

HB-1191-HD-1

Submitted on: 3/11/2019 4:52:11 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

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

Comments:

Aloha Senators,

While the LGBT Caucus of the Democratic Party of Hawaii appreciates the intent of HB 1191 HD 1 we respectfully request that if this bill is moved out of committee that it has the minimum wage reach \$17.00 an hour by 2022 and remove the pro-rated hourly rate for those that receive health care benefits.

Mahalo for your consideration and for the opportunity to testify.

Mahalo,

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

DAVID Y. IGE
GOVERNOR

JOSH GREEN
LIEUTENANT GOVERNOR



SCOTT T. MURAKAMI
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

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

830 PUNCHBOWL STREET, ROOM 321

HONOLULU, HAWAII 96813

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March 14, 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, March 14, 2019
Time: 2:45 p.m.
Place: Conference Room 224, State Capitol

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

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

I. OVERVIEW OF PROPOSED LEGISLATION

HB1191HD1 amends section 387-2, Hawaii Revised Statutes (HRS), by increasing the minimum wage in five annual increments: from \$10.10 to \$15.00 per hour beginning January 1, 2024. The measure also simultaneously adds a provision for lower minimum wages (\$10.50 - \$12.50) for employees who receive health care coverage under their employer's prepaid group health care plan.

DLIR supports the intent of this measure but suggests adopting the approach of SB789 or SB1248 that supplies a tax credit for certain small employers to offset the impact of paying higher wages. DLIR defers to DoTAX on the content of a tax credit provision.

II. CURRENT LAW

The current minimum wage is \$10.10 per hour as of January 1, 2018. There is no provision for lower minimum wages for employees receiving health care coverage under their employer's group health care plan.

Section 393-11, HRS, provides that employees who work at least 20 hours per week for four consecutive weeks and earns per month at least 86.87 times the minimum hourly wage specified in chapter 387, HRS, must be provided prepaid health care coverage.

III. COMMENTS ON THE HOUSE BILL

DLIR supports the intent of an increase in minimum wage, but notes that the measure is unclear as to which of the two minimum wage rates is to be used to calculate the minimum earnings needed to qualify for prepaid health care coverage as required by Section 393-11, HRS.

If enacted as drafted, the measure would result in more complicated investigations and complaints. Therefore, DLIR suggests favorable consideration of its request for an additional staff as found in the appropriations measures HB1186 and SB797 (RELATING TO THE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS) as a method to bolster enforcement and to help restore capacity of the Wage Standards Division.

March 11, 2019

To: Senator Brian T. 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: **H.B 1191– Relating to Minimum Wage**
Hawaii State Capitol, Room 224, March 14, 2019, 2:45 PM

On behalf of Hawaii Children's Action Network (HCAN), we are writing to SUPPORT with Amendments, H.B. 1191, which would increase the minimum wage rates annually from January 1, 2020 through January 1, 2024. Provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act. (HB1191 HD1)

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

HB1191 currently would increase our state's minimum wage to \$15 in 6 steps from 2020 to 2025. This is not enough. We would ask that you go back to the original amount of \$17/hr. According to DBEDT, the self-sufficiency income standard for a single person with no children and employer-provided health insurance in 2016 was \$15.84 per hour, which comes out to \$17 in 2019. Since HB1191 would provide for a lower wage for employees who receive employer-paid health insurance, it would make more sense to make \$17 the lower-tier wage, and then offer a higher wage for employees who don't get health insurance from their employers.

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

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

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

For these reasons, HCAN urges you to pass H.B 1191 with amendments.

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

HB-1191-HD-1

Submitted on: 3/11/2019 6:53:16 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ben Robinson	Testifying for IP Xpert of Honolulu LLC	Support	No

Comments:

HB-1191-HD-1

Submitted on: 3/11/2019 8:01:46 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
DANIEL SHEEN	Testifying for Makapueo Farms	Oppose	Yes

Comments:

Our business will not survive. Our prices will have to increase in order to generate enough income to compensate the wage increase. The consumer market will not accept the increase, we are already maxed out.

HB-1191-HD-1

Submitted on: 3/11/2019 8:12:01 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Leimomi Khan	Testifying for Democratic Party of Hawaii, Hawaiian Affairs Caucu	Support	No

Comments:

The Hawaiian Affairs Caucus stands in solidarity with the testimony on this measure given by our parent organization, the Democratic Party of Hawaii.

As a living wage for Hawaii's workers is necessary, we believe the State Legislature should move the minimum wage to \$17 an hour as quickly as possible, taking into consideration time to allow businesses to adapt and to avoid job loses.

HB-1191-HD-1

Submitted on: 3/11/2019 11:48:32 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Younghi Overly	Testifying for AAUW of Hawaii	Support	No

Comments:

Dear Chair Taniguchi, Vice-Chair Ihara, and members of the committee,

Thank you for this opportunity to submit a testimony in support with a request for amendments for HB1191 HD1. HB1191 HD1 would raise the minimum wage in five steps to \$15 per hour by 2024. But the minimum wage for the workers who receive health insurance from their employers would be raised only to \$12.50 per hour or \$26,000 per year by 2024.

According to DBEDT, the self-sufficiency income standard (aka living wage) for a single person with no children and employer-provided health insurance in 2016 was \$15.84 per hour^[1], which comes out to \$17 in 2019. I request that HB1191 HD1 be amended to increase the minimum wage to \$17 per hour, and \$14 per hour for those who get health insurance from their employers. To avoid a permanent two-tiered wage, I also request that the health insurance credit be phased out over 5 years.

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

Thank you for your consideration.

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



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

From: Victor Lim, Legislative Lead
Hawaii Restaurant Association

Subj: HB 1191 HD 1 Relating to Minimum Wage

Date: March 11, 2019

We at the Hawaii Restaurant Association representing over 3,600 restaurants here oppose HB 1191 HD 1 that will increase our state's minimum wage starting at \$ 11 per hour on January 1, 2020 with increments going to \$15 per hour in January 1, 2024.

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

Compounding with our high rents and also high mandated costs here such as pre-paid health care, many businesses will definitely struggle to survive since not all cost increases can be passed to the consumer in the form of price increases.

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



HB-1191-HD-1

Submitted on: 3/12/2019 3:06:28 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeff Gilbreath	Testifying for Hawaiian Community Assets	Support	Yes

Comments:

HB-1191-HD-1

Submitted on: 3/12/2019 8:44:28 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Josephine McGarry CURRAN	Testifying for MOJO LLC	Oppose	No

Comments:

I have worked for 20 years in the restaurant industry in Hawaii, both within restaurants, on the media side and for the past 8 years as a commercial real estate broker.

in the past 12 months we are starting to see restaurants close their doors due to staffing issues and since the beginning of the year I have had ten restaurants call about closing - specifically because they are unable to maintain staff at the current wage and are extremely concered about the continual increase.

increasing this wage will without a doubt cause restaurants to close.

HB-1191-HD-1

Submitted on: 3/12/2019 9:00:43 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

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

Comments:

We at Kalaheo Cafe & Coffee Co. here oppose HB 1191 HD 1 that will increase our state's minimum wage starting at \$ 11 per hour on January 1, 2020 with increments going to \$15 per hour in January 1, 2024.

With an increase as this we will need to look at other areas to cut down on the amount of employees we now employ to keep our costs in line and compete in our industry.

Compounded with our high rents and high mandated costs such as pre-paid health care, taxes and fees, we currently struggle to survive. A forced wage increase could be devastating to small businesses due to the fact that every cost increase cannot be passed to the consumer.

The Thirtieth Legislature
Regular Session of 2019

THE SENATE

Committee on Labor, Culture and the Arts
Senator Brian T. Taniguchi, Chair
Senator Les Ihara, Jr., Vice Chair
State Capitol, Conference Room 224
Thursday, March 14, 2019; 2:45 p.m.

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

The ILWU Local 142 **supports** H.B. 1191, H.D.1, which increases minimum wage rates annually from January 1, 2020 through January 1, 2024 and provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

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 also would like to provide some comments regarding the lower minimum wage rate for employees who receive employer health care coverage. While Hawaii is unique with the Hawaii Prepaid Health Care Act it should be noted that Massachusetts also requires employers of 10 or more to provide health care coverage to full-time workers and just recently enacted a \$15 minimum wage measure with no health care minimum wage deduction including a statewide family/paid leave program that business in Hawaii do not have to provide. Further, the Chamber of Commerce including other business organizations have often argued that minimum wage workers are teenagers working part-time jobs which means many likely wouldn't qualify for employer health care coverage. On the other hand, if many minimum wage workers are teenagers and happen to work full-time, their employer health care coverage (premiums) would be cheaper than that of an older employee. Lastly, an increase in the minimum wage does not result in higher premium rates but could decrease the amount owed by an employer by a slight amount since they have the ability to charge 1.5% of the employee's monthly gross earnings. Nevada's minimum wage approach is similar to this approach but reduces the minimum wage by \$1.00 if the employer offers health care coverage – a \$1.00 or \$2.00 approach seems more reasonable especially if most minimum wage earners are teenagers with less expensive premiums.

Often, we hear bigger businesses have the ability to afford an increase to the minimum wage but smaller business may struggle with the increase - at least initially. We suggest amending the health care credit to apply to smaller business under 25 and phasing out the health care credit over a period of five years – an approach similar to Seattle.

There are also some concerns regarding the accounting for a two-tiered minimum wage approach that is tied with the Hawaii Prepaid Health Care Act. Workers qualify for employer health care coverage after working four consecutive weeks and are employed for 20 or more hours per week. Employment hours could change weekly or monthly resulting in employees losing employer mandated health care coverage or gaining health care coverage. This means the minimum wage could vary from employee to employee depending on their hours worked.

That being said, we appreciate the time and effort to draft a proposal that could increase the minimum wage for thousands of workers in Hawaii and hope to continue this conversation during the next couple months of session. We would also like to see the repeal of the tip credit language. To date, seven states have eliminated the tip credit for their minimum wage workers including California and Nevada which have a large service sector economy.

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

HB-1191-HD-1

Submitted on: 3/11/2019 8:14:21 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Robert H Stiver	Individual	Support	No

Comments:

Aloha Chair Johanson, Vice Chair Eli, members,

I support HB1191 because it proposes to incrementally raise the minimum wage to \$17 an hour, the 2019 self-sufficiency wage level, according to DBEDT. However, I ask that you amend the bill 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. I also ask that you remove the employer-mandated healthcare carve-out language.

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 will benefit from a phased-in minimum wage increase: 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.

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

I'm long retired and comfortably able to live in Hawaii. Many others in our community are not well off and face trauma daily. Let's begin in earnest to level the playing field via HB1191!

Mahalo,

Robert H. Stiver
Pearl City
455-9823

HB-1191-HD-1

Submitted on: 3/11/2019 8:19:13 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Benton Kealii Pang, Ph.D.	Individual	Support	No

Comments:

HB-1191-HD-1

Submitted on: 3/11/2019 8:29:46 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kilinahemalie Ling	Individual	Support	Yes

Comments:

My name is Kili Ling and I'm an undergraduate student at the University of Hawai'i at Manoa and I support HB1191 HD1. At the end of the Fall semester I will have my Bachelors Degree in Cultural Anthropology.

I am 23 years old and I am independent. I have lived on my own in Hawai'i since I graduated high school in 2014, and since then I have paid my own way. My first semester of college I applied for and got my first job at a student convenience store on-campus and I think I was being paid around \$7 an hour. I pay my own rent for my apartment, I pay for my food, I pay for my textbooks for class, and I pay all my bills, most of which include private loan repayments that I had to take out because federal loans and scholarships didn't cover all of my expenses for school. As a college senior who has paid her way through school with mostly federal and private loans, the looming thoughts of loan repayments are slowly approaching as my December graduation date creeps closer and closer. The job where I work pays me \$11.95 per hour, slightly higher than the current minimum wage rate in Hawai'i, which is \$10.10. Currently, I can barely afford paying for everything I need to pay for with my wage rate. I am going to school to get an education that will prepare me for a career in the future however I don't know what exactly I want to do with my degree just yet. With no set plan lined up after graduation and needing to leave my current job as a student assistant because I will no longer be a student, I will be entering the world in an entry-level or minimum wage paying job here in Hawai'i. By that time, my student loan repayments will be four times higher than what I am paying right now, and I am stressed that even with a college degree that there may be a possibility of not being able to make ends meet because my bills are greater than my income.

Aloha United Way found that 48% of families in Hawai'i struggle with incomes below a minimum survival budget. Nearly half of families in Hawaii are struggling because of their income. It's hard to sometimes conceptualize data and numbers and it's easy to become desensitized to statistics. When I read this figure I can't help but think about the countless amount of other people like me, students with astronomical loan debt, struggling to find work that will help with their repayments that got them through school, while at the same time also paying for basic living needs. Or the many others in Hawai'i who don't just take care of themselves but also have a family to support, working a minimum wage job, often

multiple jobs, struggling to do the bare minimum. Or the homes that are housing three plus generations because of how difficult it is to make ends meet on the current minimum wage rate.

Cities such as Seattle, Los Angeles, San Francisco, and Minneapolis are paving the way in providing living wages for workers. One argument against raising the minimum wage is that it leads to higher rates of unemployment, however a study from UC Berkeley showed no employment loss in six cities that had raised wages above \$10 by 2016 — Seattle, San Francisco, Chicago, Washington D.C., Oakland and San Jose. Instead there was an average weekly earnings for workers in the food service industry went up between 1.3% and 2.5% for every 10% increase in the minimum wage. During the four years of minimum wage increases in Hawai'i, the Bureau of Labor Statistics reported there was a 52% percentage drop in the unemployment rate.

Another argument against the minimum wage is that it hurts small businesses. This argument and its counterargument are both complex. Bigger businesses may be able to afford paying their employees more with a raise in the minimum wage while smaller businesses may find it more difficult to do so. Though a lot of owners of small businesses are optimistic about the change. In 2018, LendEDU conducted a study with 500 small business owners in Washington state, California, New York, and Washington D.C., and in this study they found 68% of those polled were supportive of the wage increase while 17% were not and 15% were undecided, and 42% believed the increase would have a positive impact while 28% believed it would impact their business negatively and 30% thought there would be no impact at all. Raising the minimum wage involves adjusting and adapting on the part of business owners which may manifest in changes that are bound to take place, such as raising prices of goods and services for customers. But higher wages are more often spent locally, thus also stimulating the economy. The point is, people working minimum wage jobs need to be paid enough to live.

