.

There is already another system in place that allows employers to pay workers less than the minimum wage: paid internships. If all of the subminimum-wage employers just switched their subminimum-wage employees over to being paid interns, they could basically pay them the same amount—or even less—with less paperwork and no discrimination. This will not inherently change how much people pay us, but we want to get rid of the system that outright says that we are less valuable because of a characteristic that God gave us. If someone is learning, they can be a paid intern, and it has absolutely nothing to do with disability. It's open to everyone, just like Aloha Spirit should be.

I want to share with you a passage from John 9:

*As he went along, he saw a man blind from birth. His disciples asked him, "Rabbi, who sinned, this man or his parents, that he was born blind?"*

*"Neither this man nor his parents sinned," said Jesus, "but this happened so that the works of God might be displayed in him."*





# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

**LATE**

Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
In Support of HB 1191 HD1 SD1– Relating to Minimum Wage  
Senate Committee on Ways and Means  
Thursday, March 28, 2019, 10:15 AM, conference room 211

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Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Mahalo for this opportunity to submit testimony in **SUPPORT** of **HB 1191 HD1 SD1**, with **AMENDMENTS**.

SB 789 SD2 would raise our minimum wage to \$15 per hour by 2023, which is a helpful boost to our state's low-wage workers. However, as explained in our testimony below, we believe that the wage needs to be raised higher than that. We respectfully request that the committee **amend this bill to raise the wage further to \$17 per hour, in regular steps over a number of years, rather than just 2 steep jumps up.**

In addition, while we appreciate the intent of the tax credit contained in HB 1191 HD1 SD1, we are concerned that **the small business tax credit would not be limited to those employers who are affected by a minimum wage increase.** For example, if a small business pays each of its 10 workers \$100,000 a year and gives them all a raise to \$150,000, then they'd get a tax credit worth \$100,000. In other words, a business that does not employ any low-wage workers and is not at all affected by a minimum wage increase would get to claim a hefty tax credit.

Another example is a small business that pays all 10 of its workers \$11 an hour. If that employer doubles their staff to 20 workers, but still pays them all only \$11 an hour, they would get a tax credit of over \$45,000. However, none of their low-wage workers got a raise.

Despite that concern, we support HB 1191 HD1 SD1, for the following reasons:

We all hear the stories of families who are moving away from our state because they can't afford to live here. You'd think that with the lowest unemployment rate in the nation, our workers would've seen big raises over the past few years. Yet we have **the lowest average wage in the nation**,<sup>i</sup> when you adjust for our cost of living.<sup>ii</sup>

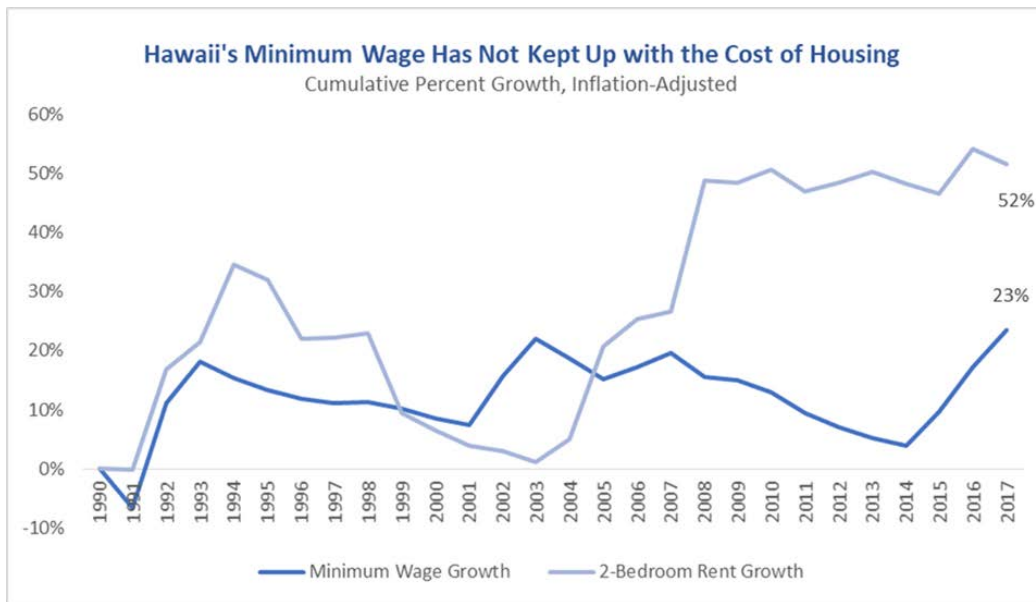
Something's out of balance. There's a lot of evidence that it's not just our prices, but also our low wages. We need a minimum wage that keeps up with our cost of living.

