



## O`ahu County Committee on Legislative Priorities (OCCLP)

COMMITTEE ON LABOR, CULTURE AND THE ARTS  
Senator Brian T. Taniguchi, Chair  
Senator Les Ihara, Jr., Vice Chair

DATE: Wednesday, January 31, 2019  
TIME: 3:00 p.m.  
PLACE: Conference Room 224 State Capitol

RE: SB 789 Relating to Minimum Wage

Aloha mai kakou Chair Taniguchi, Vice Chair Ihara, and Members of the Committee on Labor, Culture and the Arts:

The O`ahu County Committee on Legislative Priorities (OCCLP) of the Democratic Party of Hawai`i (DPH) hereby submits its testimony in **SUPPORT with amendments of SB 789 relating to Minimum Wage.**

SB 789 increases the minimum wage to \$12.00 per hour beginning 1/1/2022.

DPH believes that the current minimum wage is a starvation wage and must be increased to a living wage. No one who works full time should have to raise a family in poverty. We should earn at least \$15 and hour (preferably \$17 an hour) and have the right to form or join a union and will work in every way we can – in Congress and the Federal government, in the State Legislature and with the private sector – to reach this goal. We also support creating a fair wage for all workers by ending the sub-minimum wage for tipped workers and people with disabilities. *Democratic Party of Hawai`i Platform (2018), p. 5, ln. 37-42.*

For the foregoing reasons, OCCLP supports SB 789 and urges its passage out of the Committee on Labor, Culture and the Arts.

Mahalo nui loa  
Me ka `oia`i`o

/s/ Melodie Aduja

Melodie Aduja

Chair, O`ahu County Committee on Legislative Priorities of the Democratic Party of  
Hawai`i

Ph. (808) 258-8889

Email: [legislativepriorities@gmail.com](mailto:legislativepriorities@gmail.com)



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

830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813

[www.labor.hawaii.gov](http://www.labor.hawaii.gov)  
Phone: (808) 586-8844 / Fax: (808) 586-9099  
Email: [dlir.director@hawaii.gov](mailto:dlir.director@hawaii.gov)

January 31, 2019

To: The Honorable Brian T. Taniguchi, Chair,  
The Honorable Les Ihara, Jr., Vice Chair, and  
Members of the Senate Committee on Labor, Culture and the Arts

Date: Thursday, January 31, 2019  
Time: 3:00 p.m.  
Place: Conference Room 224, State Capitol

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

**Re: S.B. No. 1248 RELATING TO MINIMUM WAGE**

**I. OVERVIEW OF PROPOSED LEGISLATION**

SB1248 amends the Wage and Hour Law (Chapter 387, Hawaii Revised Statutes [HRS]) to increase minimum wage rate in five annual increments to \$15.00 an hour by 2024. The measure also adds a new tax credit in Chapter 235, HRS, for small businesses.

DLIR strongly supports this Governor's Package bill that seeks to strike the balance between labor and business by raising the quality of life for many Hawaii families while offsetting the impact on small businesses.

**II. CURRENT LAW**

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

**III. COMMENTS ON THE SENATE BILL**

DLIR strongly supports this measure that strikes a balance between the interests of employees and employers by incrementally increasing the minimum wage rate over five years while providing a significant tax credit to help small businesses adjust to the increased labor cost. The Department defers to the Department of Taxation on the

technical aspects of section one of the bill pertaining to a tax credit.

Studies indicate that the minimum wage has not kept up with inflation. In 2015, the Aloha United Way Asset Limited, Income Constrained, Employed (ALICE) Report calculated a household survival budget of \$28,128 for a single adult. Currently, there is a significant difference between the minimum wage and what is required to afford basic needs and Hawaii has the largest gap in the nation. According to the ALICE Report, 48% of families with children and 37% of senior households have income below the ALICE survival budget. DBEDT also estimates that 21.5% of two-adult couples and 31.7% of two-adult couples with two children fall below these standards. Closing this gap will help to reduce poverty and increase economic activity.

Slowly increasing the minimum wage rate over several years instead of irregularly lessens the impact on businesses while enabling them to account for labor costs over a longer term. Increasing the minimum wage rate irregularly inhibits proper business planning and serves as a constraint on economic growth. Moreover, providing a minimum wage tax credit to small businesses will provide assistance for them to accommodate the increase in the minimum wage rate.



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 Brian T. Taniguchi, Chair  
and Members of the Senate Committee on Labor, Culture, and the Arts

Date: Thursday, January 31, 2019  
Time: 3:00 P.M.  
Place: Conference Room 224, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: S.B. 1248, Relating to Minimum Wage

The Department of Taxation (Department) supports S.B. 1248, an administration measure, and offers the following comments for the Committee's consideration.

S.B. 1248 gradually increases the minimum wage to \$15.00 per hour beginning January 1, 2020. The bill increases the minimum wage by \$.90 per hour on January 1, 2020 and by an additional \$1.00 per hour on each subsequent January 1 until January 1, 2024 when it reaches \$15.00 per hour.

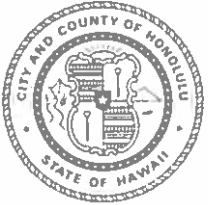
S.B. 1248 also creates an income tax credit to offset the cost of the increased minimum wage on small businesses. To qualify for the credit in a given year, a business must have 50 or fewer employees, no more than \$4,000,000 in gross income for the year, and a total number of minimum wage hours paid during the year that at least equals the number of minimum wage hours paid during the year before the increase in minimum wage. The tax credit is equal to \$1 per hour that an employer pays a minimum wage of more than \$10.10 per hour. The credit is capped at \$50,000 per taxpayer per taxable year.

Regarding the tax credit, the Department suggests deleting subsection (g) and amending the definition of "minimum wage hours" as follows to clarify that the credit is not available for hourly wages paid to employees at a rate lower than the minimum wage based on the tip credit under section 387-2(b), Hawaii Revised Statutes:

"Minimum wage hours" means the number of hours for which employees of the taxpayer were paid at the minimum hourly rate set forth in section 387-2(a). Minimum wage hours shall not include hours for which employees were paid at a rate lower than the

minimum hourly rate set forth in section 387-2(a)  
pursuant to the reduction allowed under section 387-  
2(b) and shall not include hours for which employees  
were paid at a rate determined under section 387-9.

Thank you for the opportunity to provide testimony in support of this measure.



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
530 SOUTH KING STREET, ROOM 202  
HONOLULU, HAWAII 96813-3065  
TELEPHONE: (808) 768-5010 • FAX: (808) 768-5011

**RON MENOR**

*Council Chair Emeritus &  
Council Vice Chair  
District 9*

*Email: [rmenor@honolulu.gov](mailto:rmenor@honolulu.gov)*

*Phone: 808-768-5009*

*FAX: 808-768-5011*

WRITTEN TESTIMONY ONLY

TESTIMONY OF  
COUNCIL CHAIR EMERITUS & VICE CHAIR RON MENOR  
COUNCIL DISTRICT 9  
CITY AND COUNTY OF HONOLULU

Senate Bill 1248  
RELATING TO MINIMUM WAGE

Chair Taniguchi, Vice Chair Ihara and Members of the Senate Committee on Labor, Culture and the Arts:

I am testifying in support of Senate Bill 1248.

The City Council unanimously approved yesterday Council Resolution 19-1:

Requesting the Legislature of the State of Hawaii to Move Forward to Increase the State Minimum Wage to a Living Wage.

Hawaii's cost of living is the highest of any of the 50 states or Washington, D.C., according to the Missouri Economic Research and Information Center. Honolulu has the third highest cost of living among 268 urban areas in the United States, after only San Francisco, California and Manhattan, New York, according to the Council for Community and Economic Research's Quarter 3, 2018 Cost of Living Index Release.

A "living wage" is the minimum income necessary for a full-time worker to meet his or her basic needs, including food, housing, clothing, utilities, transportation, health care, and other essentials in modern society. According to the Living Wage Calculator for the City and County of Honolulu (2017 Update), the 2017 living wage for an adult here was \$16.03 per hour, or \$33,342 annually, with the amount nearly doubling when adding a child to the household calculation. The 2018 estimated living wage for an adult on Oahu was \$16.50 per hour, or \$34,320 annually, according to the State of Hawaii Department of Business and Economic Development.

Section 387-2(a), Hawaii Revised Statutes, provides that the Hawaii minimum wage is \$10.10 per hour, or \$21,000 annually, resulting in a \$12,000-\$13,000 annual gap between the amount full-time minimum wage worker earns now and the amount a worker must earn to meet his or her basic needs.

Many individuals in Honolulu must work two or more jobs to maintain a basic standard of living for themselves and their families due to the disparity between Hawaii's current minimum wage and a living wage.

Mahalo for the opportunity to testify in support of this bill.



### **Board Members**

#### *President*

Jason Okuhama  
Managing Partner,  
Commercial & Business Lending

#### *Secretary*

Marcus Kawatachi  
Deputy Director,  
Hawai'i Civil Rights Commission

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*

Date: January 28, 2019

To: Senator Brian T. Taniguchi, Chair, Senator Les Ihara Jr., Vice-Chair, and members of the Committee on Labor, Culture, and the Arts

From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic Development (HACBED)

Re: Support for SB1248 with amendments

Aloha Chair Taniguchi, Vice-Chair Ihara, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) supports SB1248, with amendments, which provides an income tax credit for qualifying small businesses to offset the increase in the minimum wage to \$15 per hour by 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. SB1248 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 BEFORE THE SENATE COMMITTEE ON  
LABOR, CULTURE AND THE ARTS

RE: SB 1248 - RELATING TO MINIMUM WAGE

THURSDAY, JANUARY 31, 2019

MITZIE HIGA, LEGISLATIVE CHAIR  
DEMOCRATIC PARTY OF HAWAII LABOR CAUCUS

Chair Taniguchi and Members of the Committee:

The Democratic Party of Hawaii Labor Caucus **supports SB 1248 with the suggested amendments**, relating to minimum wage.

SB 1248 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. **Accordingly, this bill should be amended to raise the wage to at least \$17 over a number of years. This bill should also be amended to eliminate the sub-minimum wage for tipped workers in Hawaii.**

Many hard-working people in Hawai'i are paid less than even \$10.10 an hour because they get tips. Seven other 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.

Our minimum wage doesn't automatically adjust for inflation, causing its value to often fall far behind the cost of living. This bill should be amended for Hawaii to join the 18 states that already have added automatic cost of living adjustments to their minimum wages.

SB 1248 would also provide small businesses with a \$1 per hour tax credit to offset the increases in the minimum wage. 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.



**Kelii Gouveia, Chairman** – Duke's Waikiki      **Tom Jones, Incoming Chair** – Gyotaku  
**Tammy Fukugawa, Vice Chair** – TS Restaurant      **Dirk Koeppenkastrop, Secretary** – IL Gelato Hawaii  
**Michael Miller, Treasurer** – Tiki's Grill & Bar      **Tyler Roukema, Past Chair** – Outrigger Canoe Club

**Sheryl Matsuoka**, Executive Director      **Leila Morinaga**, Executive Assistant      **Holly Kessler**, Director of Membership Relations

**2018 - 19 Board of Directors:**

Ben Dowling  
Chris Lee  
Don Murphy  
Elisia Flores  
Frank Nagamine  
Gary Manago  
Greg Maples  
Harold Watanabe  
James Aptakin  
Jim Hamachek  
Kahau Manzo  
Mariah Brown  
Michelle Brumblay  
Nick Roschi  
Pat Kashani  
Paul Yokota  
Rede Eder  
Rob Mora  
Scott Mackenzie  
Tambara Garrick  
Tiffany Tanaka  
Wade Hashizume

**Allied Members:**

Anne Lee  
Biff Graper  
Dan Pence  
Doug Harris  
Gerda Tom  
Jason Wong  
Jim Cremins  
Matt Rose  
Michael Griffith  
Naomi Azama  
Sharon Shigemoto

**Advisory Board**

Aurora Saulo  
Christian Ferrer  
Derek Conselva  
James Baloalua  
Jerry Agrusa  
Jon Muranaka  
Jonathan Youngs  
Justin Yoshino  
Kehau Giles  
Ku'ulei Williams  
Leianne Pedro  
Lisa Tomihama  
Liz Xu  
Peter Bellisario  
Richard Turbin  
Sidney Higa  
Tina Rogers  
Victor Lim

To: Sen. Brian T. Taniguchi, Chair  
Sen. Les Ihara, Jr., Vice Chair  
Members on Labor, Culture and The Arts

From: Victor Lim, Legislative Chair  
Hawaii Restaurant Association

Subj: SB 1248 Relating to Minimum Wage

Date: January 30, 2019

The Hawaii Restaurant Association representing over 3,500 restaurants here in Hawaii stands opposed to SB 1248.