The current minimum wage is a struggle wage, it's a wage that inhibits people from providing for the very basic of their needs. When people are working multiple jobs in order to feed and clothe themselves, find it difficult to pay their bills working full-time at a decent entry-level job, or are living in a home with several generations of family members because of the cost of living in Hawai'i is far higher than what they are being paid, a living wage need to be reevaluated. Raising the minimum wage in Hawai'i is not just necessary, it is vital. It is an issue of providing workers with basic and fundamental necessities to survive.

HB-1191-HD-1

Submitted on: 3/11/2019 8:32:37 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
janice palma-glennie	Individual	Support	No

Comments:

Aloha,

please support this bill which will begin to help hard-working residents survive in one of the most expensive places to live in the united States.

Mahalo and sincerely,

janice palma-glennie

kailua-kona

HB-1191-HD-1

Submitted on: 3/11/2019 8:48:41 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jonathan Boyne	Individual	Support	No

Comments:

HB 1191 HD1 needs to be raised back up to at least \$17 per hour, and \$14 if an employee receives health insurance from her employer, which was the original language of this bill.

The health insurance credit should also be limited to only small employers, since the big-box retailers and large employers can easily afford to pay for health insurance.

Seattle currently has a similar health insurance credit, but it [quickly phases out](#). **Any such credit in Hawai'i should also phase out**, so eventually all minimum wage workers will be paid the same wage.

HB-1191-HD-1

Submitted on: 3/11/2019 8:49:22 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
William Caron	Individual	Support	Yes

Comments:

Aloha Chair Taniguchi and members of the Senate labor committee,

I strongly support raising the state minimum wage to at least \$17 an hour by 2024. For a single adult with no dependents, \$17 an hour is the DBEDT self-sufficiency level for 2019. In 5 years, even that won't be enough to live on as inflation and the cost of living increases.

HB1191 HD1, while better than nothing, does not even come close to what is necessary to address the growing income inequality in our state. The time for half-measures is long past. Our economy is headed toward another Recession in the near future. Recessions are made far worse when the poor don't have enough money to withstand it.

Over the past few years, a surprising number of investment-bank analysts at Citi, HSBC, and Macquarie have published research finding that inequality and low pay may lead to recessions, or at the very least hold back economic growth, which is bad for people and businesses alike.

These people are not socialists by any means, but they are concerned that inequality in the US and the West is becoming so extreme that ordinary people won't have enough money to keep the economy going.

The share of national income going to the top 1% of earners is increasing, while the share of income going to the bottom 50% of people is declining. The top 0.1% own close to 20% of all household wealth in the U.S., according to a paper by Gabriel Zucman, an economics professor at the University of California, Berkeley. The bottom 50% of people in the United States and Europe now share just 13% of national income.

The rich are getting richer, and the rest of us are sharing an ever-smaller slice of the economic pie.

This is a major problem because there aren't enough people with money to keep our economy going.

"Income inequality is cited as another factor in the stagnation process as a few wealthy individuals cannot drive an economy by themselves," Citi analysts Tobias M. Levkovich and Lorraine M. Schmitt told their clients in 2015.

Two analysts at Macquarie, Viktor Shvets and Perry Yeung, said something similar last year. They cited work by Moritz Kuhn and Moritz Schularick published by the Federal Reserve Bank of Minneapolis, and by Emmanuel Saez and Thomas Piketty. "The middle-class creation in 1950s-70s has clearly been replaced by a middle-class compression over the last three decades, certainly since late 1980s," they said.

Janet Henry, an economist at HSBC, told clients in 2018 that the accumulation of wealth by a tiny minority might actually hold the economy back.

"Income inequality suppresses consumption given the lower marginal propensity to consume of higher earners and can be negative for growth if the savings of higher earners do not push up productive investment spending but get parked in property or government bonds," she wrote.

"Income inequality, which often goes hand in hand with a lack of social mobility, also creates disparities in life expectancy, education, skills levels and labour mobility that will impact on future productivity and growth potential," she added. "This has implications for government revenues and their ability to fund public services and future liabilities. Given the huge structural factors — from demographics to technology — that are contributing to the growing income polarisation, it is not something that will miraculously dissipate on the back of one or two years of robust growth."

Worse, if the West goes into recession, then the fortunes of the rich will make it worse, she said, because the poor don't have enough money to withstand it.

"The depth of any downturn, when it finally happens, could be amplified by this income and debt distribution," she told clients in a note late last year.

In other words, the richest 1% cannot possibly buy enough to keep the economy going and people employed. You need workers with enough money to buy products too. And that means that it is very important to consider what workers are paid in relation to the value they create.

The time to act is now. Strengthen this bill and pay all workers a true living wage, before it is too late.

HB-1191-HD-1

Submitted on: 3/11/2019 10:08:11 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Greg and Pat Farstrup	Individual	Support	No

Comments:

One job should be enough!

HB-1191-HD-1

Submitted on: 3/11/2019 10:34:18 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Morgan Bonnet	Individual	Support	No

Comments:

The cost of living in Hawaii is driving young locals to flee en masse so they can afford to live. And maybe going to the mainland will allow them to own a place. Most jobs in Hawaii won't help them becoming accomplished or independant adults. The salaries are just too low. They also don't align with the wealth being generated thanks to the low salaries. The burden shouldn't be on the workers alone, or we will continue to experience gentrification. Hawaii is slowly becoming a rich-man only paradise. Raising the minimum wage, if implemented intellegently, is a step in the right direction. Please support HB1191 HD1.

Mahalo,

Morgan Bonnet

DPH Chair of District 25

HB-1191-HD-1

Submitted on: 3/11/2019 9:23:36 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Shay Chan Hodges	Individual	Support	No

Comments:

HB-1191-HD-1

Submitted on: 3/12/2019 6:02:33 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
DEREK CONSELVA	Individual	Oppose	No

Comments:

HB-1191-HD-1

Submitted on: 3/12/2019 7:25:24 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Ching	Individual	Support	No

Comments:

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

I support HB1191. What would make the bill stronger is to amend it so that the minimum wage ultimately gets to \$17 an hour. The health insurance credit would make the minimum wage \$14 an hour if the employer provides health insurance to the employees.

The health insurance credit should be limited to small employers (20 or fewer employees for example) since large businesses can afford to pay for health insurance (Walmart for example).

Finally, an amendment to phase out the health insurance credit (over a period of 5 years, for example) would give businesses time to adjust to the time when all minimum wage employees make \$17 an hour, period.

Please pass HB1191 HD1 with the amendments above. Mahalo for your consideration.

Randy Ching (Honolulu)

HB-1191-HD-1

Submitted on: 3/12/2019 8:53:56 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mary Lu Kelley	Individual	Support	No

Comments:

Aloha,

I want HB 1191 HD1 to be raised back up to at least \$17 per hour, and \$14 if an employee receives health insurance from her employer, which was the original language of this bill.

The health insurance credit should also be limited to only small employers, since the big-box retailers and large employers can easily afford to pay for health insurance.

Seattle currently has a similar health insurance credit, but it [quickly phases out](#). **Any such credit in Hawai'i should also phase out**, so eventually all minimum wage workers will be paid the same wage.

Thank you,.



WAIKIKI BREWING COMPANY

Joe P. Lorenzen, Partner/Brewmaster
831 Queen St.
Honolulu, HI 96813
808-591-0387
brewmaster@waikikibrewing.com

HB1191 HD1: Relating To Minimum Wage

COMMITTEE ON LABOR, CULTURE AND THE ARTS

Senator Brian T. Taniguchi, Chair
Senator Les Ihara, Jr., Vice Chair

Chair Senator Brian T. Tanaguchi, Vice Chair Senator Les Ihara, Jr., and members of the Committee on Labor, Culture, and The Arts,

Position: Oppose

Restaurants and other small business in the State of Hawaii already have a very difficult set of circumstances in trying to operate and create and maintain jobs for our communities. Our cost of goods is high due to high shipping costs, we pay among the highest rents in the nation, and yet for many of us there is a price ceiling on what we charge to consumers. We cannot simply pass every increase in cost on to our consumers or they will stop patronizing our businesses. The only way for us to deal with a cost increase of this nature would be to reduce hours, eliminate jobs and to increase automation.

Many minimum wage jobs in the state of Hawaii are in the service industry. Oftentimes, these jobs are a first job, or an entry point into a new industry. They are not necessarily intended to be the end of a career move, but the beginning. When I moved to Hawaii in 2008 my first job was as a busser, a minimum wage employee at a restaurant. Through hard work and training, I was promoted. I became a server, then a manager, then a general manager and brewmaster. I was even made a partner by my employers. This is not an isolated story, as virtually everyone began their work career as a minimum wage employee. How many of you sitting on this committee have worked a minimum wage job? Look where you are now.

Additionally, with the exception of tipped employees, the labor market corrects for low wages. In order to recruit quality reliable employees for anything but a tipped position, employers must offer higher starting wages. There are VERY few jobs that begin at minimum wage in Hawaii. I implore you to check a job posting site. I could only find one minimum wage job posted that was not for tipped employees.

Should you move this bill forward, please consider increasing the amount of the tip credit that can be applied. Many tipped employees easily make well over \$20 per hour in tips alone, more than accounting for minimum wage. As the goal of this bill seems to be to make sure that a minimum is met, employees that receive a great deal of their compensation from tips should be considered. The negative impacts of

this bill on small businesses could be very easily mitigated by substantially increasing the tip credit to keep directly paid wages at the current \$10.10/hour while still maintaining language that “the combined amount the employee receives from the employee's employer and in tips is at least \$7.00 more than the applicable minimum wage.” This would allow for you to increase the minimum wage to whatever you see fit, have tipped employees still make \$7/hour above that wage, but not have a negative impact on Hawaii’s small businesses in the service industry.

Thank you for your consideration in this matter and for the opportunity to testify in opposition to this bill.

Mahalo,

A handwritten signature in black ink, appearing to read "Joe P. Johnson", with a long horizontal flourish extending to the right.

Brewmaster/Partner
Waikiki Brewing Company



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

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

Date: March 12, 2019

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

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

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

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

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

Maui: 385 Hukilike Street, #101 | Kahului, Hawaii 96732 | t: 808.270.2800 | f: 808.270.2801

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

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

e-mail: sales@hawaiipetroleum.com | www.hawaiipetroleum.com | www.ohanafuels.com | www.minitstop.com

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

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

HB-1191-HD-1

Submitted on: 3/12/2019 12:10:01 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kelly Drysdale	Testifying for The Kona Coffee and Tea Company	Oppose	No

Comments:

To whom it may concern:

Our opposition to this Bill is mainly due to the increase of business costs it will cause our small, family-owned and operated business.

Presently, we think the State is already mandating monies that we, on the outer islands, never realize. \$15.00 an hour per employee will: 1. Put us out of business which means that much less money the State will recognize, 2. See increases in our pricing which will be passed along to our customers. This may possibly lead back to #1 or could reduce our income thereby necessitating the termination of numerous employees.

No matter what, this is a lose/lose proposition.

HB-1191-HD-1

Submitted on: 3/12/2019 9:57:19 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

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

Comments:

1. We oppose HB 1191 on behalf of 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. In the alternative, the provision in subsection c to allow a lower minimum wage for employees that actually receive coverage under the employer's health care plan provides only partial mitigation and adds complexity to implementation on a day to day basis.
4. 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.



AMERICANS FOR DEMOCRATIC ACTION

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Marsha Schweitzer, Treasurer
Dylan Armstrong, Secretary

DIRECTORS

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Juliet Begley
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Chuck Huxel
Jan Lubin
Jenny Nomura
Stephen O'Harrow
Doug Pyle

MAILING ADDRESS

P.O. Box 23404
Honolulu
Hawai'i 96823

March 11 , 2019

TO: Honorable Chair Taniguchi & LCA Committee Members

RE: HB 1191 HD1 Relating to Minimum Wage.

Opposition for hearing on March 14

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

We support HB 1191 HD1 as we support the minimum wage hike; we would like to see a \$17 per hour minimum wage. We would prefer the hike happen sooner than later. Workers today cannot survive on less than \$17/hour which equals \$2720 per month. This amount assumes 1/2 of income would go to housing, i.e. \$1360/month rent. That is not going to get you luxury but should keep you off the street. We need a living wage to reduce homelessness and welfare dependency. Also evidence from Seattle indicates a higher minimum wage neither causes more unemployment nor causes inflation.

We are favorable to giving an incentive for employers to give health care to their part-time employees. We also would like a provision for an annual adjustment tied to CPI-W. This would bring the minimum wage to what it was a few decades ago before it fell behind due to inflation.

Thank you for your consideration.

Sincerely,

John Bickel President



HB-1191-HD-1

Submitted on: 3/12/2019 1:52:42 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon Rudolph	Individual	Support	No

Comments:

Support



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

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

FROM: Pedro Haro, Advocacy Director, PHOCUSED

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

Hearing: March 14, 2019
2:45 pm
Conference Room 224

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

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

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

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

This bill would raise the minimum wage from the current \$10.10 an hour – or \$21,000 per year for full-time work -- in 5 annual steps, topping out at \$15 in 2024. But workers who get health insurance from their employer would get only \$12.50 in 2024 -- a raise of less than 50 cents per hour per year.

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



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

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

That is why we respectfully request the following amendments to this bill:

1. Increase the steps up in the minimum wage to \$17 per hour, with \$14 per hour for those who get health insurance from their employers.
2. Restrict the health care credit to only small businesses with 50 or fewer employees, as major employers have the ability to fund higher wages.
3. Phase out the health care credit over 5 years in order to eventually have all of our minimum wage workers earning the same wage.

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

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

HB-1191-HD-1

Submitted on: 3/12/2019 2:04:17 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Phil Barnes	Individual	Support	No

Comments:

Senators,

I feel strongly that the minimum wage in Hawaii is far too low. While I applaud the fact that this bill is raising the wage to \$15 per hour I think that \$16 per hour would be even better. At the present time a married couple making minimum wage with one child would require both parents to work more than 1 full time job each in order to provide housing and food for their family. It seems to me that in our state with it's high cost of living and high rate of homelessness it should be obvious to all that a major increase in the minimum wage is essential. Those employers who provide health care should pay their employees a minimum of \$14 per hour. Thank you for your consideration.