Who are Hawai'i's minimum wage workers? There are over 88,000 minimum wage workers in Hawai'i, making up 14 percent of our total workforce:

- 3 out of 5 of them are women.
- **Fewer than 1 in 10 are teenagers.** 3 out of 5 are over the age of 25, and over a quarter are at least 40 years old. In other words, the vast majority of minimum wage workers in Hawai'i are **not trainees.**

- More than 1 in 5 are parents. In fact, **1 in 6 single parents earn the minimum wage.**
- Just over 2 in 5 have a high school degree. **43% have at least some college education.**
- More than 1 in 4 work in restaurants and food service, but **fewer than 1 in 9 are tipped workers.** Another 1 in 5 work in the retail sector.

Our minimum wage workers earn only \$21,000 a year (working full time at \$10.10 per hour). At that rate, a **Hawaii minimum wage worker has to work 109 hours per week just to pay rent for a 1-bedroom apartment.** According to the Aloha United Way, 48 percent of families in our state struggle with incomes below a minimum survival budget.<sup>iii</sup>



\$10.10 an hour is not a living wage for a single adult in Hawai‘i, much less parents raising children. As low-wage jobs become the new normal, working families are falling further and further behind even as the economy continues to grow.

How much do you need to earn to make ends meet in Hawai‘i? Here are a few answers:

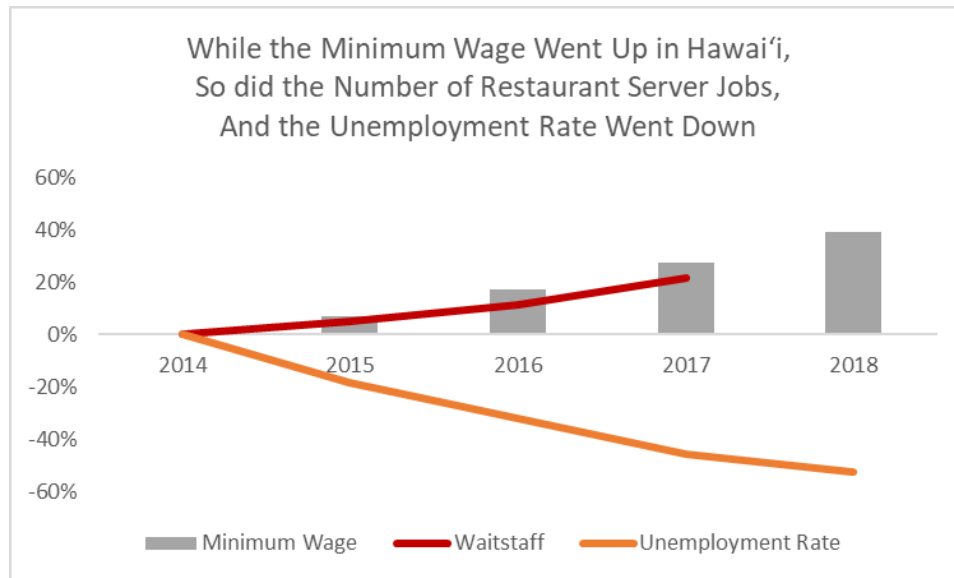
- **\$17 per hour** in 2019 for a single person with no children and \*with\* employer-provided health insurance, according to our own state's DBEDT,<sup>iv</sup>
- **\$27.44 an hour** to afford a 1-bedroom rental in Hawai‘i in 2018, according to the National Low-Income Housing Coalition,<sup>v</sup>
- **\$24.78 an hour** in 2017 for a single person with no children in Honolulu County to have a "modest yet adequate standard of living," according to the Economic Policy Institute,<sup>vi</sup>
- **\$21.52 an hour** in 2018 for a single childless worker in Hawai‘i to achieve "basic economic security," according to the Institute for Women's Policy Research.<sup>vii</sup>

Meanwhile, **consumer spending is the largest driver the economy -- accounting for two-thirds of GDP.** When minimum wage workers earn more, they spend more. As their wages grow, so does their spending at local businesses. **A minimum wage hike promises to boost consumer demand and, in turn, our state economy's growth.**

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*The Hawai‘i Appleseed Center for Law and Economic Justice is committed to a more socially just Hawai‘i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.*

In addition, study after study shows that higher wages are good for businesses' bottom lines. **Higher wages improve employee morale, productivity, and loyalty, in turn reducing costly turnover and training.** Employees work harder because they want to keep their jobs, rather than looking for higher pay. Despite claims to the contrary, decades of research – as well as real-world evidence – have proven that raising the minimum wage does not cause businesses to shed jobs. **Between 2015 and 2018, when the minimum wage in Hawai'i rose by 39 percent, our state's unemployment rate dropped by 52 percent. And since the minimum wage started rising in 2015, there was an increase in restaurant server jobs of 22 percent.**