We do like parts of this bill that provides tax credits to the smaller businesses but the overall aggressive increases schedule for the state minimum could be a big problem for all businesses here.

The unintended consequences of such an aggressive schedule will put tremendous stress on the smaller entities that are struggling to survive since not of the mandated costs can be passed thru to the consumer.

Thank you for giving us the opportunity to share our view on this topic.





**Before the Senate Committee on Labor, Culture & the Arts**

DATE: Thursday, January 31, 2019

TIME: 3:00 PM

PLACE: Conference Room 224

**Re: SB 1248, Relating to Minimum Wage**

Testimony of Melissa Pavlicek for NFIB Hawaii

Aloha Chair Taniguchi, Vice Chair Ihara and members of the committee:

We are testifying on behalf of the National Federation of Independent Business (NFIB) regarding SB 1248, relating to minimum wage which increases the Hawaii minimum wage with a tax credit for small businesses. While we appreciate the intent to address the needs of small business, we are opposed to this measure. Small business owners have always been opposed to mandated wage increases because it leaves them with less choices in how they are going to compensate their employees.

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 is counter to promoting job growth. The tax credit does not adequately address the inter-relation of the minimum wage to the economy. 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 in America. NFIB also provides timely information designed to help small businesses succeed.





**Testimony to the Senate Committee on Labor & Culture and the Arts  
Thursday, January 31, 2018 at 3:00 P.M.  
Conference Room 224, State Capitol**

**RE: SENATE BILL 1248 RELATING TO MINIMUM WAGE**

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

The Chamber of Commerce Hawaii ("The Chamber") **does not support** SB 1248, 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 each year from 2020 through 2024.

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 seriously harm local businesses, the state economy, job creation and, potentially, the very employees it is trying to help.

**The Minimum Wage is a Base Floor Wage**

We would also like to point out that the minimum wage is a floor wage. For many employees earning the minimum wage, it is because this is their first job and, generally, are entry-level positions. Employers must invest time and money to train these individuals. In the food and beverage industry, many employees who earn minimum wage also earn tips, which allows them to earn anywhere from \$18-30 per hour.

**Large Increases Would Negatively Impact Business**

While only a small percentage of workers earn the minimum wage, a large increase would greatly impact many businesses as they will be forced to raise the wages of their other employees. As an example, if John started working with a company a year ago and earns \$10.10 per hour and then Lisa is hired after the new law at \$11.25 per hour, the employer will have to raise John's hourly wage to provide parity in compensation. This could increase businesses labor costs by up to 15-20% in the first year alone.



### **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**.

### **Important Considerations**

As a direct result of the significant proposed increase in the minimum wage, some businesses may have to cut back hours, reduce benefits or limit the hiring of new employees. In Hawaii between December 2015 and November 2016, the average hours worked per week dropped from 33 to 32.1. While that may seem small, this reduction effectively lowered a person's work hours by 46.8 hours in a year. At \$9 per hour that reduced their total annual income by over \$420.

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 workers also often receive their initial work experience by starting at unskilled jobs.

When Seattle instituted a \$15 per hour minimum wage, their economy had interesting and similar results. A study conducted by the University of Washington concluded that the increase in the minimum wage reduced the number of hours worked each week, affected employment by about 1.2 percentage points and had a minimal impact on workers' average total earnings. Overall, Seattle's experiment with the minimum wage may have magnified both the positive and negative impacts, resulting in little to no net benefit. Workers who did not lose hours may have enjoyed gains in income, while those who lost hours had a hard time finding a second job to make up for their lost hours and may have earned much less. Notably, neither Seattle nor Washington State have a prepaid healthcare mandate on all businesses that **adds to the minimum wage anywhere from \$3.45-\$7.06 per hour per employee**.

If the minimum wage increases too rapidly, the market (as driven by consumers) will decide at the point of sale what they are willing to pay for. The Chamber respectfully submits



# Chamber of Commerce HAWAII

*The Voice of Business*

that the quality of life of residents in Hawaii is largely a cost issue, driven in large part by the cost of housing.

While our economy is presently on strong footing, we note that the minimum wage has never been decreased when the economy enters a recession. The Council on Revenues also recently lowered the state's forecasted revenue growth because of a projected slowdown. Also, employers just went through minimum wage increases for the past couple of years, so we encourage the committee to take this into consideration.

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



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

#### Executive Officers

**Toby Taniguchi**, KTA Superstores, *Chair*  
**Joe Carter**, Coca-Cola Bottling of Hawaii, *Vice Chair*  
**Charlie Gustafson**, Tamura Super Market, *Secretary/Treas.*  
**Lauren Zirbel**, HFIA, *Executive Director*  
**Beau Oshiro**, C&S Wholesale Grocers, *Past Chair*  
**Stan Brown**, Acosta Sales & Marketing, *Advisor*  
**Paul Kosasa**, ABC Stores, *Advisor*  
**Barry Taniguchi**, KTA Superstores, *Advisor*  
**Derek Kurisu**, KTA Superstores, *Advisor*

---

TO:  
Committee on Labor Culture and the Arts  
Senator Brian T. Taniguchi, Chair  
Senator Les Ihara, Jr., Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: January 31, 2019  
TIME: 3pm  
PLACE: Conference Room 224

RE: SB1248 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.

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.

This measure will lead to job losses, business closure, and higher prices for Hawaii residents. The minimum wage is not intended to be a living wage, it is a training wage. Employers pay unskilled employees starting wages while also providing them with skills, training, and experience, and preparing them to move up in their careers. Mandating another dramatic increase in the minimum wage will make it harder for employers to provide important entry-level positions to people like local high school kids. When employers can no longer afford to

employ people in these positions they will be forced to either mechanize these roles, eliminate jobs, reduce other benefits, increase prices, or close their doors.

Many retailers in high minimum wage areas across the country are already moving to eliminate jobs and replacing workers with self serve kiosks and self-checkouts. 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. 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 increase of over 30% is going to be fewer Hawaii jobs, higher prices for Hawaii consumers, and doors closing on Hawaii businesses of all sizes. A tax credit available to a few businesses is not going to undo the damage done by a drastic new wage increase. This measure is not the right choice for our state. We ask that this measure be held.

---

<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).



## of Hawaii

January 29, 2019

From: Younghee Overly, Public Policy Chair, AAUW Hawaii

To: Hawaii State Senate Committee on Labor, Culture and the Arts

Hearing Date/Time: Thursday, January 31, 2019 3:00PM

Place: Hawaii State Capitol, Room 224

Re: Testimony in SUPPORT of SB1248 with amendments

Dear Chair Taniguchi, Vice Chair Ihara, and members of the Committee,

Mahalo for this opportunity to submit a testimony in support of this important bill with amendments.

SB1248 would increase our state's minimum wage to \$15 in 5 steps from 2020 to 2024. However, according to the Department of Business, Economic Development & Tourism, the self-sufficiency income (aka living wage) for a single person without children in Hawai'i was \$15.84 an hour in 2016<sup>1</sup> which is, after adding inflation, \$17 an hour in 2019. The self-sufficiency income is \$17 in 2019. Accordingly, this bill should be amended to raise the wage to at least \$17 over a number of years. In addition, 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 8 states has automatic inflation adjustments<sup>2</sup>, and this bill could have Hawaii join them. Please pass SB1248 with amendments to help our minimum wage workers and their families be able to make ends meet.

In Hawaii, more than 52,000 family households are headed by women and about 17 percent of those families, or 8,799 family households, have incomes that fall below the poverty level<sup>3</sup>. AAUW of Hawaii supports SB1248 with amendment to raise the minimum wage to at least \$17 because increasing the minimum wage to a living wage would provide much-needed income to women whose wages sustain their households.

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.

Sincerely,

A handwritten signature in blue ink, appearing to read "Y. Overly", is positioned below the "Sincerely," text.

---

<sup>1</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>2</sup> <http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>

<sup>3</sup> <http://www.nationalpartnership.org/our-work/resources/workplace/fair-pay/4-2017-hi-wage-gap.pdf>



## SB 1248, RELATING TO MINIMUM WAGE

JANUARY 31, 2019 · SENATE LABOR, CULTURE,  
AND THE ARTS COMMITTEE · CHAIR SEN. BRIAN T.  
TANIGUCHI

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

**RATIONALE:** IMUAlliance supports SB 1248, relating to minimum wage, 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 each year from 2020 through 2024.

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. We also encourage you to **delete the tax credit called for in this bill**, which would deplete the state's general fund and available revenue for needed services. Again, under the latest minimum wage increases undertaken by our state, small businesses thrived, with the number of small business operating in our state continuing to grow.

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.



**SB-1248**

Submitted on: 1/29/2019 1:58:58 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Zachary LaPrade	Testifying for Calypso Charters	Oppose	No

Comments:

1. We oppose SB1248 on behalf of behalf Calypso Charters, which provides passenger vessel cruises supporting Hawai'i's tourist-based economy.
2. The proposed minimum wage increase annually to \$15.00 per hour in 2024 is an unprecedented 50% increase over 6 years, and a 100% increase in less than 10 years.
3. Labor and associated wage-based costs are our greatest expense in this highly competitive environment, which has also seen significant regulatory fee hikes. Such increases threaten to affect small operators such as our companies as well as the competitiveness of Hawaii and Maui in the larger marketplace.
- 4. Further, in the alternative, the definition of small business is too limited and should be increased to \$10 million and 75 employees.**

**SB-1248**

Submitted on: 1/29/2019 1:58:02 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Chris Kasper	Testifying for Malolo Charters	Oppose	No

Comments:

1. We oppose SB1248 on behalf of Malolo passenger vessel cruises supporting Hawaii's tourist-based economy.

2. The proposed minimum wage increase annually to \$15.00 per hour in 2024 is an unprecedented 50% increase over 6 years, and a 100% increase in less than 10 years.

3. Labor and associated wage-based costs are our greatest expense in this highly competitive environment, which has also seen significant regulatory fee hikes. Such increases threaten to affect small operators such as our companies as well as the competitiveness of Hawaii and Maui in the larger marketplace.

**4. Further, in the alternative, the definition of small business is too limited and should be increased to \$10 million and 75 employees.**

# 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: SB 1248; HB 1022

INTRODUCED BY: SB by KOUCHI by request; HB by SAIKI by request

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 \$11 per hour beginning January 1, 2020, and to increase it an additional \$1 per hour each year thereafter until it reaches \$15 per hour beginning January 1, 2024.

Adds a new section to chapter 235, HRS, to establish the minimum wage income tax credit for small businesses. The amount of the credit is \$1 for each hour of minimum wage paid in excess of \$10.10 per hour. The credit is nonrefundable but may be carried forward.

Establishes a cap on the credit of \$50,000 per qualified small business per taxable year.

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: (1) 50 or fewer employees; (2) no more than \$4 million in gross income for the taxable year; (3) at least an equal number of minimum wage hours paid in the year for which the credit is being claimed compared to the year prior to the year that the minimum wage increase became effective.

Provides that the credit may be claimed for three taxable years, beginning with the taxable year in which the minimum wage increase becomes effective.