TO: Senate Ways and Means Committee

RE: Testimony in Support of HB1191 with Amendments

3/12/2019

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

Whenever you scroll through your Facebook feed or turn on the tv and watch the news and a report on the affordability of Hawaii comes up, the headlines are never good

- Hawaii residents most likely to live paycheck to paycheck
- Hawaii has the lowest real-wage in the nation
- Hawaii's population declines yet again as locals leave for other states

These depressing headlines have become the norm for the islands, and more and more locals are being priced out of paradise

Hawaii needs a raise. People working 40-hours a week should be able to afford their basic needs. According to the State's own Department of Business, Economic Development and Tourism (DBEDT) an individual would have to make \$32k a year, about \$17/hr, to afford their most basic needs.

Contrary to popular belief, this would not benefit only entry level workers. An Aloha United Way study found that 40% of jobs in the State do not pay this living wage and 48% of families do not make ends meet. A vast majority of Hawaii workers would be better off from a higher wage.

In the recent past Hawaii has raised the minimum wage. From 2014 to 2018 Hawaii's minimum wage was raised from \$7.25/hr to \$10.10/hr.

During this time, in July 2018, unemployment in Hawaii reached a historic low of 2%, the lowest unemployment rate in the history of the entire country. Now this is not to say that the wage increases reduced unemployment, but what it does show is that increasing the minimum wage did not ruin Hawaii.

With unemployment so low, labor is in high demand. If you walk around the mall you will see help wanted signs everywhere, with starting wages ranging from \$11.50-\$15/hr. Businesses themselves are realizing that the current minimum wage of \$10.10 is too low to attract hires.

As more and more states across the nation raise their minimum wages, studies continually report findings of little to no negative impact on worker hours and unemployment rates. When properly phased in over time, a minimum wage increase benefits the local economy.

We support HB 1191 HD1, with the amendments described below.

This bill would raise the minimum wage from the current \$10.10 an hour -- or \$21,000 per year for full-time work -- in 5 annual steps, topping out at \$15 in 2024. But workers who get health insurance from their employer would get only \$12.50 in 2024 -- a raise of less than 50 cents per hour per year.

That comes out to \$26,000 per year for full-time work. Everyone who lives in Hawaii and faces our high cost of living on a daily basis knows that's not enough to make ends meet now, let alone in 2024.

That's why we respectfully request that the committee increase the steps up in the minimum wage to \$17 per hour, with \$14 per hour for those who get health insurance from their employers.

Since big box retailers can afford the higher wage across the board, we also respectfully request that the committee restrict the health care credit to only small businesses with 25 or fewer employees.

To avoid a permanent two-tiered wage, we also request that the health care credit be phased out over 5 years in order to eventually have all of our minimum wage workers earning the same wage.

Please pass HB 1191 HD1 with the above amendments. Thank you for your consideration of our testimony.

Mahalo for your consideration,

Landon Li

Economic Justice Chair

Young Progressives Demanding Action



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

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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: March 14, 2019
TIME: 2:45pm
PLACE: Conference Room 224

RE: HB1191 HD1 Relating to Minimum Wage

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA opposes this measure to increase the minimum wage over the next five years to \$15 an hour or \$12.50 an hour for employees who receive health coverage from their employer.

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

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

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

are getting their first job. When employers can no longer afford to employ people in these positions they will be forced to mechanize these roles, eliminate jobs, reduce other benefits, increase prices, sell their business or close their doors. These are all outcomes we should be working to avoid for Hawaii businesses.

It is important to understand that under this bill a high school student with no experience and training, would be paid \$15 an hour if they voluntarily decline health coverage from their employer because they are covered by their parents' plan.

Many retailers in high minimum wage areas across the country are already moving to eliminate jobs. These businesses are 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.¹

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 hour² (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 substantial increase is going to be fewer Hawaii jobs, higher prices for Hawaii consumers, and doors closing on Hawaii businesses. This measure is not the right choice for our state. We ask that this measure be held.

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

² 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).

A far better to make Hawaii a more affordable place to live for people of lower income levels would be to remove taxes from food.

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

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

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

Thank you for the opportunity to provide this testimony.

TO: Chair Brian Taniguchi; Vice Chair Les Ihara; and Committee

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

RE: HB 1191 HD 1 RELATING TO MINIMUM WAGE

POSITION: OPPOSE

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

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

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

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

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

Sincerely,

David Hong

HB-1191-HD-1

Submitted on: 3/12/2019 4:42:38 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Deanna Espinas	Testifying for Faith Action for Community Equity	Support	No

Comments:

HB-1191-HD-1

Submitted on: 3/12/2019 3:53:15 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Courtney	Individual	Oppose	No

Comments:

HB-1191-HD-1

Submitted on: 3/12/2019 5:55:11 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

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

Comments:

To whom it may concern,

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

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

Hawaii restaurants operate in a two to three percent profit margin (as documented in Pacific Business News in their December 2018 article), which is already below the national average of three to five percent. Due to these extremely low profit margins, Hawaii restaurants have already been forced to minimize costs effectively, just to stay in business. With the high costs of good being shipped into the islands, there is very little room for further cost decreases in products. In the current version of the bill, wage expenses will increase by 50%, an amount that Hawaii restaurants will be unable to absorb. As business will be unable to effectively cut back on the cost of goods, they will be forced to further reduce their labor costs. If the bill is passed, employees will see a rise in their hourly pay, but at the risk of seeing less income on their paychecks. This will be due to businesses being forced to reduce their labor hours, which the employees will feel the impacts of.

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

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

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

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

Thank you for your consideration,

Skyler Yamada



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
March 14, 2019**

Re: HB 1191 HD1 Relating to Minimum Wage

Good afternoon Chairperson Taniguchi and members of the Senate Committee on Labor. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

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

We are in **STRONG OPPOSITION** to HB 1191 HD1 Relating to Minimum Wage. This measure increases minimum wage rates annually from January 1, 2020 through January 1, 2024 and provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

While we appreciate the lower rates for those who provide health benefits, the most harmful consequence of this minimum wage increase will be on our smaller retailers which face constant and intense competition, not only from other retailers, but also from internet sellers.

The impact of a minimum wage increase is exponential, causing a compression of wages between newly hired/inexperienced workers and the veteran/experienced employees. Mandating scheduled adjustments at the lowest tier of the employment scale causes a tremendous and prohibitive increase in overall employment costs. Furthermore, an increase in payroll costs also leads to increases in benefit costs that are based on wages, including unemployment insurance, Social Security and Medicare, workers' compensation premiums, and vacation and holiday pay. We must also factor in that Hawaii mandates healthcare coverage for workers. This is also another benefit that is a cost to employers that we are having to make adjustments for by restructuring our business plans and budget to accommodate the rising cost of healthcare and other mandated expenses.

Over the past few years, the retail industry has seen reasonable growth, with existing companies opening new locations and new retailers entering the marketplace. New retail jobs are being created, with compensation levels based on the current economic conditions, reemployment regulations, and the business philosophy of the employer. Increasing the minimum wage is counterproductive to any further growth of our industry and Hawaii.

We respectfully ask that you hold this measure. Mahalo again for this opportunity to testify. Mahalo again for this opportunity to testify.

HB-1191-HD-1

Submitted on: 3/12/2019 6:17:55 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

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

Comments:

Dear Senators,

Pride@Work Hawaii supports the passage of HB 1191 HD1. We respectfully request that if this bill is moved out of committee that it has the minimum wage reach \$17.00 an hour by 2022 and remove the pro-rated hourly rate for those that receive health care benefits. For this will encourage employers to never give their employees a raise and keep them at the minimum wage.

Mahalo for the opportunity to testify.

Pride@Work Hawaii



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

COMMITTEE ON LABOR, CULTURE AND THE ARTS

THURSDAY, 3/14/19, 2:45 pm, Room 224
HB1191 HD1, RELATING TO MINIMUM WAGE
Beppie Shapiro, Legislative Committee, League of Women Voters of Hawaii

Chair TANIGUCHI, Vice-Chair IHARA, and Committee Members:

The League of Women Voters of Hawaii **strongly supports the original form of HB1191 that would increase the minimum wage and provide, after some years, for indexing the amount of increase to the annual increase in the CPI; we suggest reverting HD1 to the original content.**

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

Research summarized in this article shows that:

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

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

Suggested changes to HB1191 HD1: Revert this bill to its original intent by using the original dollar increase amounts, and including the original section 387-2 d, increasing the minimum wage annually by the amount of increase in the Hawaii Consumer Price Index after 2025. Indeed, the League would prefer to



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see much more rapid increases in the minimum wage to give our struggling workers a living wage of \$17 an hour in 2021. Other jurisdictions around the country have done this and their economies have not suffered noticeably.

Thank you for the opportunity to submit testimony.

HB-1191-HD-1

Submitted on: 3/12/2019 7:09:35 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Edgar Espero	Individual	Support	No

Comments:

Edgar Espero

Resident of Ewa Beach, HI

Submitting testimony in support of HB1191.

HB-1191-HD-1

Submitted on: 3/12/2019 9:02:07 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jerry Corson	Individual	Oppose	No

Comments:

As a long time employee...and now business owner and employer for 24 years...I believe this Bill will negatively impact everyone. I believe in a fair wage for all and and that nobody should have to work two jobs to just barely scrap by...but there are many factors in the work place that this Bill ignores. Not all jobs require equal skill or effort to be thrown into one minimum wage category.

1. There is absolutely no reason an employer should be required to pay a tipped employee an hourly wage anywhere near over \$6 an hour when the employee earns close to \$20 (or more) an hour in tips !!! The minimum wage is more than met by tips earned !!!!!...How can this inequity not be obvious ???....By being required to pay employees already making close to \$20 (or more) an hour in tips the employer has less money to pay the non-tipped employees. In the state of Florida the minimum wage for tipped employees is currently \$5.44 an hour....

2. Not all jobs are difficult enough to deserve the minimum wage proposed.

3. Many jobs are designed for part-time employees like high school students working for a little spending money and not supporting a family.

4. Every single person earning 10% ? 15% ? 20% ? more than the present minimum wage should get a like increase in wages which will result in higher prices for everything which will offset the wage increase.....nobody will gain from this.

5. By paying the proposed increase in minimum wage to all employees regardless of value of job difficulty, whether working full time to support a family, or part-time... the employers are going to have find ways to afford that increase. Health care and other benefits that deserving full time employees have will more than likely decrease. Employers may be forced to eliminate offering full-time positions and replace them with part-time shifts that won't qualify for benefits.

6. There is a big difference between an employee working to support a family and a person working part-time for a little extra cash. Employers should not be required to pay a temporary part-time low skilled student working a few hours a week the same minimum wage as a person working full-time trying to support a family. Paying the

proposed minimum wage will take money from the family wage earner and put it in the pocket of the low skilled student. Is that fair ???

The intent of this Bill may be good....but in present form it is flawed and will not produce intended results !!!!



92-954 Makakilo Dr. #71, Kapolei, HI 96707 Email: RainbowFamily808@gmail.com Ph: (808) 779-9078 Fax: (808) 672-6347

March 12, 2019

**The Honorable Brian Taniguchi, Chair with, Les Ihara, Vice-Chair
and Members of the Senate Labor, Culture and the Arts Committee**

RE: HB 1291 HD1 Minimum Wage

STRONG SUPPORT

Aloha Honorable Chair, Vice Chair and Members,

Thank you for hearing HB 1191 HD1. Rainbow Family 808 strongly supports HB 1191 HD1 with the following amendments for Justice with the workers of Hawai'i. Our suggestions for this bill is that the minimum wage reach \$17.00 an hour by 2022 and remove the pro-rated hourly rate for those that receive health care benefits.

The workers have rights to receive a just wage for their work and health care in accordance with the Universal Declaration of Human Rights. To do less is inhumane! The detractors to HB1191 HD1 appear to be employers and those in relationship with the employers. These categories of people already receive a Living Wage plus health care, sick leave and vacation pay because they do not rely on Minimum Wage.

Hawai'i does not have a cap on housing so the minimum wage workers are forced to work 2 or more jobs to pay for the basics of life. This situation does not meet the minimum requirements of treating workers with aloha to say the least. This along with the nation's highest cost of living, our workers need help!

Of our nation's cities with comparable population, these cities already have \$15 Minimum wage: San Francisco, Los Angeles, Seattle and the State of Oregon. Please don't fall prey to the Sky is Falling predications of the detractors of HB1191 HD1.

Rainbow Family 808 supports HB 1191 HD1 with the fore mentioned amendments: minimum wage reach \$17.00 an hour by 2022 and remove the pro-rated hourly rate for those that receive health care benefits.

This is a non-partisan issue of the dignity and respect for all human life. Mahalo for your support of We the People by passing HB1191 HD1. Live Aloha!

Sincerely,

**Carolyn Martinez Golojuch
President and Co-Founder
Rainbow Family 808**



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
In Support of HB 1191 HD1– Relating to Minimum Wage
Senate Committee on Labor, Culture and the Arts
Thursday, March 14, 2019, 2:45 PM, conference room 224

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

Mahalo for this opportunity to submit testimony in **SUPPORT** of **HB 1191 HD1**, with **AMENDMENTS**.

We all hear the stories of families who are moving away from our state because they can't afford to live here. You'd think that with the lowest unemployment rate in the nation, our workers would've seen big raises over the past few years. Yet we have **the lowest average wage in the nation**,ⁱ when you adjust for our cost of living.ⁱⁱ

Something's out of balance. There's a lot of evidence that it's not just our prices, but also our low wages. We need a minimum wage that keeps up with our cost of living.

HB 1191 HD1 would increase our state's minimum wage to \$15 in 5 steps from 2020 to 2024. However, employers who provide health insurance to their employees would be able to pay a lower wage, which would max out at \$12.50 per hour in 2024, or a raise of less than 50 cents a year. That is not enough.

Since our own DBEDT finds that a self-sufficiency wage for a single worker with employer-provided health insurance is \$17 per hour in 2019, **we respectfully request that the committee amend this bill to:**

- **Raise the wage levels to top out at \$17 per hour in 2024, with \$14 for those workers with employer-provided health coverage,**
- **Limit the health care credit to small businesses with 25 or fewer employees, and**
- **Phase out the health care credit.**

Who are Hawai'i's minimum wage workers? There are over 88,000 minimum wage workers in Hawai'i, making up 14 percent of our total workforce:

- 3 out of 5 of them are women.
- **Fewer than 1 in 10 are teenagers.** 3 out of 5 are over the age of 25, and over a quarter are at least 40 years old. In other words, the vast majority of minimum wage workers in Hawai'i are **not trainees**.
- More than 1 in 5 are parents. In fact, **1 in 6 single parents earn the minimum wage.**
- Just over 2 in 5 have a high school degree. **43% have at least some college education.**
- More than 1 in 4 work in restaurants and food service, but **fewer than 1 in 9 are tipped workers.** Another 1 in 5 work in the retail sector.