The latest major academic study on the minimum wage, in 2017, found that, on average, 137 minimum wage increases since 1979 reduced the number of jobs paying \*less\* than the new minimum while adding jobs paying \*at or above\* the new minimum, effectively canceling each other out, while workers earned more.<sup>viii</sup>

In 2017, a University of Washington paper that claimed to find negative job effects from Seattle's minimum wage increase made a lot of headlines mainly because it contradicted the existing body of research.<sup>ix</sup> Since then, major flaws in that study have been found and, as a result, some eminent economists who initially affirmed the Seattle paper have retracted their endorsements of it.<sup>x</sup>

Please pass HB 1191 HD1 SD1, with the amendments described above. Thank you for your consideration of this testimony.

<sup>i</sup>[https://data.bls.gov/cew/apps/table\\_maker/v4/table\\_maker.htm?type=0&year=2017&qtr=A&own=0&ind=10&supp=1](https://data.bls.gov/cew/apps/table_maker/v4/table_maker.htm?type=0&year=2017&qtr=A&own=0&ind=10&supp=1)

<sup>ii</sup> <https://www.bea.gov/system/files/2018-05/rpp0518.pdf>

<sup>iii</sup> <https://www.auw.org/alice>

<sup>iv</sup> [http://files.hawaii.gov/dbedt/economic/reports/self-sufficiency/self-sufficiency\\_2016.pdf](http://files.hawaii.gov/dbedt/economic/reports/self-sufficiency/self-sufficiency_2016.pdf)

<sup>v</sup> <https://nlihc.org/oor/hawaii>

<sup>vi</sup> <https://www.epi.org/resources/budget/>

<sup>vii</sup> <http://www.basiceconomicsecurity.org/best/budget.aspx>

<sup>viii</sup> <https://www.sole-jole.org/17722.pdf>

<sup>ix</sup> <https://evans.uw.edu/sites/default/files/NBER%20Working%20Paper.pdf>

<sup>x</sup> <https://www.washingtonpost.com/news/wonk/wp/2018/02/05/raising-the-minimum-wage-doesnt-cost-jobs-multiple-studies-suggest/>

**HB-1191-SD-1**

Submitted on: 3/27/2019 3:03:35 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jessie L Gonsalves	Testifying for Bayada	Support	No

Comments:

Minimum wage needs to be higher because working mothers are the head of the household that brings in most of the income. Its needed to keep food and keeping up with healthcare for family. Its not fair for hard working parents have to work everyday long hours to make what they are worth and no time for family.

**LATE**

**HB-1191-SD-1**

Submitted on: 3/27/2019 8:40:04 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	Testifying for O`ahu County Democrats Legislative Priorities Committee	Support	No

Comments:



**LATE**

Testimony to the  
Senate Committee on Ways and Means  
March 28, 2019, 10:15 a.m.  
State Capitol - Conference Room 211

RE: HB 1191, HD1 SD1 Relating to Minimum Wage

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee:

On behalf of the Society for Human Resource Management – Hawaii Chapter (“SHRM Hawaii”), we are writing comments to HB 1191, HD1 SD1 relating to minimum Wage. This bill increases minimum wage rates annually from January 1, 2020 through January 1, 2024 and provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

Any increase should be gradual and with the understanding that minimum wage is not a living wage. Within the human resource management profession, minimum wage is an entry level training wage and setting it too high will have a ripple effect to all wage earners, not just those making minimum wage. We respectfully request legislators take a historical view of the past gradual increases that was eased into the economy.

Human resource management professionals are responsible for the alignment of employees and employers to achieve organizational goals. HR professionals seek to balance the interests of employers and employees with the understanding that the success of each is mutually dependent. SHRM Hawaii represents more than 800 human resource professionals in the State of Hawaii. We look forward to contributing positively to the development of sound public policy and continuing to serve as a resource to the legislature on matters related to labor and employment laws.

Mahalo for the opportunity to testify.



**LATE**



**Before the Senate Committee on Ways and Means**

DATE: Thursday, March 28, 2019

TIME: 10:15 a.m.

PLACE: Conference Room 211

**Re: HB 1191, HD 1 SD 1 Relating to Minimum Wage**

Testimony of Melissa Pavlicek for NFIB Hawaii

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and members of the committee:

We are testifying on behalf of the National Federation of Independent Business (NFIB) in opposition to HB 1191 HD1 SD1 relating to minimum wage which increases minimum wage rates annually beginning from January 1, 2020.