Provides that the credit shall not apply if an employer pays a minimum wage to a tipped employee and utilizes the tip credit to adjust the minimum wage.

EFFECTIVE DATE: Upon its approval; the credit applies to taxable years beginning after December 31, 2019.

STAFF COMMENTS: This proposal is sponsored by the Department of Labor and Industrial Relations and is designated LBR-02 (19).

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.

- Section 2 of the bill as now drafted eliminates current subsection 387-2(b) dealing with tipped employees, so it is not in proper Ramseyer format and proposed section 235-\_\_ (g) as now drafted contains an invalid reference. We recommend that the subsection (a) indicator and current subsection (b) be restored, assuming that no substantive change to subsection (b) was intended.
- We have concerns about the wording of proposed section 235-\_\_ (g). As drafted, it could be interpreted to disqualify an employer entirely if the employer has one tipped employee. To provide for employers who have both tipped and non-tipped employees, we recommend that the present subsection (g) be deleted and that its substance be incorporated into the definition of "minimum wage hours," such as:

"Minimum wage hours" means the number of hours for which employees of the taxpayer were paid at the minimum hourly rate set forth in section 387-2(a) but does not include hours for which wages were paid to a tipped employee as set forth in section 387-2(b).

- In paragraph (3) of the definition of qualified small business, we suggest that actual years be entered assuming enactment with the effective date now in the bill to aid readability, such as:

(3) At least an equal number of minimum wage hours paid in the year for which the credit is being claimed as the number of minimum wage hours paid in the year 2019.

Digested 1/28/2019



Thursday, January 31, 2019

Senate Bill 1248  
Testifying in Support With Amendments

Aloha, Chair Taniguchi, Vice-Chair Ihara, and Members of the Committee on Labor Culture and the Arts,

The Democratic Party of Hawai'i (The Party) **supports SB1248 Relating to the Minimum Wage and offers amendments**, which provides an income tax credit for qualifying small business to offset the increase in the minimum hourly rate that employers must pay employees and increases the minimum wage each year from 2020 through 2024.

The Party appreciates the intent of this measure and agrees that the minimum wage needs to be increased 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 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."

Our current minimum wage doesn't automatically adjust for inflation, causing its value to often

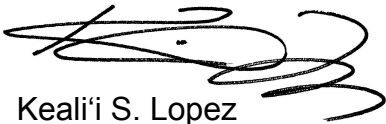
fall far behind the cost of living. The minimum wage in 17 states plus DC have automatic inflation adjustments, and this bill would have Hawai'i join them.

However, many hard-working Hawai'i 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. Hawai'i should join them, too, and eliminate the tip credit.

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 do little other than to misinform and 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.

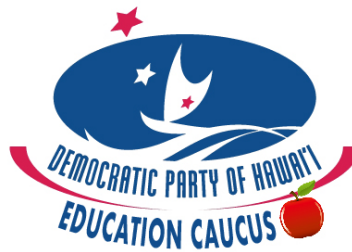
For all these reasons, we urge you to pass this bill, with amendments.

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)



## **SENATE BILL 1248, RELATING TO MINIMUM WAGE**

JANUARY 31, 2019 · SENATE LABOR, CULTURE,  
AND THE ARTS COMMITTEE · CHAIR SEN. BRIAN T.  
TANIGUCHI

**POSITION:** Support, with amendments.

**RATIONALE:** The Democratic Party of Hawai'i Education Caucus supports SB 1248, relating to minimum wage, 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 each year from 2020 through 2024.

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. We also encourage you to **delete the tax credit called for in this bill**, which would deplete the state's general fund and available revenue for needed services. Again, under the latest minimum wage increases undertaken by our state, small businesses thrived, with the number of small business operating in our state continuing to grow.

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.



**SB-1248**

Submitted on: 1/29/2019 2:03:35 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeff Strahn	Testifying for Maui Dive Shop	Oppose	No

Comments:

**SB-1248**

Submitted on: 1/28/2019 8:12:33 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Midwives Alliance of Hawaii	Testifying for Midwives Alliance of Hawaii	Support	No

Comments:

Dear Senate Committee on Labor, Culture and Arts:

Aloha! I urge you to pass SB1248, with amendments, to raise Hawaii's minimum wage.

Our state's minimum wage workers earn only \$21,008 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.

SB 789 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. This bill should be improved by continuing to raise the wage to at least \$17 per hour.

Tipped workers in Hawaii can be paid even less than \$10.10. California, Nevada, Oregon, Washington, Alaska, and two other states instead pay all workers the same minimum wage. This bill should be amended to eliminate the sub-minimum wage for tipped workers in Hawaii.

In addition, our minimum wage has been falling further behind inflation since Jan. 1, 2018, the last time the wage was increased. This bill should be amended for Hawaii to join the 18 states that already have added automatic cost of living adjustments to their minimum wages.

SB1248 would also provide small businesses with a \$1 per hour tax credit to offset the increases in the minimum wage. A higher minimum wage would put additional money in the pockets of the people most likely to spend at their local businesses. Studies have found that higher wages also mean more productive employees and lower turnover, which reduces employers' turnover, hiring, and training costs.

Thank you for this chance to provide testimony on such an important bill.

**SB-1248**

Submitted on: 1/28/2019 5:08:34 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<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,

The LGBT Caucus supports raising the minimum wage. We respectfully request that this bill be amended to \$17 an hour by 2022.

Mahalo,

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



*AYS Hawaii Inc*  
*91-1121 KEAUNUI DR. Suite 108*  
*EWA BEACH, HAWAII 96706*  
*(808) 689-9085*

January 29, 2019

State of Hawaii – 13<sup>th</sup> Legislature  
The Senate  
Committee on Labor, Culture and The Arts  
HEARING ON: January 31<sup>st</sup>, 2019 at 3:00pm  
Chairperson – Brian T. Taniguchi  
Vice Chairperson – Les Ihara Jr.

RE: Testimony in regard to S.B. No. 789 and No. 1248 – Relating to Minimum Wage

Greetings Committee Members;

My name is Lance Ling, and I am Co-Founder and Co-Owner of AYS Hawaii Inc., dba At Your Service Cleaning Service. AYS has been in operation since September of 2011, when my wife Shand & I started the company, to help me gain some type of employment. At the time, I had been unemployed for a little over a month and was having a hard time getting hired at any position, due to my past. The idea of opening a House Cleaning business came to mind one evening, and by that weekend we were in operation. Within a couple months I needed some help, so we asked our neighbor who at the time was not working and on government assistance. She eagerly accepted the offer, and so begun the start of our small business having employees.

Over the last seven plus years, we have had as many as 20 employees working along side my wife and I, and used a PEO (ex: ALTRES, ProService) for our HR and Payroll. Using this type of service, we as a small business, paid as much as 28% above the hourly wages, along with any health benefit premiums, to have employees. We were always about hiring people who where on the “outs”, having a difficult time finding employment due to whatever their reasons may be, whether it be criminal, no experience, availability, etc... As time went on, the minimum wage was slowly increasing, and we had to adjust our rates, and business model. From 2011 through 2015, we continually had a steady increase in revenue year over year, but then with the costs associated with having employees, we had to re-think our business. We lost a bunch of clients, and had to layoff our employees, one by one. By the end of 2016 we had done 1/3 of what our 2015 revenues were. Though we made major adjustments, my wife and I pushed forward, and thankfully for the help of my mom, we were able to survive and continue with our business. As we closed out 2018, we have slowly bounced back, and are now starting to grow our staff again.

Now that things are starting to improve both in growth of clients and increased revenue, we are faced with the concern of the increase in the Minimum Wage, that is being proposed by both houses of the legislature, and we ask all committee members to really consider what you do here. These bills that



**AYS Hawaii Inc**  
**91-1121 KEAUNUI DR. Suite 108**  
**EWA BEACH, HAWAII 96706**  
**(808) 689-9085**

are being presented will work against the locally owned, mom and pop small business that have employees. We all understand the costs of living in Hawaii, it is not cheap or affordable for those who make the Minimum Wage amount. Unfortunately, small businesses such as ours, cannot afford such increases and costs associated, that these bills propose. One part of it, is that businesses such as ours will hire individuals who may not have a lot of skills, experience, nor education that equates to a level of pay that these bills propose. The average Tax Burden an employer will have associated with an employee will be 17.5% on top of the wages, plus any benefits' cost which can start at \$2.50 per worked hour. When employers look at this and look at their revenues to calculate what will be needed in sales to break even, our prices will need to be adjusted.

Look around, and see how the local small businesses are doing, and how some are starting to shut down. This will start the ripple effect and drag the economy into a downward spiral. I believe our legislature needs to really consider the effects of the taxes and other burdens the State has put on employers that hire individuals that fit into the Minimum Wage category. We, small business employers, are faced with hiring individuals who do not or may not have the skill sets that are associated with a Minimum Wage that will essentially cost the employer at least \$18 per hour, and more. With the Minimum Wage at it stands, I personally have had some potential clients ask me "what the hell, do my house cleaning staff have Master's Degrees" because of my proposed hourly charge to a potential client, which I have to set to ensure our business can afford to pay an individual at least \$10.10 per hour, plus the benefits that are required to be given to employees.

While working with companies such as ALTRES and ProService Hawaii, I have tried to seek help and apply for some of the benefits of tax credits being offered, but unfortunately when a small business such and ours work with a PEO, we do not qualify for any tax credits or government associated benefits. As my wife and I revamped during 2018 and now start of 2019 with handling our payroll ourselves, and using our CPA firm, we no longer use a PEO, and hope to qualify for some of the tax credits and benefits the government offers. We are still faced with costs, due to using our CPA firm and handling the Payroll and HR in-house, but hope any benefits we may qualify for, will help with these new costs. While the State looks to offer credits and such to small businesses, I believe the State needs to realize quite a bit of small businesses use services such as PEO and will not qualify for those credits because of the way the Bills and or Statues are written.

I believe the Minimum Wage should be based upon the skill set or industry the position requires to be performed. I mean seriously, some positions do not require much education and/or knowledge. For instance, a cashier in a local clothing store, does not necessarily have a bachelor's or master's degree, but with the labor burden, a proposed \$11.75 Minimum Wage will have on a small, locally owned, mom & pop store, could and would put this store out of business. Today, I walked around Kailua town a bit, and noticed how many small business stores have shut down recently. Partly due to rent costs, but labor costs play a huge factor. How can a business keep staff during operational hours, with such a high labor cost?



**AYS Hawaii Inc**  
**91-1121 KEAUNUI DR. Suite 108**  
**EWA BEACH, HAWAII 96706**  
**(808) 689-9085**

Committee members, please really consider what you are doing here to small businesses all around the State. You are slowly putting them out of business. These small, locally owned businesses help the economy by offering jobs to those that may not have the skill set nor education. Small businesses will give individuals the experience and knowledge that we all have come to know as “school of hard knocks”. It’s small, locally owned businesses that will keep the economy thriving. Your attention and push for better wages are better focused on ensuring teachers in our schools are making a better living wage. Do not put locally owned small businesses out of business, rather help them thrive and open better opportunities for small businesses to access tax credits and benefits. We need to encourage our residents to go after a higher education and attain higher skill sets so they can get into careers that have higher living wages.

Respectfully,

Lance T. M. Ling  
Vice-President  
AYS Hawaii Inc.  
DBA: At Your Service Cleaning Service



Board of Directors:

Gary L. Hooser  
*President*

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

Kim Coco Iwamoto  
*Treasurer*

Bart E. Dame  
*Secretary*

Paul Achitoff

Nancy Aleck

Laura Harrelson

Kaleikoa Ka'eo

Michael Miranda

Walter Ritte Jr.

Pua Rossi-Fukino

Karen Shishido

Leslie Malulani Shizue Miki

## **Senate Committee on Labor, Culture & the Arts**

**Hawai'i Alliance for Progressive Action strongly supports: SB 1248**

Thursday, January 31, 2019, 3:00p.m. Conference Room 224

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

On behalf of the Hawaii Alliance for Progressive Action (HAPA), I urge you to SUPPORT SB1248, with amendments, to raise Hawaii's minimum wage.