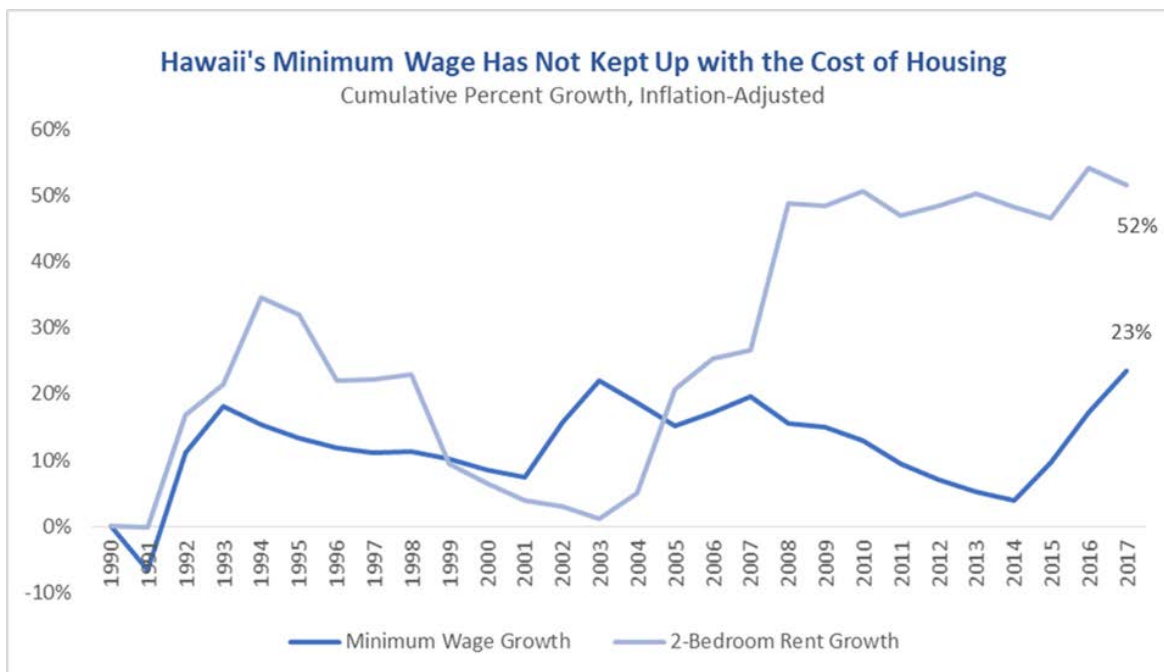
Our minimum wage workers earn only \$21,000 a year (working full time at \$10.10 per hour). At that rate, a

Hawaii minimum wage worker has to work 109 hours per week just to pay rent for a 1-bedroom apartment. According to the Aloha United Way, 48 percent of families in our state struggle with incomes below a minimum survival budget.ⁱⁱⁱ

\$10.10 an hour is not a living wage for a single adult in Hawai‘i, much less parents raising children. As low-wage jobs become the new normal, working families are falling further and further behind even as the economy continues to grow.

How much do you need to earn to make ends meet in Hawai‘i? Here are a few answers:

- **\$17 per hour** in 2019 for a single person with no children and *with* employer-provided health insurance, according to our own state's DBEDT,^{iv}
- **\$27.44 an hour** to afford a 1-bedroom rental in Hawai‘i in 2018, according to the National Low-Income Housing Coalition,^v
- **\$24.78 an hour** in 2017 for a single person with no children in Honolulu County to have a "modest yet adequate standard of living," according to the Economic Policy Institute,^{vi}
- **\$21.52 an hour** in 2018 for a single childless worker in Hawai‘i to achieve "basic economic security," according to the Institute for Women's Policy Research.^{vii}

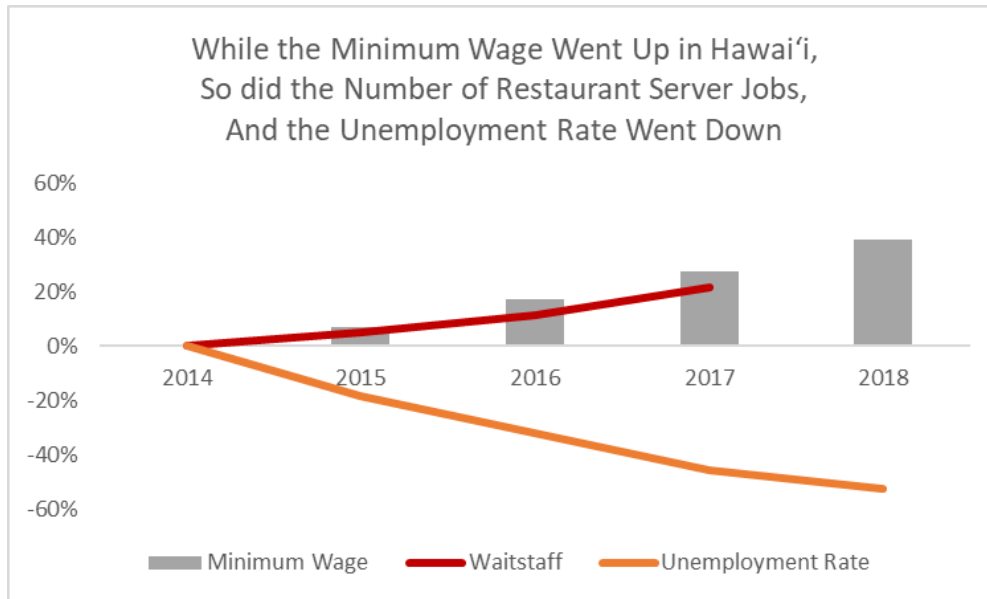


Meanwhile, **consumer spending is the largest driver the economy -- accounting for two-thirds of GDP.** When minimum wage workers earn more, they spend more. As their wages grow, so does their spending at local businesses. **A minimum wage hike promises to boost consumer demand and, in turn, our state economy’s growth.**

Moreover, study after study shows that higher wages are good for businesses’ bottom lines. **Higher wages improve employee morale, productivity, and loyalty, in turn reducing costly turnover and training.** Employees work harder because they want to keep their jobs, rather than looking for higher pay.

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.

Despite claims to the contrary, decades of research – as well as real-world evidence – have proven that raising the minimum wage does not cause businesses to shed jobs. **Between 2015 and 2018, when the minimum wage in Hawai'i rose by 39 percent, our state's unemployment rate dropped by 52 percent. And since the minimum wage started rising in 2015, there was an increase in restaurant server jobs of 22 percent.**



The latest major academic study on the minimum wage, in 2017, found that, on average, 137 minimum wage increases since 1979 reduced the number of jobs paying *less* than the new minimum while adding jobs paying *at or above* the new minimum, effectively canceling each other out, while workers earned more.^{viii}

In 2017, a University of Washington paper that claimed to find negative job effects from Seattle's minimum wage increase made a lot of headlines mainly because it contradicted the existing body of research.^{ix} Since then, major flaws in that study have been found and, as a result, some eminent economists who initially affirmed the Seattle paper have retracted their endorsements of it.^x

Please pass HB 1191 HD1, with the amendments described above. Thank you for your consideration of this testimony.

ⁱhttps://data.bls.gov/cew/apps/table_maker/v4/table_maker.htm?type=0&year=2017&qtr=A&own=0&ind=10&supp=1

ⁱⁱ <https://www.bea.gov/system/files/2018-05/rpp0518.pdf>

ⁱⁱⁱ <https://www.auw.org/alice>

^{iv} http://files.hawaii.gov/dbedt/economic/reports/self-sufficiency/self-sufficiency_2016.pdf

^v <https://nlihc.org/oor/hawaii>

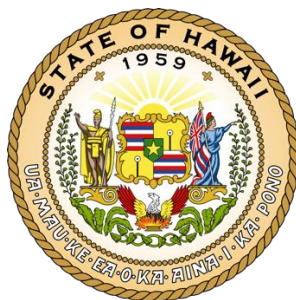
^{vi} <https://www.epi.org/resources/budget/>

^{vii} <http://www.basiceconomicsecurity.org/best/budget.aspx>

^{viii} <https://www.sole-jole.org/17722.pdf>

^{ix} <https://evans.uw.edu/sites/default/files/NBER%20Working%20Paper.pdf>

^x<https://www.washingtonpost.com/news/wonk/wp/2018/02/05/raising-the-minimum-wage-doesnt-cost-jobs-multiple-studies-suggest/>



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

Prepared for the Senate Committee on LCA

In Support of HB1191 HD1
Thursday, March 14, 2019 at 2:45 p.m. in Room 224

Dear Chair Taniguchi, Vice Chair Ihara, and Honorable Members,

On behalf of the Hawai'i State Commission on the Status of Women supports House Bill 1191 HD1, with suggested amendments. HB1191 HB1 would increase the minimum wage to \$15 per hour beginning in 2024 for employees who do not receive pre-raid health insurance, and \$12.50 per hour in 2024 for employees who receive pre-paid health insurance.

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

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

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

¹ The Restaurant Opportunities Centers United, *The Glass Floor: Sexual Harassment in the Restaurant Industry*, Oct. 7, 2014, http://rocunited.org/wp-content/uploads/2014/10/REPORT_TheGlassFloor_Sexual-Harassment-in-the-Restaurant-Industry.pdf.

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

To lift women workers out of poverty, the Commission respectfully requests that the Committee pass HB1191 with the requested amendments.

Mahalo,

Khara Jabola-Carolus

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

HB-1191-HD-1

Submitted on: 3/12/2019 10:08:29 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin	Testifying for Tanaka of Tokyo	Oppose	No

Comments:

In addition our concerns above I have additional concerns that should be considered before passing this bill that will hurt local businesses, our tourism industry, and the economy.

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

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

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

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

Mahalo,

Kevin

HB-1191-HD-1

Submitted on: 3/13/2019 5:13:27 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Nathan Yuen	Individual	Support	No

Comments:

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

I support the intent of HB 1191 HD1 to raise the minimum wage, but the current draft creates a two tiered system that does not achieve the original intent of the bill – to provide a living wage. The two tired system allows employers who provide health insurance to pay a lower minimum wage of \$12.50. This results in a raise of less than 50 cents per year which is not a living.

The Department of Business Economic Development and Tourism calculated that \$17 an hour is needed for a bare bones living wage. We cannot allow large profitable corporations to pay workers such low wages. Workers will have to resort to government assistance. I object to taxpayers subsidizing profitable companies whose only objective is to maximize shareholder value.

I urge you to restore the original intent of the bill which specified a \$17 per hour wage, and \$14 an hour if an employee receives health insurance from their employer. Additionally, the health insurance credit should also be available to only small employers, since the large retailers and restaurant chains can easily afford to pay for health insurance.

Thank you for this opportunity to testify on this important issue to so many people barely making a living in Hawaii.



**Testimony to the Senate Committee on Labor, Culture and the Arts
Thursday, March 14, 2019 at 2:45 P.M.
Conference Room 224, State Capitol**

RE: HB 1191 HD1 RELATING TO MINIMUM WAGE

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

The Chamber of Commerce Hawaii ("The Chamber") **does not support** HB 1191 HD1, which increases the minimum wage rates annually beginning January 1, 2020. This bill would also provide a lower rate for employees who receive employer-sponsored benefits under the Hawaii Prepaid Health Care Act.

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 no doubt harm local businesses, the state economy, job creation and, potentially, the very employees it is trying to help.

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

The number of small businesses across the state of Hawaii vary from the size of the business, to the number of employees or even the products and goods that they sell. A rise of the minimum wage will have an impact that will be felt throughout the small business community. We have heard from many members regarding what would happen to their businesses if the minimum wage were to be increased. Some of our members have said that their businesses would be able to absorb the additional costs of an increase in minimum wage. However, we have heard from other members that an increase could be the final straw for their businesses and that it would make more sense to close shop.

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



Chamber of Commerce HAWAII

The Voice of Business

contribute millions of dollars to charitable causes in Hawaii through fundraisers, donations and other efforts throughout the years.

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

Minimum Wage vs. Living Wage

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

Other Important Factors for Consideration

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

A recent survey conducted by the New York City Hospitality Alliance asked restaurants in New York City about the impacts that these businesses are facing with a recent increase in the minimum wage at the end of 2018 to \$15 per hour. Roughly seventy-five percent of the more than 300 respondents operating full-service restaurants indicated that they'll have to reduce employee hours in 2019 because of the new wage increase. Forty-seven percent of respondents even went as far as saying that they would be eliminating jobs. When asked about if prices on the menus would increase, close to ninety percent of respondents said they expected to see menu prices raised this year.

Labor is just one of the components of a business's costs. In Hawaii, we are the only state in the country that requires employers to provide health care for all employees that work 20 hours or more per week. During the Chamber's recent Health Summit event, the Deputy Insurance Commissioner provided our members with an outlook on the continued rising costs of healthcare in Hawaii. During his presentation, he talked about how the cost of premiums for



medical and drugs in 1974 were just \$17.50 per individual per year. In 2015, those costs rose to nearly \$600 per individual. In 2026, it is anticipated that the costs will rise to about \$14,000 per individual, a cost that will certainly impact small businesses should it continue to rise. While we appreciate that this bill tries to address this issue by offering another bracket of minimum wage increases for employers who provide healthcare, we still must consider that small business owners have said that even the slightest increase will have an impact on them.

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

While our economy at this time is healthy, we note that the minimum wage has never been decreased when the economy enters a recession. The Council on Revenues recently lowered the state's forecasted revenue growth because of a projected slowdown. Hawaii is also just one year removed from the last incremental increase of the minimum wage that began in 2015 to raise the minimum wage to the current \$10.10 level. We still are trying to determine what type of impact this raise had on our local businesses, 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.

HB-1191-HD-1

Submitted on: 3/13/2019 7:04:39 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Raymond Catania	Individual	Support	No

Comments:

To Labor, Culture and the Arts Committee

To the Honorable Chair Brian Taniguchi, Vice Chair Les Ihara and Committee,

I support bill HB1191 HB1, but with some amendments. Hawaii's low wage workers are in an extremely horrible situation. Nearly 88,000 of Hawaii's workforce, many of them women, labor for unlivable wages. They need relief now. Bill HB1191 HB1 should go back to its' original intent of having a wage increase to \$17 an hour, and if an employee is part of the company pre-paid health plan the wage should be at least \$14 an hour and not the proposed very low \$12.50. Both the Democratic Party of Hawaii Platform and the Party's National Platform calls for a minimum of \$15 an hour. I for myself work for less than \$15 an hour (part-time) and my daughter that lives and works in Oregon works for \$15 an hour full time with affordable medical insurance and it hasn't caused an economic calamity in that state. Thank you for your time.