No one has greater incentive, responsibility or ability to lead the economy than Hawaii's small business owners. Therefore, lawmakers have a special obligation to ensure that public policies help spur economic growth by taking into account the unique perspective of those who are owning and operating a small business. Small businesses play a major role in the economy, representing 99% of all employer firms, employing about half of private-sector employees and generating 63% to 80% of net new jobs annually. Raising the minimum wage would make it harder for low-skilled or first-time workers to get jobs. We oppose this measure.

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 nearly 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.



**LATE**

# KAUAI ISLAND BREWING CO.

PORT ALLEN, HAWAII

March 27, 2019

HB1191 HD1 SD1 Minimum Wage; Employment; Tax Credit  
The Senate Ways and Means Committee  
Thursday, March 28, 2019 in room 211 at 10:15 am

Position: **Oppose**

Sen. Donovan M. Dela Cruz, Chair, Sen. Gilbert S.C. Keith-Agaran, Vice Chair, Members of the  
Committee on Ways and Means

Kauai Island Brewing Company creates jobs for 35 people on the west side of Kauai. Doing business in Hawaii and especially Kauai due to its remoteness from Oahu (all our products must be barged in from Oahu at an additional cost) is very expensive with most of our goods and services coming from the Mainland. The restaurant business is difficult and challenging with very small margins. If we are forced to increase our payroll to \$15/hr, we will most likely be forced to reduce employee hours or rely on more automation which would eliminate employee's altogether. We would most likely shy away from the full service experience and gravitate towards automated touch screens terminals at tables or eliminate full service altogether (approximately 10-15 employee's) and go with a Self Service concept.

Let me be perfectly clear, our servers with tips make on average approximately \$25-28/hr. That is with the current minimum wage of \$10.10/hr + \$15-\$18/hr in tips. With the passage of this bill, without having a significant tip credit in place, we WILL reduce the number of servers/employee's or we WILL be forced out of business. As I said above, in the restaurant business, our margins are very slim, oftentimes only single digit and in many cases, depending on the time of year, low single digits.

We oppose HB1191 HD1 SD1. We already operate in one of the highest States to do business, passing this bill will only increase the burden we are currently faced with in doing business in Hawaii.

Mahalo for your consideration. We urge you to reject this bill.

Sincerely,

Bret Larson  
Owner, President, Kauai Island Brewing Company, LLC.  
808-755-5926  
[bret@kauaiislandbrewing.com](mailto:bret@kauaiislandbrewing.com)





**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211  
THURSDAY, MARCH 28, 2019 AT 10:15 A.M.**

To The Honorable Donovan M. Dela Cruz, Chair;  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair; and  
Members of the Committee on Ways and Means,

**TESTIMONY IN STRONG OPPOSITION TO HB1191 SD1 RELATING TO MINIMUM WAGE**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce with approximately 650 members. I am writing share our strong opposition to HB1191 SD1.

While it is unclear from the bill to what degree the financial impacts on small businesses were analyzed in proposing this bill, **we find it will be detrimental to micro and small businesses throughout Hawaii, even with this proposed tax credit. Please see our analysis attached.** Our analysis does not and cannot account for the additional negative impacts caused by a wage compression that would result and be different for each business, further inflating costs for all businesses. In addition, it does not account for the increase in overtime pay, which would be \$18 per hour overtime at \$12 per hour minimum wage and \$22.50 at \$15 per hour, as compared to the current \$15.15 per hour. Therefore, while we support efforts to help employees achieve a living wage and obtain housing and a good quality of life, this is not the way to go.

Increases to the minimum wage creates a wage compression. While many of our Chamber members pay more than the minimum wage, if the minimum wage is increased, new employees are automatically paid more. Then, longstanding employees expect a similar raise, which increases labor costs across the board. Often businesses increase the cost of goods and services to offset the costs of the minimum wage increase, which further increases the cost of living. However, many businesses are locked into annual or multi-year contracts and cannot pass this cost off, which equates to a loss on net profits, and businesses increasing their costs to account for the rising minimum wage only makes the cost of goods and, therefore, the cost of living higher.

We all support a living wage and helping employees earn a living wage. The State has continuously tried to address the living wage/high cost of living issue by increasing the minimum wage. Yet, things have not changed. Increasing the minimum wage is not the answer to reducing poverty. Instead, it is important to look at new ways to address the issue versus arbitrarily raising the minimum wage year after year, which is detrimental to local businesses. We suggest research and creating public, private and nonprofit partnerships to explore how we can bring down Hawaii's high cost of living and create needed affordable housing and rentals.



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

Testimony on HB11911 SD1  
Page 2.