Our state's minimum wage workers earn only \$21,008 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.

SB1248 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. This bill should be improved by continuing to raise the wage to at least \$17 per hour.

Tipped workers in Hawaii can be paid even less than \$10.10. California, Nevada, Oregon, Washington, Alaska, and two other states instead pay all workers the same minimum wage. This bill should be amended to eliminate the sub-minimum wage for tipped workers in Hawaii.

In addition, our minimum wage has been falling further behind inflation since Jan. 1, 2018, the last time the wage was increased. This bill should be amended for Hawaii to join the 18 states that already have added automatic cost of living adjustments to their minimum wages.

SB1248 would also provide small businesses with a \$1 per hour tax credit to offset the increases in the minimum wage. A higher minimum wage would put additional money in the pockets of the people most likely to spend at their local businesses. Studies have found that higher wages also mean more productive employees and lower turnover, which reduces employers' turnover, hiring, and training costs.

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]

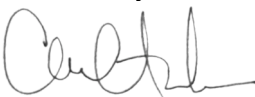
Last summer, a University of Washington paper that found negative job effects from Seattle's minimum wage increase made a lot of headlines mainly because it contradicted the existing body of research. [5] In fact, a few days earlier, a University of California, Berkeley, study that found that Seattle's 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 for your consideration,



Anne Frederick  
Executive Director

---

[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.

**SB-1248**

Submitted on: 1/29/2019 9:52:18 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Brett Kulbis	Testifying for Honolulu County Republican Party	Oppose	No

Comments:

**SB-1248**

Submitted on: 1/29/2019 12:28:44 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Pamela Townsend	Testifying for Boss Frog's Dive & Surf	Oppose	No

Comments:

1. We oppose SB1248 on behalf of behalf Boss Frog's Dive & Surf employing over 50 employees engaged in activity sales and rentals and passenger vessel cruises supporting Hawai'i's tourist-based economy.
2. The proposed minimum wage increase annually to \$15.00 per hour in 2024 is an unprecedented 50% increase over 6 years, and a 100% increase in less than 10 years.
3. Labor and associated wage-based costs are our greatest expense in this highly competitive environment, which has also seen significant regulatory fee hikes. Such increases threaten to affect small operators such as our companies as well as the competitiveness of Hawaii and Maui in the larger marketplace.
4. Further, in the alternative, the definition of small business is too limited and should be increased to \$10 million and 75 employees.

**SB-1248**

Submitted on: 1/29/2019 11:41:19 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph Kohn MD	Testifying for We Are One, Inc. - www.WeAreOne.cc - WAO	Support	No

Comments:

**SUPPORT WITH AMENDMENTS: SB1248, which increases the minimum wage to \$15 by 2024, and SB789, which increases it to \$12 by 2022, are NOT ENOUGH and \$17 is the number we need to reach, along with annual adjustments for inflation and a path toward a true living wage.**

These proposed House and Senate measures while welcome, in my opinion fall far short of what is needed. **Hawaii workers deserve a minimum wage of at least \$17 per hour.** The Hawaii Department of Business and Economic Development has determined that this is the approximate amount that workers in Hawaii need, simply to survive. Is that asking too much? **Shouldn't every person that works a 40 hour week be entitled to earn enough so that they have a dry place to sleep, enough food to eat, and basic medical care?**

History and research clearly shows that increasing the minimum wage incrementally over time, will not cause the sky to fall. Hawaii workers deserve a minimum wage that is sufficient to feed, clothe and house them. I encourage all to think hard about the basic humanity that is the foundation of this request.

TAX THE RICH - THEY WILL STILL BE RICH

Thank you for your very kind attention.

Joseph Kohn MD

Founder, We Are One, Inc. - WAO

493 Pio Dr Apt 209

Wailuku, HI 96793-2641

808-359-6605

[Joseph@WeAreOne.cc](mailto:Joseph@WeAreOne.cc)

[www.WeAreOne.cc](http://www.WeAreOne.cc)



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

**Thursday, Jan. 31st, 2019 @ 3:00pm**

**Conference Room 224, State Capitol**

**RE: Senate Bill 1248 Relating to Minimum Wage**

**Position: Support - Amend to a Living Wage**

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

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

**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 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 businesses 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% over that same time frame. 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**

Despite the consistent rhetoric that jobs will disappear following minimum wage increases, 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 increase 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 3 out of 5 members of the Labor Committee: Chair Brian Taniguchi and Senators Stanley Chang and Mike Gabbard. 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 Senate members that publicly support a living wage:

District 1 - Kaiali'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.

Thank you,

Nate Hix

Director  
Living Wage Hawaii  
[nate@livingwagehawaii.com](mailto:nate@livingwagehawaii.com)

The Thirtieth Legislature  
Regular Session of 2019

The Senate  
Committee on Labor, Culture and the Arts  
Senator Brian T. Taniguchi, Chair  
Senator Less Ihara, Jr., Vice Chair  
State Capitol, Conference Room 224  
Thursday, January 31, 2019; 3:00 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 1248  
RELATING TO MINIMUM WAGE**

The ILWU Local 142 **supports with amendments** S.B. 1248, 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 each year from 2020 through 2024.

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.

We appreciate language trying to help small businesses with a tax credit but would like to caution this could potentially disincentivize small business from paying above the minimum wage if the tax credit is only available for minimum wage earners.

Lastly, we would like to suggest a couple of amendments – first, repeal the current tip credit language. 7 states, including states with a vibrant service sector economy such as California and Nevada have eliminated the tip credit and two, increase the suggested minimum wage increase of \$15.00 per hour to \$17.00 per hour.

Thank you for the opportunity to offer testimony on this measure.

**taniguchi3 - Trisha**

---

**From:** Matthew LoPresti <noreply@jotform.com>  
**Sent:** Monday, January 28, 2019 9:43 PM  
**To:** LCATestimony  
**Subject:** In support of SB1248: Relating to Minimum Wage

To: Senate Committee on Labor, Culture and Arts  
From: Matthew LoPresti

Hearing date: Thursday, Jan. 31, 2018, 3 p.m.  
Hearing location: Conference room 224

Subject: In support of SB1248: Relating to Minimum Wage

Attending the hearing: No

---

In support.



# HAWAII APPLESEED

## CENTER FOR LAW & ECONOMIC JUSTICE

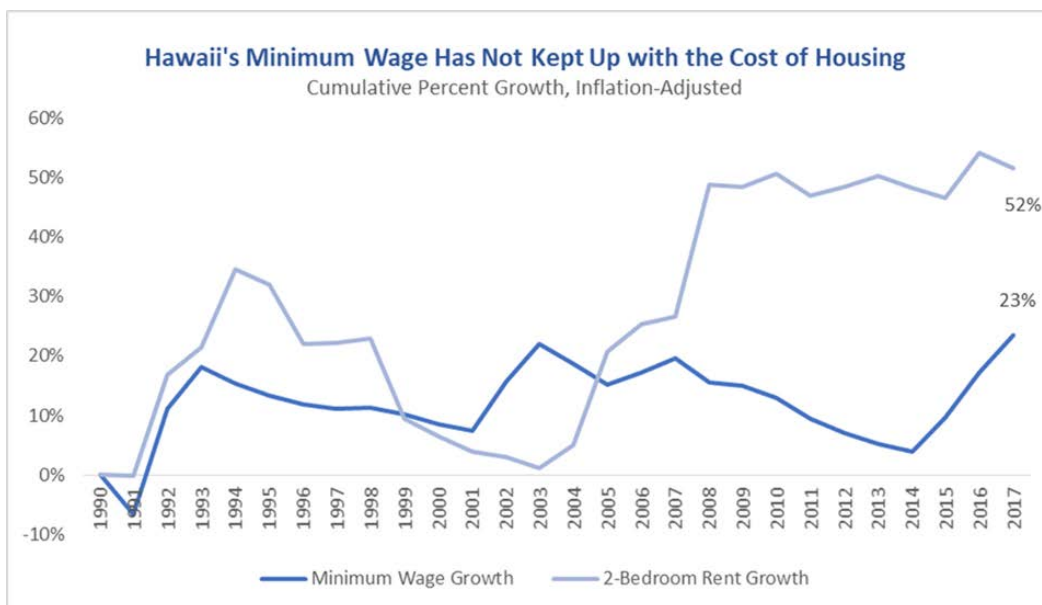
Testimony of Hawai'i Appleseed Center for Law and Economic Justice  
In Support of SB 1248 – Relating to Minimum Wage  
Senate Committee on Labor, Culture and the Arts  
Thursday, January 31, 2019, 3:00 PM, conference room 224

---

Dear Chair Taniguchi, Vice Chair Ihara, and members of the Committee:

Thank you for the opportunity to testify in support of SB 1248, with amendments.

At \$10.10 an hour, Hawai'i's minimum wage equals only \$21,000 a year for full-time work, which is woefully inadequate in the face of the highest cost of living in the country. For example, at minimum wage, you'd have to work 109 hours per week just to cover the rent for a 1-bedroom market-rate home.



SB 1248 would increase our state's minimum wage to \$15 in 5 steps from 2020 to 2024. But the “self-sufficiency income” a single person without children in 2016 was close to \$16 an hour in Hawai'i according to the Department of Business, Economic Development & Tourism. After adjusting for inflation, that standard is about \$17 in 2019. Accordingly, we suggest an amendment to this bill to continue increasing the wage to \$17 in 3 or 4 more annual steps.

In addition, workers who make tips in Hawai'i can be paid less than even \$10.10 an hour. Seven other states, including California, Nevada, Oregon, and Washington, have eliminated this “tip credit” and have just one minimum wage for *\*all\** workers. Hawai'i should join them, too, with an amendment to this bill to eliminate the subminimum wage for tipped workers.

---

*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.*

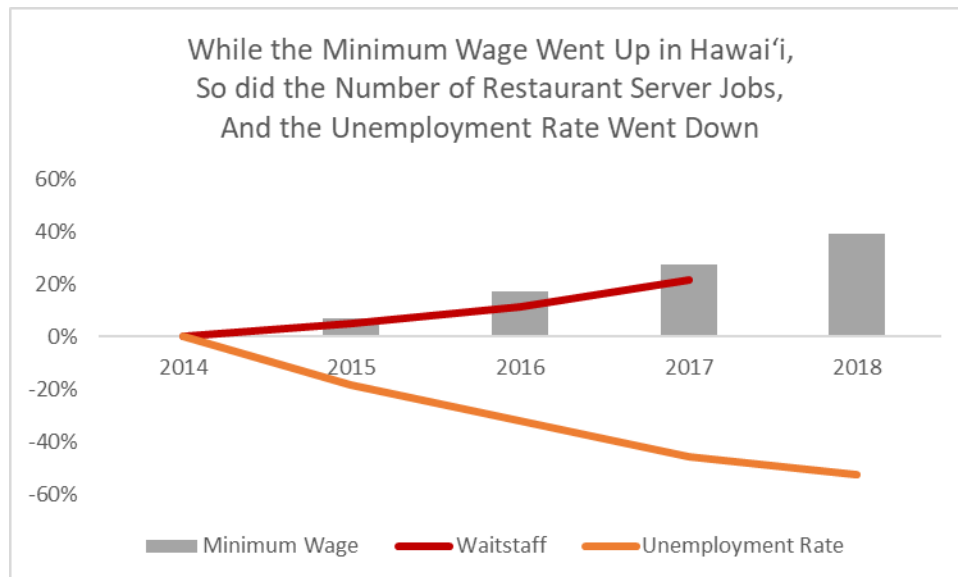
Our minimum wage has been stuck at \$10.10 per hour since January 1, 2018, so it is now falling farther behind the cost of living. We suggest that this bill be amended for Hawaii to join the 18 states that already have added automatic inflation adjustments to their minimum wages.