Mahalo,

Ray Catania,

Democratic Party member from Kauai and Democratic Party Labor Caucus member (631-6748) may11nineteen71@gmail.com.

HB-1191-HD-1

Submitted on: 3/13/2019 7:26:31 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Henry Curtis	Testifying for Life of the Land	Support	No

Comments:

Please pass with the amendments proposed by Hawai'i Appleseed Center for Law & Economic Justice

Mahalo

HB-1191-HD-1

Submitted on: 3/13/2019 8:01:54 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Monk	Individual	Support	No

Comments:



MOILIILI
COMMUNITY
CENTER

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

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

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

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

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

In summary, in as much as I wish I could pay my staff more for what they do each day, to have a minimum wage jump from \$10.10 to \$15.00 in 2024, would be difficult to manage for our Center. We have already worked through the last increases which went from \$7.25 in 2014 to \$10.10 in 2018, a four-year span. Grants are becoming more difficult to secure and the cost of a lot of our daily supplies, water, sewer, electricity and health insurance all continue to increase. MCC has been in the community for more than 117 years and we would like to remain here for another 100+ years.

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

Thank you very much for your time and consideration.

Respectfully,

Nadine N. Nishioka
Executive Director



HB-1191-HD-1

Submitted on: 3/13/2019 8:38:19 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dirk Koeppenkastrop	Testifying for IL Gelato Hawaii	Oppose	Yes

Comments:

Submit testimony on HB 1191, Relating to the Minimum Wage

Aloha Chair, Vice Chair and members of the Committee,

I respectfully oppose HB 1191 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. We had 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.



March 14, 2019

2:45 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, Executive Vice President

Re: HB 1191 — RELATING TO MINIMUM WAGE

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on House Bill 1191, which would increase Hawaii's mandatory minimum wage to \$15 an hour by 2024, while providing a lower rate for employees receiving employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

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 study¹ [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.

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

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

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

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.³

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.⁴

If we were to extrapolate that finding to this bill, we could expect a 28 to 70 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

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

³ "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>

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

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

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

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

Thank you for the opportunity to submit our testimony.

Sincerely,

Joe Kent
Executive Vice President
Grassroot Institute of Hawaii

HB-1191-HD-1

Submitted on: 3/13/2019 8:53:40 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lynn Robinson-Onderko	Individual	Support	No

Comments:

Aloha Chair and Committee Members,

I am writing in strong support for HB1911. Workers deserve to earn a living wage. I hope you will do the right this and vote yes on this bill.

Mahalo for your time and attention.

Lynn Robinson-Onderko, Ewa Beach

HB-1191-HD-1

Submitted on: 3/13/2019 9:07:01 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John Webster	Individual	Support	No

Comments:

Thank you for your support of HB 1191. PLEASE increase the wage to \$17 per hour or \$14 if receiving health coverage. Please not kid ourselves - even \$17 is not truly a living wage!!

Business will handle it just fine. I have had a long career in business and am sympathetic to understandable concerns, but I also know that the increases can be accommodated, and should be.

Thank you,

JohnWebster

HB-1191-HD-1

Submitted on: 3/13/2019 9:34:51 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Tada	Individual	Support	Yes

Comments:



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

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

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

Thank you for your time and consideration of my concerns.

Sincerely,

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

Kurt Osaki, President

Kauai Ice Distributors
1000 Bishop Street #609
Honolulu HI 96813



HB 1191, HD 1, RELATING TO MINIMUM WAGE

MARCH 14, 2019 · SENATE LABOR, CULTURE, AND
THE ARTS COMMITTEE · CHAIR SEN. BRIAN T.
TANIGUCHI

POSITION: Support, with suggested amendments.

RATIONALE: IMUAlliance supports and suggests amendments for HB 1191, HD 1, relating to minimum wage, which increases minimum wage rates annually from January 1, 2020 through January 1, 2022, and provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

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.

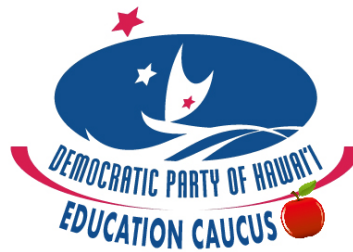
Additionally, as the minimum wage increased to \$10.10/hour over the last four years, our local economy has also grown. People earning more income, especially at the lower end of the pay scale, spend money on basic goods and services, thereby putting their increased earnings back into the local economy,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

We appreciate that this measure links future minimum wage increases to the Hawai'i 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 hope that offering businesses a choice between paying an elevated minimum wage or a lower wage with healthcare will incentivize employers to provide full-time jobs to workers, who frequently string together multiple low-wage jobs to make ends meet, in some cases receiving no health benefits from any single employer as they are kept below the 20-hour threshold for statutorily required employer-sponsored medical insurance.

That said, we urge you to **amend this measure by phasing out the lower minimum wage for workers receiving employer-sponsored healthcare contained on page 3, lines 3 through 12, of this bill over five years**, mirroring the gradual phase-in of the lower wage. Doing so will ensure that in a decade, all workers are being paid the top minimum wage rate and are more able to meet their families' basic needs. We further urge the committee to **only allow small businesses with 25 or fewer employees—so-called “mom and pop shops”—to pay workers the lower wage**. Finally, we believe that **the minimum wage thresholds contained in the bill should be amended to \$17 for employees who do not receive employer-sponsored healthcare and \$14 for those who do**, as called for by the original draft of this proposal. A minimum wage of \$15 and, even more so, \$12.50 is simply not enough to survive as our state's cost of living continues to soar.

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.



HOUSE BILL 1191, HD 1, RELATING TO MINIMUM WAGE

MARCH 14, 2019 · SENATE LABOR, CULTURE, AND
ARTS COMMITTEE · CHAIR SEN. BRIAN T.
TANIGUCHI

POSITION: Support, with suggested amendments.

RATIONALE: The Democratic Party of Hawai'i Education Caucus supports and suggests amendments for HB 1191, HD 1, relating to minimum wage, which increases minimum wage rates annually from January 1, 2020 through January 1, 2024, and provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

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.

We appreciate that this measure links future minimum wage increases to the Hawai'i 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 hope that offering businesses a choice between paying an elevated minimum wage or a lower wage with healthcare will incentivize employers to provide full-time jobs to workers, who frequently string together multiple low-wage jobs to make ends meet, in some cases receiving no health benefits from any single employer as they are kept below the 20-hour threshold for statutorily required employer-sponsored medical insurance.

That said, we urge you to **amend this measure by phasing out the lower minimum wage for workers receiving employer-sponsored healthcare contained on page 3, lines 3 through 12, of this bill over five years**, mirroring the gradual phase-in of the lower wage. Doing so will ensure that in a decade, all workers are being paid the top minimum wage rate and are more able to meet their families' basic needs. We further urge the committee to **only allow small businesses with 25 or fewer employees—so-called “mom and pop shops”—to pay workers the lower wage**. Finally, we believe that **the minimum wage thresholds contained in the bill should be amended to \$17 for employees who do not receive employer-sponsored healthcare and \$14 for those who do**, as called for by the original draft of this proposal. A minimum wage of \$15 and, even more so, \$12.50 is simply not enough to survive as our state's cost of living continues to soar.

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.



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

March 13, 2019

Aloha Chair Taniguchi, Vice Chair Ihara and members of the Labor, Culture, and the Arts Committee,

My name is Jimmy Chan and I started the Hawaiian Chip Company nineteen years ago. I oppose HB 1191 HD 1. The State of Hawaii just raised the minimum wage to \$10.10 an hour. Please consider that both employers and employees are saying things are worse than ever in terms of recruitment and opportunities. This is evidence that the last raise did not work. The minimum wage is an entry level wage. The last increase has made it difficult for me to hire high school kids with no work experience for their first jobs or keep employees who have poor attendance and low productivity, on payroll. To offset the cost of the increase these employees are only hired as part timers because the cost of paying medical is a burden my budget can't handle. Another increase will cause me to eliminate such positions altogether.

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

Raising the minimum wage sounds "progressive" but is not a real solution to fighting poverty. Otherwise, there should be evidence that the increase to \$10.10 an hour helped get people off government assistance for housing, food and healthcare. The proponents of another increase suggest that every person employed is dependable, punctual, hard-working, and has a good attendance record. That is just not a reasonable reality.

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

Thank you for the opportunity to provide testimony.

Mahalo,

A handwritten signature in black ink, appearing to be "Jimmy Chan", written over the printed name below it.

Jimmy Chan



ASUH

Associated Students of the University of Hawai'i
YOUR STUDENT GOVERNMENT

March 14, 2019

COMMITTEE ON LABOR, CULTURE AND THE ARTS

Senator Brian Taniguchi, Chair

Senator Les Ihara, Jr., Vice Chair

Date: Thursday, March 14, 2019

Time: 2:45 PM

Place: Conference Room 224

Re: **Support** for HB1191 Relating to the Minimum Wage

Dear Chair Taniguchi, Vice Chair Ihara, and members,

The Associated Students of the University of Hawai'i (ASUH) is in **strong support** of HB1191 as the minimum wage affects a significant population of students attending the university.

Hawai'i has one of the highest costs of living in the country, leaving many students living paycheck to paycheck each month. As tuition costs increase at the university, many students work multiple jobs, sometimes at or slightly above minimum wage, to pay for housing and educational costs. This leaves students in a vulnerable position of food insecurity and risk of housing insecurity. Other states such as California and New York increased and adjusted their minimum wage for inflation, a move that would not only benefit all minimum wage workers in Hawai'i, but also students who work multiple jobs to further their education.

Attached is the ASUH Senate Resolution 08-19 in Support of a Living Wage.

Thank you for this opportunity to testify.

Sincerely,

A handwritten signature in black ink that reads 'Kacie Manabe'. The signature is fluid and cursive, with the first name 'Kacie' being more prominent than the last name 'Manabe'.

Kacie Manabe
ASUH Legislative Research Fellow

ASSOCIATED STUDENTS OF THE UNIVERSITY OF HAWAI'I AT MĀNOA
2465 Campus Road, Campus Center 211A
Honolulu HI 96822

SENATE RESOLUTION 10-19

IN SUPPORT OF A LIVING WAGE

BE IT ENACTED BY THE UNDERGRADUATE SENATE:

WHEREAS, the Associated Students of the University of Hawai'i at Mānoa Senate is the elected body representing approximately 11,000 full-time classified undergraduate students; and,

WHEREAS, a living wage is defined as the minimum income required for full-time workers to meet their basic needs including shelter, clothing, and food; and,

WHEREAS, Hawai'i is among the least affordable places to live as it has the highest cost of living¹, the lowest real wage when adjusted for living costs², and the most families living paycheck to paycheck in the country³; and,

WHEREAS, the high costs coupled with increasing tuition has forced many college students into a position of food insecurity⁴ and housing insecurity⁵; and,

WHEREAS, the state's own Department of Business, Economic Development and Tourism (DEBT) has found that an individual in 2019 would have to make \$33,000 a year, or \$17 per hour to afford their most basic needs⁶; and,

WHEREAS, numerous studies show that an increase in the minimum wage corresponds with an increase in jobs and has little to no negative effect on the employment of minimum wage workers, and that an increase in the minimum wage would generate large amounts of consumer spending^{7 8 9 10 11}; and,

¹ <https://www.cnn.com/2018/06/28/these-are-americas-most-expensive-states-to-live-in-for-2018.html>

² <https://smartasset.com/mortgage/the-cities-with-the-highest-and-lowest-real-minimum-wage-2017-edition>

³ <http://www.qmarkresearch.com/EITC-APPLESEED-CUSTOM-MAR16%5b1%5d.pdf>

⁴ <https://www.ncbi.nlm.nih.gov/pubmed/27118138>

⁵ <https://talkpoverty.org/2017/11/07/poverty-largely-invisible-among-college-students/>

⁶ http://files.hawaii.gov/dbedt/economic/reports/self-sufficiency/self-sufficiency_2016.pdf

⁷ <https://www.sole-jole.org/17722.pdf>

⁸ <https://voxeu.org/article/minimum-wage-increases-and-earnings-low-wage-jobs>

WHEREAS, as costs rise, the purchasing power of the nominal wage has decreased and the minimum wage has lost ground to inflation¹²; and,

WHEREAS, several other states and cities with lower costs of living have already passed legislation moving the minimum wage to \$15 per hour and then adjusting for inflation, like California, New York, Seattle, and Minneapolis¹³; and,

BE IT RESOLVED, that the Associated Students of the University of Hawai‘i at Mānoa supports and urges the Hawai‘i State Legislature to pass legislation that raises the state minimum wage to at least a level of self-sufficiency, where full-time employment generate a living wage, and supporting annual increases to the state minimum wage equal to the percentage increase of the Consumer Price Index; and,

BE IT RESOLVED, that the Associated Students of the University of Hawai‘i at Mānoa supports and urges the University Hawai‘i Administration to pay all employees of the University at least a self-sufficiency pay, where full-time employment generate a living wage, and supporting pay increases that mitigate the effects of inflation on wages.

NOW, THEREFORE, BE IT FINALLY RESOLVED, that copies of this resolution shall be sent to: the Hawai‘i State Legislature, Hawai‘i State Senate Committee on Labor, Culture and the Arts, Hawai‘i State Senate Committee on Ways and Means, Hawai‘i State House Committee on Labor and Public Employment, Hawai‘i State House Committee on Finance, Governor David Ige, the University of Hawai‘i Board of Regents Chair Lee Putnam and Members, President and UHM Interim Chancellor David Lassner, Interim Vice Chancellor for Academic Affairs and Chancellor for Research Michael Bruno, Interim Vice Chancellor for Students Lori Ideta, Interim Dean of Students and Student Housing Services Director, the Graduate Student Organization, and Ka Leo O Hawai‘i.