**For more information on how a minimum wage increase will affect Maui businesses, please see the attached quotes.**

Additionally, the impacts of the previous minimum wage increase, which took businesses to \$10.10 per hour in January 2018, are not understood. Before proposing additional increases, we urge the State to conduct an analysis on how minimum wage increases have impacted businesses and what the trickle down effects have been.

Mahalo for the opportunity to testify on this matter. We ask that this bill be deferred.

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.



# Analysis of HB1191 SD1

**Cost of Minimum Wage Increase Each Year (From Current To Projected) On Micro-Small Businesses After The Tax Credit (Up To \$50k) With 50 Or Less Employees, Based on the Number of Employees (Without Any Change In Productivity, Efficiency Or Revenue To Offset The Burden Imposed By The State)**

**Starting in 2020**

	Micro Business	Micro Business	Micro Business	Micro Business	Small Business
	1	5	10	25	50
<b>Employees</b>					
Minimum Wage in 2019	\$ 10.10				
Hrs Per Yr	2080				
Total Wage Cost	\$ 21,008.00				
Minimum Wage in 2020-2022	\$ 12.00				
Hrs Per Yr	2080				
Total Wage Cost	\$ 24,960.00				
Difference	\$ 3,952.00	\$ 19,760.00	\$ 39,520.00	\$ 98,800.00	\$ 197,600.00
20% Income Tax Credit Up To \$50k	\$ 790.40	\$ 3,952.00	\$ 7,904.00	\$ 19,760.00	\$ 39,520.00
<b>Businesses To Shore Up</b>	<b>\$ 3,161.60</b>	<b>\$ 15,808.00</b>	<b>\$ 31,616.00</b>	<b>\$ 79,040.00</b>	<b>\$ 158,080.00</b>

**Starting in 2023**

	Micro Business	Micro Business	Micro Business	Micro Business	Micro Business
	1	5	10	25	40.06
<b>Employees</b>					
Minimum Wage in 2022	\$ 12.00				
Hrs Per Yr	2080				
Total Wage Cost	\$ 24,960.00				
Minimum Wage in 2023	\$ 15.00				
Hrs Per Yr	2080				
Total Wage Cost	\$ 31,200.00				
Difference	\$ 6,240.00	\$ 31,200.00	\$ 62,400.00	\$ 156,000.00	\$ 249,974.40
20% Income Tax Credit Up To \$50k	\$ 1,248.00	\$ 6,240.00	\$ 12,480.00	\$ 31,200.00	\$ 49,994.88
<b>Businesses To Shore Up</b>	<b>\$ 4,992.00</b>	<b>\$ 24,960.00</b>	<b>\$ 49,920.00</b>	<b>\$ 124,800.00</b>	<b>\$ 199,979.52</b>



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

“On the proposed minimum wage increases:

- The proposal is coming on the heels of the last minimum wage increase of \$7.25 to \$10.10, which represents nearly a 40% increase. A further increase now is too soon to digest.
- The proposal of \$15.00 is nearly a 50% increase. If the payroll of minimum wage employees is \$100,000 a month, it will go up \$50,000 a month. We currently charge \$1.50 per glazed donut, I will have to charge close to \$2.25 with the proposed increase. A plate lunch selling for \$12.00 will have to go to \$18.00.
- Please research what a \$15.00 minimum wage is doing to small businesses in Seattle and San Francisco.
- I currently pay \$10.10 minimum wage plus an estimated \$1.00 for taxes and benefits. Medical insurance is \$500.00 per employee. On a 176 hour work month, it comes out to another \$2.84 an hour. This comes out to \$13.84 per hour. So, I will be paying \$18.84 per hour at \$15.00.
- Delay the increase by 3 years to assimilate the nearly 50% increase we just had.
- Small businesses account for a large percentage of businesses in Hawaii. Consider an exclusion of the minimum wage for companies with 100 employees or less.
- I will need to lay off some employees to offset the wage increases.”

*-Jeremy Kozuki, Home Maid Bakery*

“As a small business owner, I always struggle to make the ends meet and keep the doors open. I am very concerned with this drastic increase every year in the proposed minimum wage bill. It’s hard as it is to get people to buy products at set prices, but to now have to raise prices to offset the increase minimum wage is going to crush my business. Raising the minimum wage by 50% over just 5 years is extreme!”

*-Anonymous Maui Retail Small Business*

“I currently have two full-time staff at \$20/hour who want \$25/hour. My other three staff are part-time and they are paid \$13-\$15 per hour. If I raise their pay, then I have to raise the higher paid staff and this is a new business for me and my revenues can’t support that yet. Please provide exemptions for small businesses of fewer than 25 employees. Remember, at least 60% of our revenues go back into the local economy versus big businesses.”