SB 1248 would also provide small businesses with a tax credit of \$1 per hour “for which employees of the taxpayer were paid at the minimum hourly rate.” It seems that this provision would provide an economic incentive for employers keep wages at exactly the minimum rate, rather than pay wages slightly above it. If that is not the intent of this provision, then we suggest that it be amended accordingly.

Meanwhile, research 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 another with higher pay.

And minimum wage workers spend a larger portion of their income than anyone else. When they make more, they spend more. As their wages grow, so too does their spending at local businesses. A minimum wage hike promises to boost consumer demand and, in turn, our state economy’s growth.

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.



Please pass SB 1248, with the amendments described above. Thank you for your consideration of this testimony.

<b>SB1248</b>	*Yellow=Present
Johnathan Boyne	Jun Look
Javier Mendez	Dante Carpenter
Nicholas Chagon	Marites Uy
Shannon Rudolph	Adele Ching
Ida Peric	Dana Crocker
Will Caron	Allison Fluetsch
Randy Ching	Donald Erway
Randy Gonce	Landon Li
Shay Chan Hodges	Jeff Gilbreath
Kathryn Braun	<b>LATE</b>
Don Barbieri	Dana Macario
Kainani Derrickson	Gina Alcos
Nicole Velasco	David Mulinix
Cindy Aban	Trevor Wedlund
Sophia Hanoa	Maile Duarte-Rego
Kau'i Pratt-Aquino	Kim Coco Iwamoto
Raymond Catania	Arnold Kotler
Joey Brown	Lurline Bettencourt
Marcelino Medrano	Laura Ramirez
Matthew LoPresti	
Jun Shin	
Jowenna Ellazar	
Lisa Freudenberger	
Caroline Kunitake	
Chris Santomauro	
Melia Leslie	
Noelle Wright	
Katherin Kitchen	
Lisa Grandinetti	
Patricia Blair	
Lucia You	
Nanea Lo	
Sylvia Ching	
Mary Lu Kelley	
Josiah Lindsley	
Doris Segal Matsunaga	
Soo San Schake	
Diliaur Tellei	
Sherilyn Nakahara	
Karin Medigovich	

*To: Senate Committee on Labor, Culture and Arts*

*Hearing date: Thursday, Jan. 31, 2018, 3 p.m.*

*Hearing location: Conference room 224*

*Subject: In support of SB1248: Relating to Minimum Wage*

*Dear Senate Committee on Labor, Culture and Arts:*

Aloha! I urge you to pass SB1248, with amendments, to raise Hawaii's minimum wage. Our state's minimum wage workers earn only \$21,008 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.

SB1248 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. This bill should be improved by continuing to raise the wage to at least \$17 per hour.

Tipped workers in Hawaii can be paid even less than \$10.10. California, Nevada, Oregon, Washington, Alaska, and two other states instead pay all workers the same minimum wage. This bill should be amended to eliminate the sub-minimum wage for tipped workers in Hawaii.

In addition, our minimum wage has been falling further behind inflation since Jan. 1, 2018, the last time the wage was increased. This bill should be amended for Hawaii to join the 18 states that already have added automatic cost of living adjustments to their minimum wages. SB1248 would also provide small businesses with a \$1 per hour tax credit to offset the increases in the minimum wage. A higher minimum wage would put additional money in the pockets of the people most likely to spend at their local businesses. Studies have found that higher wages also mean more productive employees and lower turnover, which reduces employers' turnover, hiring, and training costs.

Thank you for this chance to provide testimony on such an important bill.

**SB1248**

Garrett Bell	Layla Kilolu	Danielle Bowers	Cindy McArthur
Timothy Vandever	Chantel Tokumoto	Brett Jones	Emily Long
Zachary Larsen	Michele Nihipali	William Kinney	Kathleen Morita
Jesse Palen	Hunter Heavilin	Kimberly Tsuha	Suzanne Shedletsky
Megan Jones	Thomas Smith	Chase Yamamoto	Daniel Curran
Daly Johnson	Emily Vallejo	Matthew Bedard	Dustin Tanabe
Marian Heidel	Maisa Thayer	Tani Kagesa	Sebastian Mosur
Lindi Young	Alayna Espeseth	Jordan Westerholm	Marissa Sihapanya
Christopher Russo	Mary Kuahulu	Kathryn Henski	Katie Pham
Danielle Beaver	Jamie Yoo	Sahtiya Hammell	Piilani Akina
Marci Fermier	Joshua Garces	Josie Howard	Troy Kimberlin
Alina Bwy	Justin Kawakami	Keane Ishii	Gwen Mayer
Mary Hackney	Jesse Palen	James Degen	Christopher Inouye
Jennifer Milholen	Juli Burden	Krystal Mokuahi	Duncan Martin
Korynn Grenert	Keanu Robles	Ara Laylo	Timothy McArthur
Bryce Jackman	Jennifer Hsu	Alissa Torigoe	Trevor Wedlund
Tamera Heine	Lauren Kim	Michael DeYcaza	Charlotte Rae
Jeremiah French	Ashley Regaspi	Jami Downey-Jovanovich	Megan Bent
Justin Jansen	Crystal Fujiwara	Jena Brittain	Sean Kinerney
Nora Pollard	Chrisitan Madayag	Chris Swain	David Ulin O'Keefe
Kevin Landers	Mikayla De Peralta	Kawika Lyons	Matthew Smith
Cameron Hines	Ryan Little	Sabeth Burad	Tait Nelson
Erik Ries	Jordan Little	Daniel Murren	John Koblanski
Jana Julian	Julie Jones	Stephanie Marr	Patrick Essenberg
Nanea Lo	Melissa Tokumoto	Andrew Jones	
Alisha Summers	Andy Chu	Cameron Crook	
Jenny Jung	Lena Mochimaru	Landon Li	
Lauren Melzer	Kainani Derrickson	Jodi Chase	
Raymond Catania	Michael Marshall	Rev. T. J. FitzGerald	
Albert Ueligtones	Gaye Chan	Kiefer Hermann	
Jaime Montero	Cindy Aban	Megan Harper	
Liz Yorck	Nenita Cabanilla	Ma Glodilet Rallojay	
Greg and Pat Farstrup	Sherilyn Nakahara	Kristen Burkhart	
Mcansy Charles	Brendan Hiyane	Elsa Bagoyo	
Camille Caron	Dean Kaya	Zack Stoddard	
Adrian Cole	Lori Tamayose	Carla Allison	
Mishka Sulva	Karen Shishido	<b>LATE</b>	
Ryan Sueoka	Thomas Tizard	Sharain Naylor	
Erica Scott	Sarah Catino	Daniel Murata	
Lian Bossert	Mary Mulhall	Colleen Mccaffrey	
Jayne Barton	Adam Gutowski	Eric Smith	
Brad Wong	Leonardo Linsky	Jim Cooper	



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

*Thursday, Jan. 31st, 2019 @ 3:00pm*

*Conference Room 224, State Capitol*

*RE: Senate Bill 1248 Relating to Minimum Wage*

*Position: Support - Amend to a Living Wage*

Chair Taniguchi, Vice Chair Ihara, and Members of the Committee: Thank you for your commitments to increasing the minimum wage.

With more than 1 in 3 workers earning less than a living wage, it's necessary we give workers a raise. This is why the Democratic Party has made a living wage their number one priority for the 2019 legislative session.

Although both SB789 and SB1248 do increase the minimum wage, they are both far short of the \$17 per hour that's needed for a full-time worker to be able to afford their basic needs.

We are glad that 3 of the 5 labor committee members have come out to publicly support a living wage. The supporters are Chair Brian Taniguchi, Stanley Chang, and Mike Gabbard.

Therefore we ask that both of these bills be amended to gradually increase the minimum wage to a living wage and then be subsequently voted on and passed.

Thank you for your continued support for Hawaii's working families.

**SB-1248**

Submitted on: 1/28/2019 8:10:58 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

Dear Senate Committee on Labor, Culture and Arts:

Aloha! I urge you to pass SB1248, with amendments, to raise Hawaii's minimum wage.

Our state's minimum wage workers earn only \$21,008 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.

SB 789 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. This bill should be improved by continuing to raise the wage to at least \$17 per hour.

Tipped workers in Hawaii can be paid even less than \$10.10. California, Nevada, Oregon, Washington, Alaska, and two other states instead pay all workers the same minimum wage. This bill should be amended to eliminate the sub-minimum wage for tipped workers in Hawaii.

In addition, our minimum wage has been falling further behind inflation since Jan. 1, 2018, the last time the wage was increased. This bill should be amended for Hawaii to join the 18 states that already have added automatic cost of living adjustments to their minimum wages.

SB1248 would also provide small businesses with a \$1 per hour tax credit to offset the increases in the minimum wage. A higher minimum wage would put additional money in the pockets of the people most likely to spend at their local businesses. Studies have found that higher wages also mean more productive employees and lower turnover, which reduces employers' turnover, hiring, and training costs.

Thank you for this chance to provide testimony on such an important bill.

**SB-1248**

Submitted on: 1/29/2019 2:20:51 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Kimiko LaHaela Walter	Individual	Support	Yes

Comments:

**Position: SUPPORT - Amend to a Living Wage**

**Aloha Chair Taniguchi, Vice Chair Ihara, and Members of the Committee on Labor, Culture, & the Arts,**

**First, mahalo for hearing this important bill so early in session and also for your commitment to increasing the minimum wage.**

**I'd like to provide a short personal experience before I outline the statistics of the minimum wage situation in our state--details of which you undoubtedly already know.**

**I am a mid-thirties, working professional, married to a partner with the same graduate-level credentials as I, struggling to make ends meet in busy Honolulu while raising our 4-year-old daughter. I, like so many of my counterparts, will probably never be able to buy a house for my small family. I might not ever own property in this wonderful state, which bore my grandparents, mother, and many of my other relatives. A hard reality to accept, however, my concern is this: if we, two highly educated, skilled workers, are struggling to raise our family making a combined income of what was last year designated as just above the "low income" bracket in Hawai'i, then what are other, less fortunate, less skilled, less educated workers doing to survive? This is not a thriving community we are building. The residents here in paradise are simply surviving on starvation wages, working two, three, even four jobs just to stay afloat. This is unacceptable and the time is now to start creating the change our communities deserve. Let's start by raising the minimum wage to a living wage!**

**Now for the facts:**

- 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 Hawai'i minimum wage worker would have to work 109 hours per week just to pay rent for a 1-bedroom apartment.**

- With more than 1 in 3 workers earning less than a living wage, it's necessary we give workers a raise. This is why the Democratic Party of Hawai'i has made a living wage their number one priority for the 2019 legislative session. SB1248 would increase our state's minimum wage to \$15 in 5 steps from 2020 to 2024. According to DBEDT, however, the self-sufficiency income standard for an individual with no children in 2016 was \$15.84 per hour, which comes out to \$17 in 2019. This bill should be improved by continuing to raise the wage to at least \$17 per hour.
- 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 Hawai'i join them.
- Many hard-working Hawai'i 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. Hawai'i should join them, too, and eliminate the tip credit.
- Studies have found that higher wages are good for business. Hawai'i'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.
- Importantly, SB1248 would also provide small businesses with a \$1 per hour tax credit to offset the increases in the minimum wage. A higher minimum wage would put additional money in the pockets of the people most likely to spend at their local businesses. And yes, small, local businesses should receive kickbacks--in this case in the form of a tax credit--to help float their important contributions to our communities.

**We are glad that 3 of the 5 labor committee members have come out to publicly support a living wage. The supporters are Chair Brian Taniguchi, and Senators Stanley Chang and Mike Gabbard. Therefore, we ask that SB1248 be amended to gradually increase the minimum wage to a living wage--at least \$17/hour.**

**Please pass SB1248 with amendments to help our minimum wage workers and their families be able to finally make ends meet while simultaneously supporting the small businesses that underpin the colorful fabric of our communities.  
Mahalo nui loa!**

**Kimiko LaHaela Walter, Mo'ili'ili**

**SB-1248**

Submitted on: 1/29/2019 2:47:57 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

**SB-1248**

Submitted on: 1/29/2019 3:52:03 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joshua Kay	Individual	Support	No

Comments:

I urge you to pass SB1248, with amendments, to raise Hawaii's minimum wage.