ROLL CALL VOTE TO DISCHARGE FROM THE COMMITTEE ON EXTERNAL AFFAIRS

Aye(s): Vice President Simeona, Treasurer Honda, Secretary Sakamoto, Senators-at-Large Chun, Kim, Li, Negrillo, Senators Abara, Balico, Dahmen, Gapet, Juliano, Rafid, Su, Transfiguracion, Urasaki, Vargas, Yoshida [18]

Naye(s): [0]

Abstention(s): [0]

ROLL CALL VOTE TO ACCEPT

Aye(s): Treasurer Honda, Secretary Sakamoto, Senators-at-Large Chun, Kim, Li, Negrillo, Senators Abara, Balico, Dahmen, Gapet, Juliano, Rafid, Transfiguracion, Urasaki, Vargas, Yoshida [16]

Naye(s): [0]

Abstention(s): [0]

⁹ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2705499

¹⁰ <http://cepr.net/press-center/press-releases//new-paper-finds-modest-minimum-wage-increases-have-little-impact-on-employment>

¹¹ <http://irle.berkeley.edu/files/2017/Seattles-Minimum-Wage-Experiences-2015-16.pdf>

¹² <https://www.nytimes.com/2014/02/09/opinion/sunday/the-case-for-a-higher-minimum-wage.html>

¹³ <https://www.nelp.org/news-releases/14-cities-states-approved-15-minimum-wage-in-2015/>

Abstention(s): Vice President Simeona [1]

Introducers: Landon Li, Senator-at-Large, Starshine Chun, Senator-at-Large, Joshua Jungha Kim, Senator-at-Large

HB-1191-HD-1

Submitted on: 3/13/2019 11:39:02 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Anne Leake	Individual	Support	No

Comments:

Minimum wage earners do not make enough to eat, pay rent, and raise a family. A minimum wage of \$17 an hour will go far to eliminate food insecurity and lead to a healthier workforce. It will also motivate people to work. I am a nurse practitioner in practice at a clinic for the homeless. This proposed change in minimum wage will help people find housing BIG TIME. Mahalo.

Anne Leake PhD, APRN

46-395A Kahuhipa St.

Kaneohe, HI 96744

HB-1191-HD-1

Submitted on: 3/13/2019 11:45:17 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
christine trecker	Individual	Support	No

Comments:

I support the intent of HB1191 HDI and urge that it **be amended as follows** to reflect the improvements proposed by the Hawaii Alliance for Community-Based Economic Development:

"... raise the wage to at least \$17 per hour and \$14 for those who get health insurance from their employer, restrict the health care credit to only small businesses with 25 or fewer employees, and phase out the health care credit over 5 years."

Thank you.

Larry Geller
Honolulu, HI 96817

HB1191
LCA
Thursday, March 14, 2019
2:45 p.m.
Room 224

COMMITTEE ON LABOR, CULTURE AND
THE ARTS

Senator Brian T. Taniguchi, Chair
Senator Les Ihara, Jr., Vice Chair

March 13, 2019

Re: HB1191 Relating to Minimum Wage

In Strong Support

Dear Sen. Taniguchi, Sen. Ihara and members of the Committee:

There is nothing that combats food insecurity and homelessness as well as earning a living wage.

In Hawaii, even \$15 does not assure economic security, but it is a welcome step on the way to that worthy goal.

Let's step up and do what is best for Hawaii's working public – cries of danger from the other side have not played out elsewhere in the country.

Larry Geller
Honolulu

HB-1191-HD-1

Submitted on: 3/13/2019 11:59:31 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Wade Hashizume	Testifying for Anna Miller's Restaurant	Oppose	No

Comments:

We strongly oppose HB 1191 HD1 that would increase our State's minimum wage to \$11.00 per hour on January 1, 2020 with incremental increases to \$15.00 per hour on January 1, 2024. Small businesses in Hawaii like our restaurants in Aiea have been struggling the past four years with the burden of minimum wage increases, nearly 40% over the previous minimum wage.

We have cut staffing to a bare minimum to stay afloat. Any further increase in the minimum wage will put an enormous amount of pressure on labor intensive businesses like our full service restaurants. Many establishments will not survive.



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: [HB 1191, HD1](#)
Relating to Minimum Wage
Date: March 13, 2019

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

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

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

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

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

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

Mahalo,

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



To:
Senator Brian T. Taniguchi
Senate Committee on Labor, Culture and the Chair

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

From:
Zonta Club of Hilo, Legislative Advocacy Committee

March 13, 2019

RE: Zonta Club of Hilo in SUPPORT of HB1191 Relating to the Minimum Wage

Aloha Senators Taniguchi and Ihara

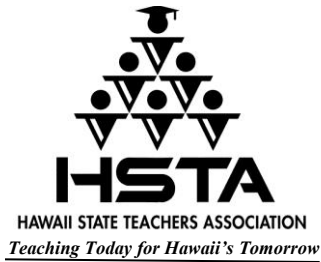
Zonta International is a leading global organization of professionals empowering women worldwide through service and advocacy. Zonta International envisions a world in which women's rights are recognized as human rights and every woman is able to achieve her full potential. In such a world, women have access to all resources and are represented in decision making positions on an equal basis with men. Our membership includes both current and former small business owners in Hilo.

The Zonta club of Hilo would like to offer our support for **HB1191** to increase the minimum wage in the state of Hawaii. The current minimum wage is not in line with the costs of living in Hawaii and six in ten minimum wage workers are women. The average age of a worker receiving a minimum wage is 35 and more than a third are 40 or older. 28% of minimum wage workers have children, nearly two thirds are employed full time and on average they earn more than half of their families' income.

Putting more money in the pockets of Hawaii's family's is the right thing to do. They will in turn use this greater spending power to fuel our economy. Increasing the minimum wage is also about equity, as the majority of these undervalued positions are held by women.

The Zonta Club of Hilo supports **HB1191** and encourages you to pass this legislation in your committee.

Mahalo,
Heather Kimball
Zonta Club of Hilo Legislative Advocacy Committee



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

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

TESTIMONY BEFORE THE SENATE COMMITTEE ON
LABOR, CULTURE AND THE ARTS

RE: HB 1191, HD1 - RELATING TO MINIMUM WAGE

THURSDAY, MARCH 14, 2019

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Taniguchi and Members of the Committee:

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

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

This bill, prior to the HD1 amendments, would have increased our state's minimum wage to \$17 in 6 steps from 2020 to 2025. **This new House draft will only increase the minimum wage to \$15 by 2024.** According to DBEDT, the self-sufficiency income standard for a single person with no children and employer-provided health insurance in 2016 was \$15.84 per hour, which comes out to \$17 in 2019. Since HB1191, HD1 would provide for a lower wage for employees who receive employer-paid health insurance, **it would also make sense to amend the language to make \$17 the lower-tier wage, and then offer a higher wage for employees who don't get health insurance from their employers, and also amend it back to the language in HD1 with 6 steps to reach \$17 by 2025.**

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

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



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

Corey Rosenlee
President

Osa Tui Jr.
Vice President

Logan Okita
Secretary-Treasurer

Wilbert Holck
Executive Director

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

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



March 13, 2019

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

Date: Thursday, March 14, 2019

Time: 2:45 pm

Place: State Capitol, Senate Conference Room 224
415 South Beretania Street

From: Wayne Hikiji, President
Envisions Entertainment & Productions, Inc.

RE: **H.B. 1191 HD1 Relating to Minimum Wage**

TESTIMONY IN OPPOSITION OF H.B. 1191, HD1

My name is Wayne Hikiji and I am the president of *Envisions Entertainment & Productions, Inc.* ("*Envisions*"), an event production company based in Kahului, Maui. We have been in business for 24 years and have 20 full-time employees who have been us between 14-22 years. We also employ approximately 20-25 part-time seasonal workers and contract between 115-120 independent contractors annually.

We strenuously **oppose** HB 1191, HD1 because raising the minimum hourly wage to \$15 over such a short period of time, while well-intended, will have a lasting negative impact on countless small business like ours, forcing many of us to reduce employee hours, cut discretionary employee benefits, or even close our businesses.

Envisions has always paid its workers above the minimum wage to attract those with the aptitude, work ethic, and character traits we require. For Envisions and companies similarly situated, raising the minimum wage will result in wage compression. For example, those who have worked their way up from a starting hourly wage of \$12 to \$15 will resent the fact that a newly-hired, less experienced worker will earn the same wage they spent years to achieve. Unlike large corporations that can absorb a 47% increase (\$10.10 to \$15 an hour) over 6 years, we are not in a financial position to keep paying our seasoned workers more each year simply to compensate for a rising minimum wage.

And the notion that we can simply raise our prices each year to off-set this significant cost increase is neither tenable nor sustainable. Proponents of this Bill would have you believe that this added expense can be passed on to consumers by simply raising prices. The problem with this argument is that our services are non-essential. So our price increases can quickly reach a breaking point where our client will either scale back considerably, contract a competitor who does not have our overhead, or decide to do it themselves or worse yet, do without. In other words, it is demand-elastic, meaning if our prices keep going up, demand for our services will plummet.

36 Pa'a Street, Kahului, Hawaii 96732 * Office: (808) 874-1000 * Fax: (808) 879-0720
INFO@EnvisionsEntertainment.com

Envisions Entertainment & Productions, Inc.
LCA Hearing – March 14, 2019
Written Testimony in Opposition of HB1191, HD1
March 13, 2019
Page 2 of 2

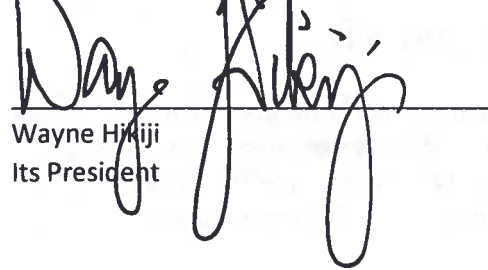
More globally, the idealistic idea that every job should support an entire household is implausible and unrealistic. A minimum wage was never meant to accomplish this, nor can it. Rather a minimum wage should provide motivation to unskilled workers to develop a skill set that warrants a desirable livable wage of his/her own making. In the meantime, if that unskilled worker needs to work two or three jobs until he/she develops the skills to advance his station in life, I believe that is a sacrifice worth making.

And, let's not forget the fact that most minimum wage earners as a family unit aren't poor. Most of those affected either live with family or are a secondary earner where the average family income far surpasses the poverty level this Bill tries to address.

Given the foregoing, I humbly ask that HB 1191, HD1 be held.

Respectfully submitted,

ENVISIONS ENTERTAINMENT & PRODUCTIONS, INC.

A handwritten signature in black ink, appearing to read "Wayne Hikiji", is written over a horizontal line. The signature is stylized and cursive.

Wayne Hikiji
Its President

TESTIMONY BEFORE THE SENATE COMMITTEE ON
LABOR, CULTURE AND THE ARTS

RE: HB 1191, HD1 - RELATING TO MINIMUM WAGE

THURSDAY, MARCH 14, 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 HB 1191, HD1 with the suggested amendments**, relating to minimum wage.

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

This bill, prior to the HD1 amendments, would have increased our state's minimum wage to \$17 in 6 steps from 2020 to 2025. **This new House draft will only increase the minimum wage to \$15 by 2024.** According to DBEDT, the self-sufficiency income standard for a single person with no children and employer-provided health insurance in 2016 was \$15.84 per hour, which comes out to \$17 in 2019. Since HB1191, HD1 would provide for a lower wage for employees who receive employer-paid health insurance, **it would also make sense to amend the language to make \$17 the lower-tier wage, and then offer a higher wage for employees who don't get health insurance from their employers, and also amend it back to the language in HD1 with 6 steps to reach \$17 by 2025.**

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

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

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

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

HB-1191-HD-1

Submitted on: 3/13/2019 12:57:22 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

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

Comments:

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

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

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

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

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

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

Chair Taniguchi
Vice Chair Ihara
Senate Committee on Labor, Culture, & the Arts

Thursday, March 14, 2019
2:45 PM

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

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

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

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

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

That being said, I understand that there are employers who raise concerns that they provide health insurance to their workers so those costs should be factored in to the discussions on a minimum wage increase. I have concerns with this and believe that we seriously need to work on a state-level single payer universal healthcare system or support federal efforts to do so in order to remove that cost for employers and employees. I also really do think that healthcare is many times tying people down to jobs that they don’t find fulfillment from, or not allow individuals to have the mobility to follow their dreams and passions because they have to among other things have healthcare coverage for themselves and their families.

Ultimately, I support the following **amendments** because they do consider my concerns of healthcare being a barrier to raising the minimum wage to a livable wage and I ask for the Senate committee to insert these into the measure itself:

- Reinstating HB1191's original language of raising the minimum wage to at least \$17/hr , \$14/hr if an employee receives health insurance
- Health insurance credit should only be limited to only small employers, big-box retailers and larger employers can easily afford to pay for health insurance
- Phase out the health insurance credit, so eventually all minimum wage workers will be paid the same wage

Overall, I support these amendments because it moves the needle very far from where it was originally, there are increases in place for both workers who don't have health insurance and those who do, increases that will go a long way. And although I remain concerned, what I sincerely appreciate is that this two tier won't be permanent policywise through these amendments because eventually, all workers will be able to be paid the same wage so they can rise together and get the same wage increases to help them out with dealing with the cost of living, while having enough to spend in their communities and their local economy. I ask that the committee in their deliberations remember to incorporate all these amendments because alleviating healthcare costs does not mean a worker and that worker's family doesn't struggle with paying the bills, groceries, taking care of the kids, etc.

I also sincerely appreciate these set of amendments also because if there is going to be exemptions, it's going to be for smaller employers so that they can better transition. The big guys are successful, already doing very well and now they have an opportunity to look back at the workers who brought them to this point and thank them by improving their living standards, helping with their workers morale while not having to spend money on turnover and training costs for new workers.

We all have an opportunity to create a livable future for all of Hawai'i, an opportunity for my generation to be able to have a future here, an opportunity for parents to see their kids grow up. Let's change the world. I **support HB1191 HD1 with amendments** and request for your committee to incorporate these amendments into this measure.

Thank you for the opportunity to testify,

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

HB-1191-HD-1

Submitted on: 3/13/2019 1:01:06 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Turner, UDCP	Individual	Support	No

Comments:

Aloha from Maui County,

I am in support of Bill HB1191.

As a business owner and connected member of the construction industry I personally feel that no worker should be paid less than \$15/hour no matter what their skillset.

I am not alone. There are many Hawaii businesses paying \$15/hour and up. If a business feels it cannot be profitable when paying their workers \$15/hour then perhaps they should not be in business.

I do not feel it is the responsibility of non-profits, or worse - government aid - to support hard working members of our community so that they can live in our communities.