*-Mary Albitz, Island Art Party*



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

"I am writing on behalf of a small, outer island start-up company that has beaten the failure odds and is now in its fifth year in business. We are still standing, but we are still struggling to be profitable. We have grown our revenues and they have tripled since we started, however, in year five of being in business, we still have not been a profitable business. As the owner, I still substitute teach and work side jobs to cover my bills. There are additional costs of running a small business in a remote location that has many added barriers that mainland companies do not have. We have to pay the high cost of shipping products to an outer island and much of the supplies we need are not readily available. The cost is then passed onto the local customer and tourists who would like to order our product to be shipped to them. In the midst of our small business growing pains, we have hired and outsourced our HR to a HR company. We already pay 30% in HR fees and benefits on top of the salary and hourly wages being paid. Also, the food industry has a high turnover. We do give small raises as we can afford to. We try to meet with our staff once a quarter to check in, evaluate and give a small raise, if we can. We will not survive a minimum wage raise. To continue our business growth, we would need to look at co-packing options on the mainland, where the costs of goods and labor is lower or just close our business all together."

*-Anonymous Maui Manufacturer*

"I provide home medical equipment to people in their homes and this keeps them out of the hospital and out of nursing homes. It's the most cost effective way to provide help to people. Within that though are some market based differences. I have four masters: one is the federal government, one is the state government, one is the marketplace itself, and the final one is the internet. When you say you are just going to raise the cost to an employer and they can just pass it along, that doesn't work in my world. I have existing contracts that the federal government requires that I do things for a certain amount of money. The state totally supports those. Then if I tried to pass the costs through, I can only go so high and pass it through to private costs because the internet restricts what I can do. Finally, it's the marketplace itself. We are dealing with a 2% unemployment rate here on the island and it is really difficult to find anyone already. In other words, us employers are already paying as much as we can for people."

*-Paul Gammie, Gammie Homecare*

"Once upon a time, we were paying \$12 per hour, above the current minimum wage. We began paying \$15 per hour over 2 years ago and continue to start people at that level. However, if the minimum wage goes up to \$15 per hour, that will cause a significant increase in our company as all employees will expect to be equally bumped up and we are under landscape maintenance contracts (some for multiple years). Such an increase would not be able to be passed through and equate to a reduction in our already slim profit margins and be detrimental to the company."

*-Brian Kashima, Island Landscape*





# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

“As a small business that has benefited from the services of the Maui ohana since the inception of our business, we just want to share that even though we are now in a position to pay higher wages to our employees than the current minimum wage in Hawaii, and even \$15 per hour if we must, we never would have been able to start our business if the minimum wage was already at \$15 per hour in the year we started our business. As our business has developed over the years, our labor needs have shifted from low or no-skill labor to job positions that require more and more skills. The implications for us as a more mature business, is that the \$15 minimum wage will prevent bootstrapped startups from entering the market to compete with us, which is a good thing for us, but not necessarily good for our economy. We believe the legislature should consider exploring other measures such as rent control or rent regulation, rather than further hampering Hawaii's small businesses with \$15 minimum wage.”

*-Anonymous Maui Manufacturer*

“The minimum wage increase in Seattle has failed miserably, has cost a lot of jobs and frankly, we already have a kiosk in McDonalds in Lahaina and I would imagine that we will be seeing much, much more of that as higher minimum wages become the norm. The other aspect is the minimum wage was never intended to be a career path. It was intended to be a path to a career.”

*-Tim Means, Lahaina Divers*

“I am all for people making more money. However, I don't like to be guided with a guideline on what I have to do. The reason being, it is not just a minimum wage that gets increased. It is the cost of doing business and the cost of labor also. We had a couple of instances where we were trying to hire a couple of new people and they weren't willing to work for the \$10.25 that we always start our people at and therefore, we chose not to hire anybody and just do with the employees we already have. We like to start our guys and gals at a certain wage level and then we train them and they move up the pay schedule very fast. So if they start at \$10.25, chances are if they catch on and learn the way we do things, they will be making \$15-\$20 per hour within the first year. So it [minimum wage increase] does put a strain on us in what direction we will go and I hope we have some choices in that area.”

*-Debbie Finkiewicz, The Maui Closet Company*



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

## **Minimum Wage Position Statements**

### A Minimum Wage Is A Starting Wage

Hawaii residents face a high cost of living which can lead some to recommend increasing the Minimum Wage. However, the Minimum Wage is a starting wage for unskilled labor. It is very different from and should not be confused with a living wage which is paid to skilled workers with knowledge and experience that improves performance and adds value to the organization.

The Maui Chamber of Commerce finds that a majority of its members pay employees above the minimum wage for their skilled workforce. We support internships and training programs that help our youth and workers increase their skills to increase their income to a living wage and beyond.