Our state's minimum wage workers earn only \$21,008 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.

SB1248 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. **This bill should be improved by continuing to raise the wage to at least \$17 per hour.**

Our minimum wage has been falling further behind inflation since Jan. 1, 2018, the last time the wage was increased. This bill should be amended for Hawaii to join the 18 states that already have added automatic cost of living adjustments to their minimum wages.

SB1248 would also provide small businesses with a \$1 per hour tax credit to offset the increases in the minimum wage. A higher minimum wage would put additional money in the pockets of the people most likely to spend at their local businesses. Studies have found that higher wages also mean more productive employees and lower turnover, which reduces employers' turnover, hiring, and training costs.

**SB-1248**

Submitted on: 1/29/2019 4:12:45 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
L.M. Holmes	Individual	Support	Yes

Comments:

I fully support tax credits for true small businesses to help in the transition to a higher minimum wage.

**SB-1248**

Submitted on: 1/29/2019 5:43:45 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Angus Raff-Tierney	Individual	Comments	No

## Comments:

While I appreciate the legislature's efforts at addressing the inadequate minimum wage in the state this does not go far enough. The minimum wage in Hawaii should be \$17 in order to make sure an individual does not need to use any social services to supplement their needs. By continuing to underpay workers we are just shifting the cost burden from employers to the State. Please change this bill to a graduated increase to 17\$ per hour.

Mahalo!



**SB-1248**

Submitted on: 1/29/2019 5:49:10 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Eliel Starbright	Individual	Comments	No

Comments:

**Thank the legislators for introducing their proposals, but I make it clear that SB1248, which increases the minimum wage to \$15 by 2024, and SB789, which increases it to \$12 by 2022, are NOT ENOUGH and that \$17 is the number we need to reach, along with annual adjustments for inflation and a path toward a true living wage.**

**SB-1248**

Submitted on: 1/29/2019 5:52:39 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

Aloha,

It's beyond time for a steady incremental minimum wage increase in Hawaii Nei!!!

Mahalo

**SB-1248**

Submitted on: 1/29/2019 6:11:34 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

Raising the minimum wage will put small businesses out of business and also is likely in this day and age to work against unskilled labor. Small businesses are already struggling with increased rents that are going sky high. Pretty soon all you will have are large corporate entities in Hawaii, and THEY will respond to higher minimum wage by finding ways to REDUCE the number of employess, and they will also be much more picky with hires, declining to train unskilled labor.

**SB-1248**

Submitted on: 1/29/2019 6:13:42 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kelvin Chico	Individual	Comments	No

## Comments:

I strongly believe the minimum wage goal should be \$17 per hour and not the proposed \$15. The cost of living is significantly higher in Hawaii compared to most (if not all) of the other States. If they are pushing for \$15, we need to push for \$17.

**SB-1248**

Submitted on: 1/29/2019 7:12:42 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

## Comments:

I am writing to express my support for SB 1248 as it is the smaller business that has employees that will be most affected by a minimum wage increase.

**SB-1248**

Submitted on: 1/29/2019 7:27:11 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

## Comments:

I believe with the cost of living here in Hawaii the minimum wage should be increased to a reasonable rate. Many people working for minimum wage here have cars, rent etc to pay.

**SB-1248**

Submitted on: 1/29/2019 7:33:58 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

**SB-1248**

Submitted on: 1/29/2019 7:36:08 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:



**SB-1248**

Submitted on: 1/29/2019 7:41:52 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

This is not raising the rate fast enough nor high enough, but it is better than nothing.

**SB-1248**

Submitted on: 1/29/2019 8:10:21 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

This is a common sense bill which will strengthen both businesses and workers. Please pass this bill.

**SB-1248**

Submitted on: 1/29/2019 8:25:46 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

Strongly Support with amendments

**SB-1248**

Submitted on: 1/29/2019 8:56:05 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Julie and Thomas Pasquale	Individual	Support	Yes

## Comments:

We support the effort, however the Minimum Wage in Hawaii needs to be \$17 per hour to truly be a living wage. Anyone who works full-time should be able to support themselves.

**SB-1248**

Submitted on: 1/29/2019 9:18:32 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

**Thank you supporting this bill However, \$17 is the number we need to reach, along with annual adjustments for inflation and a path toward a true living wage.**

**Thank you,**

**Paul Marshall**

**SB-1248**

Submitted on: 1/29/2019 9:37:30 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Maria Walker	Individual	Comments	No

Comments:

Aloha Senators,

I am writing to thank you for perceiving the problem in Hawaii of our minimum wage not being sufficient to help our workers make ends meet. I believe that SB 1248 does not suggest raising the wage high enough; I feel that by 2024, the labor force in Hawaii needs to be making a minimum of at least \$18.00 an hour or more if we are to be able to manage the very high cost of living in our state. Please consider changing the language of the bill to raise the minimum wage incrementally to at least \$18.00 by 2024.

Everyone I know, even state workers like teachers, needs to have more than one job just to pay their bills, and to afford to buy a home now is an impossible dream for the average worker. Our current minimum wage is not enough to pay for basic needs, let alone save for the future or pay for our children's educations. Please work to rectify this situation by voting to raise our wages to a level that will help our state to thrive by helping our workers to thrive.

Mahalo,

Maria Walker

**SB-1248**

Submitted on: 1/30/2019 7:44:02 AM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

**SB-1248**

Submitted on: 1/30/2019 7:44:06 AM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

To whom it may concern,

Thank you for introducing this very important bill. I strongly support raising the minimum wage to a living wage. My hope is that we can raise it to \$17hr.

Aloha,

Alex Beers

20 Kaikai st.

Wailuku, HI

96793



**SB-1248**

Submitted on: 1/30/2019 8:07:10 AM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lillian Renfro-Robeau	Individual	Support	No

Comments:

Aloha,

First, thank you for introducing legislation to increase the minimum wage to help the full-time workers of Hawai'i cover their basic needs. However, evidence suggests a larger increase in minimum wage is required to cover basic needs in our economy. Minimum wage workers require at least \$17 per hour AND health insurance coverage to survive in our competitive, expensive housing market.

Mahalo for your consideration.

**SB-1248**

Submitted on: 1/30/2019 9:21:55 AM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Robert Culbertson	Individual	Comments	No

Comments:

Aloha Senators!

While I believe this bill represents a step in the right direction, I urge you to adopt a more robust and necessary position of increasing the thresholds toward a true living wage - \$17/hr. And to also include health insurance where none is available through current employment.

Mahalo!

**SB-1248**

Submitted on: 1/30/2019 11:00:40 AM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gary Hooser	Individual	Comments	No

Comments:

Aloha Chair and Members,

In short, I encourage the amendment of this measure to achieve a \$17 per hour level.

I respectfully request also that you schedule a hearing on SB744 and SB476 which increase Hawaii's minimum wage to \$17, and include other provisions.

Over the past year I have been working with many others on the effort to gradually increase Hawaii's minimum wage to that of a living, or at least a subsistence wage.

While I am appreciative of the two measures that you have scheduled, neither propose to increase the minimum wage to a level determined by DBED that is necessary for basic subsistence which they estimate to be approximately \$17 per hour.

SB744 and SB476 both, I believe deserves a hearing so the public might be given the opportunity to weigh in.

Thank you in advance for any positive consideration you can offer in either amending the measure before you to reflect a \$17 goal, and or allowing these additional measures to have a public hearing before your committee.

Respectfully,

Gary Hooser

**SB-1248**

Submitted on: 1/30/2019 11:13:41 AM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

**SB-1248**

Submitted on: 1/30/2019 12:22:12 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

**SB-1248**

Submitted on: 1/30/2019 12:36:01 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Zachary Mermel	Individual	Comments	No

Comments:

To whom it may concern,

This bill, while appreciated, fall far short of what is needed. Hawaii workers deserve a minimum wage of at least \$17 per hour. The Hawaii Department of Business and Economic Development has determined that this is the approximate amount that workers in Hawaii need, simply to survive. Is that asking too much? Shouldn't every person that works a 40 hour week be entitled to earn enough so that they have a dry place to sleep, enough food to eat, and basic medical care?

History and research clearly shows that increasing the minimum wage incrementally over time, will not cause the sky to fall. Hawaii workers deserve a minimum wage that is sufficient to feed, clothe and house them.

Respectfully,

Zach Mermel

**SB-1248**

Submitted on: 1/30/2019 12:43:03 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

PLEASE do not pass SB1248. Its provisions are entirely inappropriate. It would *not* require employers to raise the minimum wage; it would ask taxpayers to pay for wage increases! The public already makes involuntary donations to support business profits by picking up the difference between livable wages and a living-wage through food stamps, subsidized housing, and other forms of public assistance. When the cost of rent or materials needed for business go up, the businesses do not come running to the legislature to ask that taxpayers pay for these increased costs of doing business. I do not see why it has become acceptable to do so when another cost of doing business increases, namely labor.

Best estimates are that \$17 an hour is a very minimum livable wage. Waiting 5 years to achieve a minimum wage that is not even that high is leaving people in poverty, and some of them on the streets. If the legislature truly supports bringing people out of poverty, a \$17 minimum wage is necessary--and sooner than five years from now. Please do not pass this bill.

**SB-1248**

Submitted on: 1/30/2019 12:48:33 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

## Comments:

Please support all/any legislation that raises our minimum wage. We need an increase to AT LEAST \$17 per hour to even come close to a living wage here, with our continually rising costs of living. This will not solve all problems, but would be a darn good place to start, the sooner the better.

Mahalo,

Shannon



**SB-1248**

Submitted on: 1/30/2019 12:53:01 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Keone M Ishoda	Individual	Support	No

Comments:

**SB-1248**

Submitted on: 1/30/2019 1:09:16 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

**SB-1248**

Submitted on: 1/30/2019 1:35:22 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kristie-Lee P Oshiro	Individual	Support	No

Comments:

**SB-1248**

Submitted on: 1/30/2019 1:55:27 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ellen-Rae Cachola	Individual	Support	No

Comments:

Thank you for introducing your proposals. While I am pleased that SB1248 will provide an income tax credit for qualifying small businesses to offset the increase in the minimum hourly rate that employers must pay employees, and increase the minimum wage to \$15 by 2024, please continue to push harder to reach \$17/hour as the minimum wage number, along with annual adjustments for inflation and a path toward a true living wage.

The reason is because according to the state's own Department of Business, Economic Development & Tourism (DBEDT), a single, full-time worker with no children must make at least \$17 per hour just to afford his or her basic needs. With the addition of a child, that number almost doubles, approaching \$30 per hour. Mahalo.

**taniguchi1 - Jade**

---

**From:** Shaun Campbell <noreply@jotform.com>  
**Sent:** Tuesday, January 29, 2019 10:33 PM  
**To:** LCATestimony  
**Subject:** SUPPORT for SB 789, with amendments

To: Senate Committee on Labor, Culture and Arts

From: Shaun Campbell

Hearing date: Thursday, Jan. 31, 2018, 3 p.m.

Hearing location: Conference room 224

Subject: In support of SB1248: Relating to Minimum Wage

Attending the hearing: No

---

Dear Senate Committee on Labor, Culture and Arts:

Greetings! Please pass SB789, with amendments, to raise Hawaii's minimum wage.

Massachusetts Institute of Technology's Living Wage Calculator distills a living wage for all counties and metropolitan areas in Hawai'i (See <http://livingwage.mit.edu/states/15/locations>). MIT calculates that for the state of Hawai'i as a whole a living wage for our people is, on average, \$15.73 for an individual. This is for the current year. A living wage needs to be this amount at minimum and pegged with annual increases tied to yearly inflation. While it is a great start to raise the wage to \$12 in 2022, as SB789 would do, the wage should be further increased to \$17.