In the construction industry it is well known that a minimum of \$20/hour must be offered to hire and retain workers. Many workers require \$25/hour and upwards of \$65/hour depending on their skills and certifications.

In a capitalist society we must create laws to set certain standards and protect workers from being manipulated. If we do not, certain businesses will take advantage of the hard working people of our community. Additionally this predatory behavior will burden our assistance programs (whether non-profit or government aid) designed to support those less fortunate due to circumstances beyond their control. To pay workers less than \$15/hour will only encourage to supplement business owners and their profits.

I support HB1191.

Michelle Turner, UDCP

Poggenpohl Kitchens Hawaii

PO Box 1664

Kihei HI 96753

info@poggenpohlhawaii.com

808.264.7507



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

From: Mattson C. Davis
Magics Beach Grill - Owner

Subj: HB 1191 HD1 Relating to Minimum Wage

Date: March 13, 2019

I, Mattson C. Davis, Owner of Magics Beach Grill oppose HB 1191 HD1 that will increase our state's minimum wage starting at \$ 11 per hour on January 1, 2020 with increments going to \$15 per hour in January 1, 2024.

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

Compounding with our high rents and also high mandated costs here such as pre-paid health care, many businesses will definitely struggle to survive since not all cost increases can be passed to the consumer in the form of price increases.

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



Mattson C. Davis
Proprietor

Magics Beach Grill
77-6452 Ali'i Dr,
Kailua-Kona, HI 96740
o. (808) 6Magics
c. (808) 937-0466



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



Online Submittal: March 13, 2019

HEARING: March 14, 2019

TO: Senate Committee on Labor, Culture & the Arts
Sen. Brian Taniguchi, Chair
Sen Les Ihara, Vice-Chair

FROM: Eva Andrade, Executive Director – Hawaii Catholic Conference

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

Honorable members of the Senate Committee on Labor, Culture & the Arts, I am Eva Andrade, representing the Roman Catholic Church in the State of Hawaii in my capacity as Executive Director for the Hawaii Catholic Conference, which under the leadership of Bishop Larry Silva, represents Roman Catholics in the State of Hawaii. Thank you for the opportunity to provide testimony in support of HB 1191, HD1, which would increase minimum wage rates annually from January 1, 2020 through January 1, 2024.

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

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

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

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

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

ⁱⁱⁱ Blaire, op. cit., p. 7

HAWAII CATHOLIC CONFERENCE

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

HB-1191-HD-1

Submitted on: 3/13/2019 1:39:36 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Beverly Guzman	Testifying for Jeans Warehouse Inc.	Oppose	No

Comments:

Honorable Senators of the Hawaii State Legislature

Re: Bill HB1191, HD1 relating to the minimum wage in Hawaii

As a locally established company in 1978, Jeans Warehouse, Inc. is against the above mentioned bill to raise the minimum wage to \$15 per hour.

We acknowledge that Hawaii has a very high cost of living, but some believe that's the 'cost of living in paradise'.

The concept of minimum wage should be that--it's the **minimum** starting point when hired.

Minimum wage is an entry level amount and should not be confused with a 'living wage'. Employers have the option to offer wage increases with position promotions, thereby developing employment stability and longevity.

As an Employee Owned Company, Jeans Warehouse, Inc. is very sensitive in balancing our revenue and expenses to ensure a profitable business for the sake of our 300 plus employees. Any business owner should be able to share with government decision makers the importance of 'not spending more than you make'.

Payroll expense represented approximately 23% of our total business expense in 2018. An increase of the minimum wage will have a severe adverse impact on our financial well-being without making drastic changes.

We cannot afford to absorb this type of expense increase, which would affect taxes, TDI and workers compensation, without passing on higher priced merchandise to our customers, who truly appreciate value priced fashion.

We appreciate your consideration, not to approve this bill.



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

Thursday, Mar. 14th, 2019 @ 2:45pm

Conference Room 224, State Capitol

RE: House Bill 1191 Relating to Minimum Wage

Position: Amend \$12.50 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.

\$12.50 is Not Enough

As HB1191 stands, a full-time worker will get \$0.50 annual increases and earn \$12.50 per hour in 2024. This is a slower increase than workers are getting in Arkansas and Missouri.

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 proposed minimum wage of \$12.50, a full-time worker will earn only \$26,000. This requires working adults to either put in 58 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 difference.

While all workers in California, Illinois, Massachusetts, New Jersey, New York City, Seattle and more will be earning \$15 or more by 2024, Hawaii residents are on track to continue to be the poorest in the nation.



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

In January the President and CEO of the US Chamber of Commerce for 20 years, Thomas Donohue, said they're not automatically opposing minimum wage increases. "In times past, we always would say, 'Well, wait a minute,' look, these are different times, and we're going to listen. We're not going out and opposing, but some states have got legitimate concerns here."

If he recognizes the need for some states to get raises, Hawaii, with the lowest real minimum wage in the nation is definitely most deserving of one.

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



Jobs in Hawaii at all-time highs

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

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

Unemployment near record lows

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

Low-wage workers much better off

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

All workers better off with minimum wage hikes

This economic boom was felt by workers across the spectrum. From 2014 to 2018 the real median wage of the Hawaii worker 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 the 17 Senate members that publicly support a living wage:

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

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

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



Thursday, March 14, 2019

House Bill 1191 HD1
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, with amendments, HB1191 HD1 Relating to the Minimum Wage**, which increases minimum wage rates annually from January 1, 2020 through January 1, 2024 and provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

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

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

According to DBEDT's Self-Sufficiency Income Standard¹, 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, 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."

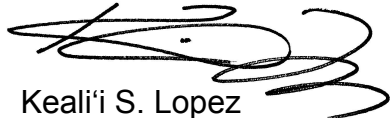
Though the Party appreciates the work of the Committee on Labor and its support for increasing the minimum wage, we believe the amounts currently proposed do not go far enough to get workers to a living wage. As such, we ask that the bill be amended to restore the \$17 and \$14 amounts in the original draft.

While the measure addresses some of the concerns of the business community, we would ask that the included health care credit be phased out over a five year period. To ensure the bill is addressing legitimate concerns of small business, as opposed to those of big business and box-stores, we would ask that the health care credit be limited to those small businesses with 25 or fewer employees.

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

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

Mahalo for the opportunity to testify,



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

1. http://files.hawaii.gov/dbedt/economic/reports/self-sufficiency/self-sufficiency_2016.pdf

HB-1191-HD-1

Submitted on: 3/13/2019 2:03:01 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Amanda Silliman	Individual	Support	No

Comments:

I would like to present support in favor of HB 1191 HD1, which increases minimum wage rates annually from January 1, 2020 through January 1, 2024 and provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

At my current job I work full time, including unpaid weekend hours, and I am paid less than minimum wage. The Hawai'i Department of Business, Economic Development & Tourism, set the, "self-sufficiency income standard for a single adult with no children in 2016 was nearly \$33,000 per year" (qtd. In "Raise up Hawaii" par. 3) if the minimum wage was raised to \$15.84. However, even if minimum wage was raised to this amount, it would continue to be a struggle for me, and people like me, to support ourselves, pay student dues, cover car payments, and pay a mortgage.

Not everyone who works a minimum wage job is a youth or in a situation where they can depend on others for financial support. This is not the American dream Millennials were promised, nor will it be the American dream for Generation Z for whom milestones of adulthood will continue to drift farther and farther out of reach if minimum wage continues to lag behind the cost of living.

We're all familiar with articles that critique Millennials for killing this or that industry, amongst which include restaurants, housing, diamonds, and mayonnaise if one were to look at the most sensational victims on the list. However, this speaks to a larger issue—that the decrease in an entire generation's spending habits is not the result of snobbishness, but a lack of finances. As Derek Thompson cites in, "Millennials Didn't Kill the Economy. The Economy Killed Millennials," the Joint Center for Housing Studies of Harvard University, that, "the typical sale price of an existing single-family home in 2017 was 4.2 times greater than the median household income... 30 percent higher than in 1988" (par. 10) How does this play out here in the islands? According to a 2017 KITV article, "Oahu single-family home prices hits record \$795k", the median price for buying a home is out of reach for most locals, subsequently pushing them out of the state. You don't have to look far to find a friend or family member for whom the struggle to start or maintain a family on Oahu is worry perched at the back of their minds.

We must ask ourselves how we can expect our community to flourish if the minimum wage is too low to adequately support the cost of living. I may never own a home on the

island I grew up on, and eventually I may be forced by financial circumstance to move elsewhere. If more isn't done to increase minimum wage, you can expect for this kind of scenario to be the one that crumbles our community.

Please support HB 1191 HD1.

HB-1191-HD-1

Submitted on: 3/13/2019 2:10:46 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dawn Morais Webster Ph.D.	Individual	Support	Yes

Comments:

Anything less than a \$17 an hour wage flies in the face of the facts: people cannot survive on anything less. The houseless encampments tell a story of rising desperation. People are not opala to be swept away. We have an obligation to ensure that EVERYONE can feed their family, have a roof over their heads. Even three jobs at the current minimum wage of 10.10 does not allow people to do that. Let's treat workers with the dignity they deserve and that is consistent with Hawaii's culture of aloha. Every faith tradition says "love your neighbor" and treat others as we want to be treated ourselves. Paying workers a wage that we KNOW does not ensure their simple survival is a betrayal of who we are. Please amend this bill to reflect a \$17 minimum wage and ensure that it rises automatically every year to keep up with rising costs. THANK YOU.

HB-1191-HD-1

Submitted on: 3/13/2019 2:22:59 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Carl Bergquist	Testifying for Drug Policy Forum of Hawaii	Support	No

Comments:

Chair Taniguchi, Vice Chair Ihara, Committee Members:

The Drug Policy Forum of Hawai'i supports this bill to help community members struggling to make ends meet here in the islands.

Raising the minimum wage is essential, but this must be done in a meaningful way. Please consider the following amendments to revert to the original intention of the bill:

- **The 2024 rate should be raised back to \$17 per hour, and \$14 if an employee receives health insurance from her employer;**
- **The health insurance credit should also be limited to small employers only;**
- Seattle currently has a similar health insurance credit, but it [quickly phases out](#). **Any such credit in Hawai'i should also be phased out**, so that eventually all minimum wage workers will be paid the same wage.

Mahalo for the opportunity testify.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
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HONOLULU, HAWAII 96813-3065
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RON MENOR
Council Chair Emeritus &
Council Vice Chair
District 9

Email: rmenor@honolulu.gov

Phone: 808-768-5009

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WRITTEN TESTIMONY ONLY

March 14, 2019

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

House Bill 1191 HD1
RELATING TO MINIMUM WAGE

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

I am testifying in support of House Bill 1191 HD1. I am submitting this testimony not on behalf of the Honolulu City Council, but as an individual Councilmember.

The City Council unanimously approved Council Resolution 19-1 on January 30, 2019 (see attached):

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.



RESOLUTION

REQUESTING THE LEGISLATURE OF THE STATE OF HAWAII TO MOVE FORWARD TO INCREASE THE STATE MINIMUM WAGE TO A LIVING WAGE.

WHEREAS, 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; and

WHEREAS, 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*; and

WHEREAS, 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, transport, health care, and other essentials in a modern society; and

WHEREAS, according to the *Living Wage Calculator for Honolulu County, Hawaii* (2017 Update), the 2017 living wage for an adult in "Honolulu County, Hawaii," was \$16.03 per hour, or \$33,342 annually, with the amount nearly doubling when adding a child to the household calculation; and

WHEREAS, the 2018 estimated living wage for an adult in "Honolulu County" was \$16.50 per hour, or \$34,320 annually, according to Hawaii's State Department of Business and Economic Development; and

WHEREAS, 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 a full-time minimum wage worker earns now and the amount a worker must earn to meet his or her basic needs; and

WHEREAS, 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; and

WHEREAS, the City Council finds that raising Hawaii's minimum wage to a living wage will assist families and individuals living in Hawaii to meet their basic needs and to achieve food security, housing stability, and greater financial independence; now, therefore,



RESOLUTION

BE IT RESOLVED by the Council of the City and County of Honolulu that the Legislature of the State of Hawaii is requested to move forward with the enactment of legislation this coming Legislative session to increase the minimum wage to a living wage for the State of Hawaii; and

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Governor, the Speaker of the House of Representatives, the President of the Senate, and the Director of the Department of Labor and Industrial Relations of the State of Hawaii.

INTRODUCED BY:

Ron Menor

DATE OF INTRODUCTION:

JAN 4 2019

Honolulu, Hawaii

Councilmembers

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

RESOLUTION 19-1

Introduced: 01/04/19 By: RON MENOR

Committee: PARKS, COMMUNITY
SERVICES AND
INTERGOVERNMENTAL
AFFAIRS

Title: RESOLUTION REQUESTING THE LEGISLATURE OF THE STATE OF HAWAII TO MOVE FORWARD TO INCREASE THE
STATE MINIMUM WAGE TO A LIVING WAGE.

Voting Legend: * = Aye w/Reservations

		<u>CC-8</u> KOBAYASHI - RE-REFERRAL OF BILLS, RESOLUTIONS AND COMMUNICATIONS
01/22/19	PARKS, COMMUNITY SERVICES AND INTERGOVERNMENTAL AFFAIRS	CR-5 - RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION.
01/30/19	COUNCIL	CR-5 AND RESOLUTION 19-1 WERE ADOPTED. 8 AYES: ANDERSON, ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MENOR, PINE, TSUNEYOSHI.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.



GLEN J. TAKAHASHI, CITY CLERK



ANN H. KOBAYASHI, INTERIM CHAIR AND PRESIDING OFFICER

HB-1191-HD-1

Submitted on: 3/13/2019 2:27:37 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sean Uezu	Individual	Oppose	No

Comments:

Raising the minimum wage will not have the intended outcome. Please see this article regarding what Whole Foods is doing after raising their wages:

<https://www.fastcompany.com/90316370/whole-foods-reportedly-cuts-worker-hours-to-make-up-for-its-new-15-an-hour-wage>

1. Doing business in Hawaii is difficult as it is, to raise the minimum wage will create a situation where in order to make ends meet, more income will need to be made. One way of increasing income is to raise prices.
2. Another way to make ends meet is to reduce costs and as mentioned in the article, one way is to reduce the number of hours employees work. Fewer workers will work harder and earn less overall due to the reduction in hours.
3. Another way to reduce costs is a reduction in benefits. So the combination of more part-time and less full-time staff will allow a company to reduce the benefits expenses incurred.
4. The minimum wage is not intended to be a living wage. To treat the minimum wage as such will hurt entry-level jobs never intended for someone to live off of. Students do not need to earn enough to support a family--all that should be required is a fair wage for the work they provide. Something that does not exploit them and treat them fairly, not allow them to earn enough that one could make a living off of.
5. The free market will take care of the wage increases. As it is, there are very few jobs which pay the minimum wage. Due to the tight labor market, many jobs pay \$14-15. If a business wants to acquire and retain staffing, they must compete with the other companies and the market will dictate what a competitive wage is.
6. Entry level jobs paying too high of a level provides a disincentive for higher education. If we as a state want to raise the bar on our population, we should be encouraging our people to either reach for higher education or gain training in a trade skill that will naturally result in a higher salary.