### Comparing Hawaii to Other States with Respect To A Minimum Wage Increase Dismisses Distinct Differences

Hawaii businesses face one of the highest costs of doing business in the nation. This includes higher labor costs, fuel and electric rates, health insurance and more. National models of \$15 per hour are being proposed that exceed the previous White House recommendation of \$10.10 per hour (with the Obama Administration) or the higher number being discussed of \$12/hour; however, Hawaii is now at \$10.10 per hour as of January, 2018. While this increase passed, it came with great controversy during the legislative session given national and global financial uncertainty and no economic analysis to predict the impact on businesses.

A Minimum Wage also creates what is known as a wage compression, meaning a compression between wages paid to unskilled labor and skilled labor that results in a wage inflation. Even employers who currently pay more than the minimum wage well understand that other employees will also expect a wage increase when new employees are automatically paid more, which raises wage costs across the board.

When considering Minimum Wage increases, the Maui Chamber of Commerce supports State analysis on the impacts to businesses, the economy and residents before passing a Minimum Wage increase as businesses will be hit with higher costs that do not equate to higher skill levels or improved productivity and those costs will be passed on to consumers. Studies show that rising consumer prices disproportionately hit those who can least afford to pay for it. Floating incomplete legislation comes at a tremendous cost to the taxpayers. Therefore, financial, economic and business studies should be conducted, understood and communicated to the public before any further Minimum Wage increases are enacted.



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

## Small Businesses Don't Have The Same Economies of Scale

Our County and State are made up of many small businesses who cannot take advantage of economies of scale that larger companies can without increasing costs.

While many of our Chamber members pay more than the current minimum wage and are willing to consider reasonable Minimum Wage increases, the Maui Chamber was unified with Chambers of Commerce across the state that even the \$10.10 per hour minimum wage increase (which went into effect January, 2018) would create a hardship for many businesses, particularly small businesses.

Close to 90% of our members are small businesses with 25 or fewer employees. While the economy is picking up, many are still operating with fewer employees than before, less financial resources, more difficulty in borrowing needed capital, and are struggling to keep up with rising costs that are beyond their control, especially rising health care costs. They need an environment where they can stabilize their business, then grow and thrive.

Unless government can prove how raising the Minimum Wage to beyond \$10.10 per hour will allow them to grow their business and create jobs (instead of eliminating internships and lower level positions and passing on higher costs to consumers) then the Maui Chamber of Commerce opposes any further increase and encourages a small business exemption.

## We Support Focus On A Living Wage

A Minimum Wage increase is not the answer to reducing poverty. Of the 1.8 million people earning the minimum wage, only 20.8% of them are the head of their household. The rest are students or young adults. Many of those are part of households well above the poverty line. Reports show that we are talking 4% of the population.

The minimum wage was never meant to be living wage. It is an entry level, training wage. Employers pay more for skilled labor, which incentivizes employees to gain additional skills. Many workers, particularly youths, need the experience of having a job, learning the discipline of holding a job, developing a strong work ethic, gaining people skills (courtesy, being helpful), etc. These skills are important. Studies show that youths that started to work early in their lives were much better suited for the workforce as adults. With less opportunities available to them, they will be at a disadvantage when seeking a career.

Many elderly employees are retired, receiving social security, have spouses who receive a pension, etc. and are working to receive medical coverage. With a higher minimum wage increase, many of them will be lose their jobs and medical coverage when companies must cut expenses to survive.

Instead of arbitrarily increasing the Minimum Wage, the Maui Chamber of Commerce supports further investment in education and programs to increase skill levels as capable employees have more and better opportunities to make a Living Wage.





**HAWAI'I LODGING & TOURISM**  
**A S S O C I A T I O N**

**LATE**

Testimony of

Mufi Hannemann  
President & CEO  
Hawai'i Lodging & Tourism Association

Committee on Ways and Means

House Bill 1191 HD1 SD1: Relating to Minimum Wage

Chair Dela Cruz and members of the committee, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers—respectfully opposes House Bill 1191 HD1 SD1, which would increase the minimum wage rate to \$12.00 per hour in 2020 and again to \$15.00 per hour in 2023.

The minimum wage should not be viewed as a “living wage” - it is a starting point for most individuals as they enter the work force. The majority of our members already pay their employees well above the minimum wage, for instance at certain properties housekeepers start at over \$23 an hour. Therefore any attempt to raise the minimum wage, especially in the hospitality industry, should take into account that wages and benefits constitute the largest single expense for most businesses in the service sector. As such, any increase in these costs—be they in the form of hikes in wage-based employee taxes and insurance, unceasing rises in mandatory health insurance premiums, or higher wages—will increase the cost of operations and the ability to compete against businesses with lower operating costs. In the visitor industry, where we are constantly being tapped for additional tax revenues, we vie against lower-wage and lower cost destinations on the mainland, Mexico, the Caribbean, and elsewhere, the price of airfare, hotel room, ground transportation, meals, shopping, and visitor attractions must reflect not only value, but be priced reasonably.