Thank you for this chance to provide testimony on such an important bill.

**taniguchi1 - Jade**

---

**From:** sherrie emerson <noreply@jotform.com>  
**Sent:** Tuesday, January 29, 2019 2:56 PM  
**To:** LCATestimony  
**Subject:** In support of SB1248: Relating to Minimum Wage

**Categories:** Orange Category

To: Senate Committee on Labor, Culture and Arts  
From: sherrie emerson

Hearing date: Thursday, Jan. 31, 2018, 3 p.m.  
Hearing location: Conference room 224

Subject: In support of SB1248: Relating to Minimum Wage

Attending the hearing: No

---

Dear Senate Committee on Labor, Culture and Arts:

Aloha! I urge you to pass SB1248, with amendments, to raise Hawaii's minimum wage.

Hawaii's current minimum wage is a starvation wage. It is not sustainable. It is a cruelty to our citizens. It affects everyone, not just "unskilled" workers.

I for one am not a minimum wage worker and yet I make \$10,000 less per year than I did in 2008.

Costs have skyrocketed while wages remain stagnant. Of the jobs that have returned in the wake of the Great Recession, many now offer lower wages and benefits, leaving Americans without college degrees particularly vulnerable. I for one have experienced this personally. I am a new mother and am terrified at what this stagnation will mean for my baby daughter.

At the current minimum wage, a worker who devoted 100 percent of her earnings towards rent, would still not be able to afford a market-rate apartment, let alone pay for food and transportation.

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

Thursday, Jan. 31st, 2019 @ 3:00pm

Conference Room 224, State Capitol

RE: Senate Bill 1248 Relating to Minimum Wage

Name

Tyler Jones

Email

tylercjones@gmail.com

Position: Support - Amend to a Living Wage

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

Thank you for your commitments to increasing the minimum wage. While any increase is better than none, the proposed bills fall far short from a business prospective. I highly encourage the bills be amended to set the minimum wage at a living wage, as determined by State of Hawaii, DEBDT. I encourage a gradual increase of approximately 10% annually until a living wage is reached, and it adjusts annually based on costs of living. In 2018 dollars, DEBDT estimates the living wage to be \$17/hour plus medical benefits. Anything less is a poor business decision by the state.

As an active member of the Hawaii business community and a graduate of UH Shidler MBA program, I can appreciate the opportunity for businesses to get a "good deal." Our current practice of allowing businesses to hire labor for less than the costs to keep that labor alive is certainly a great deal for businesses in Hawaii. Unfortunately, the costs to keep labor alive do not go away. They must be paid by someone. We all pay those costs through government subsidy, through poor performance in schools due to parent working 3 jobs and forced to be less involved with child raising, through allowing our family members to pay below market value rent in our

homes so they don't become house less.

Most business minded people will argue against a mandatory living wage. Fortunately, we have decades of economic research and data to prove their concerns are not valid. Our economy needs true increase in demand to sustain longterm growth. Reducing costs of business operations has had some positive impact on growth. But the returns on these endeavors have diminished over the last decade. It is time that we correct the existing market failure and require that businesses pay their fair share in the costs of keeping labor alive. The good news is that almost all economic research shows this is not a zero sum game, and by properly allocating costs, we all benefit.

It is time we grow our economy, improve the overall welfare of the state, and require business pay the costs associated with their reward. Yes, this will cause a relatively small amount of price inflation, and business should pass on this costs to consumers. But wages represent only about 30% of average business expense, and economic analysis from world experiences prove that this increase in costs is more than offset by higher wages. Don't let a \$100 increase in costs prevent a \$400 increase in wage. It's not about equality, or doing what is "right." It's about doing what will benefit the state and provide longterm economic viability. Thank you for your time.

Tyler Jones



**taniguchi1 - Jade**

---

**From:** Destiny Brown <noreply@jotform.com>  
**Sent:** Wednesday, January 30, 2019 8:12 AM  
**To:** LCATestimony  
**Subject:** In support of SB 1248: Relating to Minimum Wage

**Categories:** Yellow Category

TO: Senate Committee on Labor, Culture and Arts

DATE: Thursday, Jan. 31, 2018, 3 p.m.

PLACE: Conference room 224

RE: SUPPORT for SB 1248 - Relating to Minimum Wage

FROM: Destiny Brown

ATTENDING HEARING: Yes

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

Thank you for affording me the opportunity to offer this testimony in support of SB 1248, with amendments, to increase the minimum wage in the state of Hawaii.

currently in the state of Hawaii we have the highest cost of living in the nation and someone working a full-time minimum wage job at \$10.10 an hour only makes \$21,008 a year. That means a minimum wage worker in Hawaii would have to work 109 hours per week just to pay rent for a 1-bedroom apartment.

Although the income standard for an individual with no keiki was \$15.84 per hour in 2016 and it is \$17.00 per hour now, in 2019, SB 1248 would increase our state's minimum wage to \$15 in 5 steps from 2020 to 2024. Therefore, this bill should be improved by continuing to raise the wage to at least \$17 per hour.

In addition SB 1248 should be improved by eliminating sub-minimum wage for tipped workers, with an amendment to eliminate the tip credit. This could be done in similar fashion to the seven other states, including Nevada and all of the West Coast that have eliminated sub-minimum wage for tipped workers.

SB 1248 should also include language to automatically adjust the rate of minimum wage for inflation because if not its value could fall behind the cost of living.

Thank you for your consideration of my testimony in support of SB 1248, with amendments.

## **taniguchi1 - Jade**

---

**From:** Elif Beall <noreply@jotform.com>  
**Sent:** Wednesday, January 30, 2019 12:07 PM  
**To:** LCATestimony  
**Subject:** In support of SB 1248: Relating to Minimum Wage

TO: Senate Committee on Labor, Culture and Arts

DATE: Thursday, Jan. 31, 2018, 3 p.m.

PLACE: Conference room 224

RE: SUPPORT for SB 1248 - Relating to Minimum Wage

FROM: Elif Beall

ATTENDING HEARING: No

Dear Chair Taniguchi, Vice Chair Ihara, and members of the Committee,

Mahalo for the opportunity to provide testimony in support of SB 1248, with amendments, to raise Hawaii's minimum wage.

Our minimum wage workers earn only \$21,008 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.

SB 1248 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. This bill should be improved by continuing to raise the wage to at least \$17 per hour.

Our minimum wage doesn't automatically adjust for inflation, causing its value to often fall far behind the cost of living. This bill should be amended for Hawaii to join the 18 states that already have added automatic cost of living adjustments to their minimum wages.

The last minimum wage increase was great for the economy. Contrary to what the Chamber of Commerce and the Restaurant Association will tell you, increasing the minimum wage from \$7.25 in 2014 to \$10.10 in 2018 (a 40 percent increase, or 10 percent per year) has been great for business. In the year of data available after the minimum wage increased from \$7.25 in 2014, Hawai'i saw a 6.4 percent increase in small businesses. Meanwhile, the number of restaurant server positions has increased by 20 percent between 2014 and 2018.

It's very concerning that the minimum wage was higher in 1968 than it is today! The Hawai'i minimum wage in 1968 was \$1.25. Adjusted for inflation, that equals \$11.93 per hour. Hawai'i's minimum wage is \$10.10 today, or just \$21,000 annually.

Many hard-working people in Hawai'i are paid less than even \$10.10 an hour because they get tips. Seven other 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.

SB 1248 would also provide small businesses with a \$1 per hour tax credit to offset the increases in the minimum wage. 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.

Thank you for your consideration of my testimony in support of SB 1248, with amendments.

## Testimony for Minimum Wage Hearings

**LATE**

**Submission Date**

2019-01-30 20:27:28

**Name**

Sharain Naylor

**Email**

sasheir@yahoo.com

**Testimony to Senate  
Committee:**

Position: Support - Amend to a Living Wage

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

Thank you for your commitments to increasing the minimum wage.

With more than 1 in 3 workers earning less than a living wage, it's necessary we give workers a raise. This is why the Democratic Party has made a living wage their number one priority for the 2019 legislative session.

Although both SB789 and SB1248 do increase the minimum wage, they are both far short of the \$17 per hour that's needed for a full-time worker to be able to afford their basic needs.

We are glad that 3 of the 5 labor committee members have come out to publicly support a living wage. The supporters are Chair Brian Taniguchi, Stanley Chang, and Mike Gabbard. Therefore we ask that both of these bills be amended to gradually increase the minimum wage to a living wage and then be subsequently voted on and passed.

Thank you for your continued support for Hawaii's working families.

**Testimony to House  
Committee**

Position: Support - Amend to a Living Wage

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

Thank you for your commitment to increasing the minimum wage.

With more than 1 in 3 workers earning less than a living wage, it's necessary we give workers a raise. This is why the Democratic Party has made a living wage their number one priority for the 2019 legislative session.

Although HB1191 does increase the minimum wage to \$17 for some workers, it leaves those receiving health care coverage well below what's needed for them to afford their basic needs.

We are glad that 5 of the 8 labor committee members have come out to publicly support a living wage. The supporters are Chair Aaron Johanson, Linda Ichiyama, Lisa Kitagawa, Angus McKelvey and Sean Quinlan. Therefore we ask that this bill be amended to gradually increase the minimum wage to a living wage for all workers and then be subsequently voted on and passed.

Thank you for your continued support for Hawaii's working families.



## O`ahu County Committee on Legislative Priorities (OCCLP)

COMMITTEE ON LABOR, CULTURE AND THE ARTS  
Senator Brian T. Taniguchi, Chair  
Senator Les Ihara, Jr., Vice Chair

DATE: Wednesday, January 31, 2019

TIME: 3:00 p.m.

PLACE: Conference Room 224 State Capitol

RE: SB 1248 Relating to Minimum Wage

Aloha mai kakou Chair Taniguchi, Vice Chair Ihara, and Members of the Committee on Labor, Culture and the Arts:

The O`ahu County Committee on Legislative Priorities (OCCLP) of the Democratic Party of Hawai`i (DPH) hereby submits its testimony in **SUPPORT with amendments of SB 1248 relating to Minimum Wage.**

SB 1248 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 each year from 2020 through 2024.

DPH believes that the current minimum wage is a starvation wage and must be increased to a living wage. No one who works full time should have to raise a family in poverty. We should earn at least \$15 and hour (preferably \$17 an hour) and have the right to form or join a union and will work in every way we can – in Congress and the Federal government, in the State Legislature and with the private sector – to reach this goal. We also support creating a fair wage for all workers by ending the sub-minimum wage for tipped workers and people with disabilities. *Democratic Party of Hawai`i Platform (2018), p. 5, ln. 37-42.*

For the foregoing reasons, OCCLP supports with amendments SB 1248 and urges its passage out of the Committee on Labor, Culture and the Arts.

Mahalo nui loa

Me ka `oia`i`o

/s/ *Melodie Aduja*

Melodie Aduja

Chair, O`ahu County Committee on Legislative Priorities of the Democratic Party of  
Hawai`i

Ph. (808) 258-8889

Email: [legislativepriorities@gmail.com](mailto:legislativepriorities@gmail.com)

**LATE**

**SB-1248**

Submitted on: 1/30/2019 3:32:31 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Delbert Kim	Testifying for Xtreme Fun Rentals, Inc.	Oppose	No

Comments:

As a small business owner , I am compelled to voice my opinion in opposition to increasing the minimum wage. We have 5 full time employees and 10-20 part time employees. Majority of our employees live in the Wahiawa area.

We are being hit with increases in all aspects of doing business in Hawaii. We are seeing increases from all forms of insurance, warehouse rent, vehicle registration, gas, taxes and of course minimum wages. It seems that many proponents of the bill have never owned a business and do not understand the life of the small business owner.