Mahalo for the opportunity to offer this testimony.

**LATE**

**HB-1191-SD-1**

Submitted on: 3/28/2019 12:11:51 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Midwives Alliance of Hawaii	Testifying for Midwives Alliance of Hawaii	Support	No

Comments:

We strongly support this bill and request legislators to **amended HB1191 to reflect a raise going up to at least \$17 per hour.**



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March 27, 2019

RE: HB1191 HD1 SD1 RELATING TO MINIMUM WAGE

Dear Chair Dela Cruz and the Senate Committee on Ways and Means,

The Kona-Kohala Chamber of Commerce opposes increasing the minimum hourly wage that employers must pay employees as stated in HB1191 HD1 SD1 RELATING TO MINIMUM WAGE. Raising minimum wage to \$12 per hour beginning 1/1/2020 and another increase to \$15 per hour 1/1/2023 will have a significant negative impact on businesses, especially small businesses, in Hawai'i. We understand the income tax credit for qualifying small businesses outlined in HB1191 HD1 SD1 is offered to offset the increase in minimum hourly wage that employers must pay employees. However, we believe the increases to \$12 and then \$15 per hour are much too high. We support a tax credit for qualifying small businesses, but oppose the hourly rates you are describing.

The Kona-Kohala Chamber of Commerce is a non-profit organization with nearly 500 member businesses that represent a wide range of industries in the Kona and Kohala districts on the West side of the island of Hawai'i. Sixty percent of our members are small businesses with less than ten employees. Raising the minimum wage as described in HB1191 HD1 SD1 will force small businesses that cannot afford these rates to cut hours, cut jobs and raise prices. All of which will make it much harder for these businesses to be successful and may ultimately drive them out of business. We encourage policies that promote economic growth and allow businesses to thrive so they will have the ability and incentive to pay higher wages.

Since 1968, our organization has provided leadership and advocacy for a successful business environment in West Hawai'i. The result of our work is a community of choice as reflected in our quality of life, business and individual opportunity, and respect for our culture and natural resources.

Sincerely,

A handwritten signature in cursive script that reads "Wendy J. Laros".

Wendy J. Laros, M.Ed.

Executive Director, Kona-Kohala Chamber of Commerce

**LATE**

**HB-1191-SD-1**

Submitted on: 3/27/2019 9:14:46 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Tyson Miyake	Individual	Oppose	No

Comments:

Increasing the minimum wage often leads to increases in the costs of goods and services, which further inflates the cost of living. Instead of increasing the minimum wage, I suggest research and creating public, private, and nonprofit partnerships to explore how we can bring down Hawaii's high cost of living and create needed affordable housing and rentals.

**LATE**

**HB-1191-SD-1**

Submitted on: 3/28/2019 12:11:20 AM  
Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lea Minton	Individual	Support	No

Comments:

I strongly support this bill and request legislators to **amended HB1191 to reflect a raise going up to at least \$17 per hour.**

**LATE**

**HB-1191-SD-1**

Submitted on: 3/28/2019 1:33:43 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Donovan Duncan	Testifying for Inlandboatmens Union	Support	No

Comments:

The Inlandboatmens Union of the Pacific marine division of the ILWU supports the bill to raise the minimum \$15.00 at the lowest and \$17.00 by 2020. Anything less is not really accomplishing anything. It has been proven time and time again that a raise in the minimum wage results in an economic boost to the economy and does not have a negative effect on small or large businesses. It puts more money into circulation and therefore everyone benefits. The increase goes to many low paid workers who then have more funds to purchase goods and services. And the benefits to those shops or restarants in the sales increase far outweigh the labor cost.

**LATE**

**HB-1191-SD-1**

Submitted on: 3/28/2019 11:01:59 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nedi McKnight	Individual	Support	No

Comments:

Aloha kakou,

I am writing in support of raising the minimum wage. \$15 an hour in 2023 is woefully inadequate. If a business can't afford to pay their employee(s) a minimum wage of at least \$17 an hour starting in 2020, that business can't afford to be in business. Either that, or our economy is "FAKE". You are mandating people to work on poverty level wages. As a result, tax payers pick up the difference in the form of Snap benefits, subsidized housing and Quest healthcare. Why should we pay so that private business owners can make a profit?

All legislators should be paid minimum wage until they see fit to raise it to a living wage.

Respectfully,

Nedi McKnight