I think there are several important items that are being missed as we just "raise" the minimum wage.

1. Besides the Minimum wage there are other mandatory items that a business needs to pay in addition to the Minimum wage. Workcomp, TDI, Social Security and other payroll taxes. For my business we have to payout approximately an additional 22% or more for those taxes and expenses. Also, for my employees that qualify, I need to also pay for their medical insurance.
2. We hire many high school students and many adults from the unemployed status. We are training them and trying to get them into the work force. Honestly, their skill are not worth \$15 or \$17 an hour. It is so difficult to pay employees that are not skilled. We want to give them a living wage but they have done nothing to be rewarded with higher wages.

We have already been raising our rates for our rentals and attractions to off set the \$10.10 minimum wages. If the minimum wage goes up another 48% to \$15.00 an hour how will we be able to stay in business and provide services at an affordable rate?

I hope you will oppose the increase in the minimum wage.

Thank you for taking my testimony.

Delbert Kim

808-621-3000



**LATE**

**SB-1248**

Submitted on: 1/30/2019 4:04:26 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Daniel R Freund	Individual	Support	No

Comments:

Last week I participated in the "point in time" count of unsheltered residents. Some of those I counted were employed but couldn't afford decent housing for their families. An increase of the minimum wage to a living wage is long overdue.

**SB-1248**

Submitted on: 1/30/2019 4:04:30 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

**LATE**

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

Comments:



January 31, 2019, 3:00 p.m.  
Hawaii State Capitol  
Conference Room 224

**To: Senate Committee on Labor, Culture and the Arts**  
**Sen. Brian T. Taniguchi, Chair**  
**Sen. Les Ihara, Jr., Vice Chair**

**From: Grassroot Institute of Hawaii**  
**Joe Kent, Vice President of Research**

Re: SB 1248 — RELATING TO MINIMUM WAGE

***Comments Only***

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on Senate Bill 1248, which would increase Hawaii's mandatory minimum wage to \$15 an hour by 2024 and create an income-tax credit for certain small businesses with the intention of offsetting the economic impact of the higher wage.

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.

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

---

<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>

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 five to six 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 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.

---

<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>.

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  
Vice president of research  
Grassroot Institute of Hawaii



**LATE**

To: Sen. Brian T. Taniguchi, Chair  
Sen. Les Ihara, Jr., Vice Chair  
Members on Labor, Culture and The Arts

From: Michael Miller, Tiki's Grill & Bar  
Subject: **SB 1248** Relating to Minimum Wage  
Date: January 30, 2019

Thank you for the opportunity to provide testimony. We, at Tiki's Grill & Bar, hereby oppose House bill **SB 1248** Relating to the Minimum Wage.

"The minimum wage income tax credit for small businesses." Sounds great, but the community at large is going to be affected. Please ask 10 of your constituencies that are on fixed income if they can afford to pay more.

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.

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. So why do we care?

Restaurants historically carry slim profit margins, and this is even more challenging in Hawaii, with its existing regulations and cost of living. 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, particularly non-tipped employees in the "back of the house."

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

**LATE**

**SB-1248**

Submitted on: 1/30/2019 7:46:28 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Matthew Rose	Testifying for Hawaii Restaurant Association/ Board Director, Sanikleen Corp USA/ Manager	Oppose	No

**Comments:**

Wages should be allowed to be determined by market demand. Currently many positions, even dishwasher, are going for \$13-15 an hour, because that is the minimum workers are willing to accept for that job category. Minimum wage is not meant to be a 'living wage.' The living wage argument is a cover to implement socialist laws meant to take away from business profits in order to try and achieve income equality. This makes no sense.

A national economy fueled by capitalism has been shown to be the most prosperous and beneficial for its citizens. Government intervention to try and 'equalize' income by taking away from the successful businesses and business owners, is not sustainable and will in the long term diminish investment, creativity, and entrepreneurship necessary for an economy to grow and provide opportunities for those you work hard for them.

Government should instead invest more in programs to educate and train those who want to work and provide value for the marketplace and our community, so they can develop the skills necessary to earn a "living wage" above a legal minimum wage.

January 30, 2019

**LATE**

To: Senator Brian Taniguchi, Chair  
Senator Les Ihara, Jr., Vice Chair  
Senate Committee on Labor, Culture and the Arts

From: Laura Nevitt, Director of Public Policy  
Hawaii Children's Action Network

Re: **S.B. 1248– Relating to Minimum Wage**  
**State Capitol, Room 224, January 31, 3:00 PM**

---

**On behalf of Hawaii Children's Action Network (HCAN), I am writing in SUPPORT, with amendments of S.B. 2226, which would provide 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 each year through 2024.**

Our minimum wage workers earn only \$21,008 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.

SB 1248 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. This bill should be improved by continuing to raise the wage to at least \$17 per hour.

Many hard-working people in Hawai'i are paid less than even \$10.10 an hour because they get tips. Seven other 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.

Our minimum wage doesn't automatically adjust for inflation, causing its value to often fall far behind the cost of living. This bill should be amended for Hawaii to join the 18 states that already have added automatic cost of living adjustments to their minimum wages.

SB 1248 would also provide small businesses with a \$1 per hour tax credit to offset the increases in the minimum wage. 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.

**For these reasons, HCAN asks that you pass S.B. 1248 with amendments.**

*HCAN is committed to building a unified voice advocating for Hawaii's children by improving their safety, health, and education.*



**LATE**

**SB-1248**

Submitted on: 1/31/2019 7:39:02 AM

Testimony for LCA on 1/31/2019 3:00:00 PM

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

Comments:

**With all due respect, Thank you for introducing these proposals, but SB1248, which increases the minimum wage to \$15 by 2024, and SB789, which increases it to \$12 by 2022, are NOT ENOUGH and \$17 is the number we need to reach, along with annual adjustments for inflation and a path toward a true living wage.**

Thank you,

**Margaret Maupin, Kalaheo HI 96741**



## HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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

**LATE**

The Thirtieth Legislature, State of Hawaii  
The Senate  
Committee on Labor, Culture and the Arts

Testimony by  
Hawaii Government Employees Association

January 31, 2019

### S.B. 1248 – RELATING TO MINIMUM WAGE

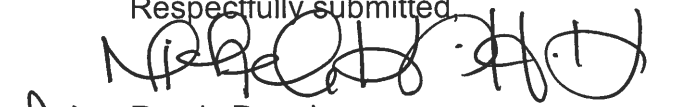
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO has consistently supported an increase to the minimum wage, however we do not believe that a gradual increase to \$15 by 2024 does enough for workers. Additionally, we raise serious concerns over implementing and enforcing the complex provisions of the employer tax credit.

As currently written, S.B. 1248 increases the minimum wage by \$1.00 per hour beginning in 2020 and ending in 2024 at \$15 per hour, and attempts to offset the impact on local small businesses by creating a renewable tax credit of up to \$50,000 per year. The slow pace of the wage increases will not significantly improve the standard of living for minimum wage earners in Hawaii as wage increases will immediately be negated by the increased cost of living.

Additionally, 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.

Thank you for the opportunity to testify on S.B. 1248.

Respectfully submitted

  
Randy Perreira  
Executive Director

**LATE**

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

Thursday, Jan. 31st, 2019 @ 3:00pm

Conference Room 224, State Capitol

RE: Senate Bill 1248 Relating to Minimum Wage

Name

Rick Merker

Email

rickmerker@gmail.com

Position: Support - Amend to a Living Wage

Full time employment at Hawaii's current minimum wage continues to leave workers in poverty in our state. One job should be enough. I support a living wage and SB789, SB1248, and HB1191 are a step in the right direction.

**SB-1248**

Submitted on: 1/31/2019 11:28:23 AM

Testimony for LCA on 1/31/2019 3:00:00 PM

**LATE**

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

Comments:



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE SENATE COMMITTEE ON LABOR, CULTURE & THE ARTS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 224  
THURSDAY, JANUARY 31, 2018 AT 3:00P.M.**

To The Honorable Brian T. Taniguchi, Chair;  
The Honorable Les Ihara, Jr., Vice Chair; and  
Members of the Committee on Labor, Culture and the Arts,

**TESTIMONY IN OPPOSITION TO SB 1248 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 to share our opposition to SB 1248.

The Maui Chamber of Commerce supports a living wage and helping employees to earn a living wage. However, we oppose the proposed bill to increase the minimum wage on a scale to \$15 per hour in 2024 because we do not feel that the impacts of the previous minimum wage increase and impacts on businesses and the economy have been studied.

While we appreciate that this bill seeks to offset the cost of increasing the minimum wage for small businesses by offering a tax credit (as many of our members already pay their employees a higher wage rate when they can), we feel there should be no further legislation to increase the minimum wage until the impact of the previous minimum wage increase on businesses has been addressed.

Further, this bill would increase the minimum wage \$4.90 in 5 years, which many small businesses simply cannot handle. This increase would lead to many small businesses closing and other having to increase their costs of goods and services and/or cutting employee counts and hours to survive. This hardship for employers will trickle down to employees and residents, make Hawaii products and services more expensive and further encourage the importation of less expensive products and services from elsewhere.

Please see the attached Maui Chamber of Commerce Position Statement on A Minimum Wage Increase for more information.

We appreciate the opportunity to testify on this matter and therefore 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.



**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.

**SB-1248**

Submitted on: 1/31/2019 11:39:04 AM

Testimony for LCA on 1/31/2019 3:00:00 PM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Tatiana	Individual	Comments	No

Comments:

We deserve at least \$17 an hour! Hawaii is very expensive, and many minimum wages workers live in poverty. This needs to change!



**LATE**

**SB-1248**

Submitted on: 1/31/2019 1:06:19 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dirk Koeppenkastrop	Testifying for IL Gelato Hawaii	Comments	Yes

Comments:

Submit testimony on SB1248 Relating to the Minimum Wage

Senator Brian T. Taniguchi, Chair

Senator Les Ihara, Jr., Vice Chair

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

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

**I respectfully oppose SB789 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.**

**We run a small Gelato Business and mostly hire students and entry-level employees with no skills or experience. We invest into training them. Increasing minimum wages from \$7.25 to \$10.10 has been hurting our business already in the last few years. Rents increased, food cost increased and our profit margins are dropping year by year. 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. We may have to close our 3 retail stores if the minimum wage goes up further. We will than no longer provide entry-level jobs to those students. We further will no longer be generating GET and income taxes.**

**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.**

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

**SB-1248**

Submitted on: 1/31/2019 4:42:16 PM

Testimony for LCA on 1/31/2019 3:00:00 PM

**LATE**

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

Comments:

**From:** [Julia Wieting](#)  
**To:** [LCATestimony](#)  
**Subject:** Testimony in SUPPORT of SB1248 & SB789, with amendments  
**Date:** Friday, February 1, 2019 12:47:54 PM

---



Aloha Chair Taniguchi, Vice Chair Ihara, members,

I support SB1248 and SB789 because both bills propose to give Hawai'i's workers a badly needed raise. However, I ask that you amend the language in these bills to incrementally raise the minimum wage to at least \$17 an hour, the 2019 self-sufficiency wage level according to DBEDT. I also ask that you amend them to include language that automatically adjusts the minimum wage each year by indexing it to the consumer price index, or some other cost of living adjustment. This feature of the legislation is absolutely critical if we hope to provide our working families with a pathway back to the American Dream.

Ensuring that our workforce can provide for itself is good policy because it also benefits businesses. The reality is that workers need to be able to pay for their basic needs if we hope to capture any economic activity from them as consumers. Businesses have always benefited from responsible, phased-in minimum wage increases. In the year of data available after the minimum wage increased from \$7.25 in 2014, Hawai'i saw a 6.4% increase in small businesses. Meanwhile, the number of restaurant server positions has increased by 20% between 2014 and 2018.

But 48% of local families struggle to make ends meet. These are hardworking people, and they deserve a living wage now, and every year afterward.

Mahalo for your time,  
Julia Wieting