The minimum wage is not supposed to be a living wage. I would encourage the legislature to use creativity and ingenuity to help make Hawaii more financially livable rather than hurt the economy and costs for all.

I would also encourage the legislature to explore what is being done in other countries like Australia where there is a minimum wage based on age.

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

From: Byron "Biff" Graper (S)
Colliers International
Restaurant Sales and Leasing
biff@colliershawaii.com 808-523-9737

Subject: HB 1191, HD1 Relating to Minimum Wage
Date: March 13, 2019

Thank you for the opportunity to provide testimony. I hereby oppose House bill HB 1191, HD1 Relating to the Minimum Wage. "The legislature finds that Hawaii has some of the highest costs of living in the country. This disproportionately impacts lower wage earners in the State and imposes significant hardship."

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

For this to work, the State's minimum wage tip credit must be increased.

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

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

To compensate for the increased labor costs, restaurants will raise menu prices, find more ways to reduce employee hours and hope customer demand doesn't fall. For some, they will go out of business. For the others they will have successfully passed the cost on to the consumer. But wait a minute, the minimum wage tipped employee currently earning at least \$16.25 per hour gets an additional benefit. The tips they receive will also go up because increased menu prices result in increased tips.

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

The \$.75 tip credit should increase by whatever the minimum wage increase is because menu price increases are going to automatically provide tipped wage increases for those employees. By doing it this way, we are not legislating an unnecessary high consumer dining out price and unnecessarily increasing the cost of living in Hawaii. The next time you are out for a restaurant meal, you do the math. Multiply the tip you give by the 4 to 5 tables your server is taking care of. How much are they really earning?

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

I urge you NOT to pass this bill out of committee.

Mahalo,



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Senate Committee on Labor, Culture & the Arts

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

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

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

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

SB 1191 should be amended to increase our state's minimum wage to \$17 per hour, and \$14 if an employee receives health insurance from her employer, which was the bill's original language.

The health insurance credit should also be limited to only small employers, since the big-box retailers and large employers can easily afford to pay for health insurance.

Seattle currently has a similar health insurance credit, but it quickly phases out. Any such credit in Hawai'i should also phase out, so eventually all minimum wage workers will be paid the same wage.

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

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

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

Studies have found that higher wages are good for business. Hawaii's minimum wage rose from \$7.25 to \$10.10 between 2015 and 2018 while our unemployment rate dropped and economy grew. Higher wages improve employee retention and productivity, which gives employers savings in hiring and training costs. And minimum wage workers' raises tend to be spent quickly in the local community, multiplying the beneficial effects across our state.

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

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

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

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

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

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

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

Mahalo,



Anne Frederick
Executive Director

[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.

From: [Sharain Naylor](#)
To: [LCATestimony](#)
Subject: Re: Testimony in SUPPORT of HB1191 HD1 - Sharain Naylor
Date: Tuesday, March 12, 2019 9:57:18 AM



Testimony in SUPPORT of HB1191 HD1

Name	Sharain Naylor
Email	sasheir@yahoo.com
Address	City: Honolulu Postal / Zip Code: 96822
Subject	Testimony in SUPPORT of HB1191 HD1, with amendments
Type a question	Aloha Chair Taniguchi, members of the Senate Labor Committee,

I strongly support raising the state minimum wage to at least \$17 an hour by 2024. For a single adult with no dependents, \$17 an hour is the DBEDT self-sufficiency level for 2019. In 5 years, even that won't be enough to live on as inflation and the cost of living increases.

HB1191 HD1, while better than nothing, does not even come close to what is necessary to address the growing income inequality in our state. The time for half-measures is long past.

Our economy is headed toward another Recession in the near future. Recessions are made far worse when the poor don't have enough money to withstand it.

In other words, the richest 1% cannot possibly buy enough to keep the economy going and people employed. You need workers with enough money to buy products too. And that means that it is very important to consider what workers are paid in relation to the value they create.

The time to act is now. Strengthen this bill and pay all workers a true living wage, before it is too late.

From: [Michele Nihipali](#)
To: [LCATestimony](#); info@livingwagehawaii.com
Subject: Amend the \$12.50 in HB1191 to a Living Wage
Date: Wednesday, March 13, 2019 10:11:46 AM

Position: Amend \$12.50 to a Living Wage

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

\$12.50 is not a sufficient hourly wage for a full-time worker. If this bill passes in its current form, it will leave Hawaii's residents with only \$26,000 for an entire year of work in 2024 and beyond. At \$12.50 per hour, this will make a single adult worker put in 58 hours per week or more just to afford their basic needs.

\$0.50 annual raises for the most vulnerable amongst us is insufficient and will keep us struggling to survive for at least another 5 years.

All workers deserve to be able to make ends meet after just 40 hours of work, so please raise the minimum wage to a living wage, estimated today at \$17 per hour.

Thank you,

Michele Nihipali

Petition HB1191
Richard Bird
J Kramer
Danielle Sato
James Degen
Suzanne Shedletsy
Timothy Starbright
Trevor Wedlund
Daniel Flores
Siraj Ali
Arianna Namini
Jenny Jung
Sarah Catino
Christiana Buenconsejo
Justin Jansen
William Bracken
Ryan Little
Sharain Naylor
Darlene Rodrigues
Kainani Derrickson
Courtney Mrowczynski
Autumn Ness
Michele Nihipali
Big Island
Tien Wong

LATE
Erica Scott
Kyle Kennedy
Jason Arnold

From: [Jeff Gilbreath](#)
To: [LCATestimony](#); info@livingwagehawaii.com
Subject: Amend the \$12.50 in HB1191 to a Living Wage
Date: Wednesday, March 13, 2019 10:22:07 AM

Position: Amend \$12.50 to a Living Wage

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

\$12.50 is not a sufficient hourly wage for a full-time worker. If this bill passes in its current form, it will leave Hawaii's residents with only \$26,000 for an entire year of work in 2024 and beyond. At \$12.50 per hour, this will make a single adult worker put in 58 hours per week or more just to afford their basic needs.

\$0.50 annual raises for the most vulnerable amongst us is insufficient and will keep us struggling to survive for at least another 5 years.

All workers deserve to be able to make ends meet after just 40 hours of work, so please raise the minimum wage to a living wage, estimated today at \$17 per hour.

An increase in our minimum wage to a living wage would help address the fact that our renters and homeowners report the highest housing cost burdens in the nation. While we work over the next several years to increase our housing stock that is affordable for our households earning \$75,000 annually or less, there is need to make sure our workers and working families are getting paid the wages they need to rent or own homes.

Thank you,

Jeff Gilbreath

From: [SONYA YUEN](#)
To: [LCATestimony](#)
Subject: Testimony in Opposition, HB1191 LCA 3/14 2:45pm
Date: Wednesday, March 13, 2019 11:40:09 AM

Dear LCA LCA,

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

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

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

This bill would increase the minimum wage by almost 50% for some employees and almost 25% for others, it would also shift the whole wage scale. In order to adjust to such a dramatic increase in the cost of labor, businesses like mine will have to make some difficult choices. This bill will likely mean having to cut hours, cut jobs, eliminate benefits, or raise prices. Some Hawaii businesses will not survive this increase and will have to close their doors.

Because of the low unemployment rates in our state, many businesses already start employees well above minimum wage. For a lot of businesses like mine minimum wage is a training wage, especially for people like high-schoolers who are just entering the work force. Employees earn this rate while they are training and learning valuable skills, and getting ready to advance in their careers. Increasing the minimum wage makes it harder for business to offer the types of jobs that allow people entry into the work force.

This measure has too many down sides and negative consequences, this is not the right choice for our state.

Sincerely,

SONYA YUEN
PO Box 240
Kualapuu, HI 96757
kmltd@hawaii.rr.com

COMMITTEE ON LABOR, CULTURE AND THE ARTS

Senator Brian T. Taniguchi, Chair
Senator Les Ihara, Jr., Vice Chair

LATE

Date: Thursday, March 14, 2019
Time: 2:45 p.m.
Place: Conference room 224

HB1191, HD 1, RELATING TO MINIMUM WAGE

In SUPPORT, with Amendments

My name is Bart Dame and I am testifying as an individual today.

An earlier draft of this bill, prior to the HD1 amendments, would have increased our state's minimum wage to \$17 in 6 steps from 2020 to 2025. This new House draft will only increase the minimum wage to \$15 by 2024. According to DBEDT, the self-sufficiency income standard for a single person with no children and employer-provided health insurance in 2016 was \$15.84 per hour, which comes out to \$17 in 2019. Since HB1191, HD1 would provide for a lower wage for employees who receive employer-paid health insurance, it would also make sense to amend the language to make \$17 the lower-tier wage, and then offer a higher wage for employees who don't get health insurance from their employers, and also amend it back to the language in HD1 with 6 steps to reach \$17 by 2025.

One thing I like about this bill is that it attempts to fix a problem that was created when employers were not required to offer health insurance to employees who worked fewer than 20 hours a week. We created a strong incentive for employers to replace one full time worker who got healthcare, with two part-time employees who receive no healthcare, thereby saving the employer significant money. The approach taken by this bill greatly reduces that structural incentive.

But let's adjust the wage levels to accomplish both goals, that of removing the disincentive for full-time employment, but also working to move the earnings of our lowest paid workers closer to the bare minimum wage necessary to be able to survive in Hawaii's high cost economy. When we are confronted with a study from our own state government that sets the self-sustainability wage a \$17 an hour TODAY, how do we justify raising it at a much slower rate and dragging it out to 2024?

Thank you for this opportunity to testify.

LATE

HB-1191-HD-1

Submitted on: 3/13/2019 2:59:31 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Kagiwada	Individual	Support	No

Comments:

Please pass this bill! Increase to \$17/hour if possible. Mahalo!! J Kagiwada, Hilo



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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



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

Testimony by
Hawaii Government Employees Association
March 14, 2019

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

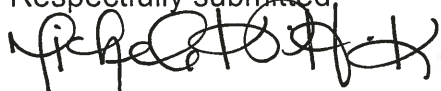
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the general premise of increasing the minimum wage for all workers in Hawaii. As drafted, H.B. 1191, H.D. 1 increases the minimum wage rates on January 1, 2020 by bifurcating the wage increases based on receiving benefits under the Hawaii Prepaid Health Care Act and indexes future increases to the consumer price index. However, if given a choice, we prefer the language in the original H.B. 1191 which increased the minimum wage to a higher rate and subsequently indexed the minimum wage to the Honolulu consumer price index for future years.

We fully recognize that health care benefits are a critical component of any employee's total compensation package. Since state and county employees are exempt from the provisions of the Hawaii Prepaid Health Care Act, many of our members pay 40% of the total cost of their medical premiums regardless of how much they earn which depending on the plan and type of enrollment, can be as high as \$1,300 per month for family coverage. This is simply unaffordable and forces too many government employees to take second, and sometimes third, jobs just to get by. The wage increases outlined in H.B. 1191, H.D. 1 will positively impact much of the government workforce.

Additionally, Hawaii's minimum wage is \$10.10 per hour or \$21,000 a year for a full-time non-tipped minimum wage worker; however, our high cost of living continues to outpace wage increases. We believe increasing the minimum wage over the next five years is one tool that will continue to spur Hawaii's economy. We strongly support increasing a minimum wage earner's purchasing power and thus generating much needed consumer spending.

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

Respectfully submitted,


for Randy Perreira
Executive Director



LATE

HIPHI Board

Michael
Robinson, MBA, MA
Chair
Hawaii Pacific Health

Mark Levin, JD
Secretary
William S. Richardson School
of Law

Kilikina Mahi, MBA
Treasurer
KM Consulting LLC

Joy Barua, MBA
Kaiser Permanente

Forrest Batz, PharmD
Retired, Daniel K. Inouye
College of Pharmacy

Debbie Erskine
Kamehameha Schools

Keawe'aimoku
Kaholokula, PhD
John A. Burns School of
Medicine, Department of
Native Hawaiian Health

Bryan Mih, MD, MPH
John A. Burns School of
Medicine, Department of
Pediatrics

Rachel Novotny,
PhD, RDN, LD
University of Hawaii at Manoa,
College of Tropical Agriculture
and Human Resources

Catherine Taschner, JD
McCorriston Miller Mukai
MacKinnon LLP

JoAnn Tsark, MPH
John A. Burns School of
Medicine, Native Hawaiian
Research Office

En Young, MBA
Sansei, Lanai

Date: March 13, 2019

To: Senator Brian Taniguchi, Chair
Senator Les Ihara, Vice Chair
Members of the Labor, Culture, and Arts Committee

Re: Support for HB1191 HD1, Relating to Minimum Wage

Hrg: March 14, 2019 at 2:45pm at Conference Room 224

The Hawai'i Public Health Instituteⁱ is in **Support of HB 1191** which increases the minimum wage annually from January 1, 2020 to January 1, 2024.

Wages impact health and create opportunities for better health.

Increasing the minimum wage can affect health by improving income and food security, decreasing stress, improving nutrition, and more. Communities of residents with higher incomes are likely to have better recreational amenities, housing, food access, and schools, and tend to be safer – all of which impact health. Income is also associated with other factors that create the opportunity to be healthy, such as employment opportunities, reduced environmental contamination, and greater transportation options.

Health improves with increasing income, and the impacts of a rise in income are greatest for those at the lowest end of the wage scale. Research shows that those who move out of the lowest income level to the next receive the greatest percentage increase in life expectancy and health status. This means that a family living on minimum wage realizes greater health benefits from an increase in salary than a middle-class family receiving the same raise.

Wages should be distributed equally.

HB1191 would provide a lower minimum wage for employees who receive employer-sponsored health benefits under the Prepaid Act. HIPHI respectfully requests that the committee restrict the health care credit to only small businesses with 25 or fewer employees and that the health care credit be phased out over 5 years in order to eventually have all of our minimum wage workers earning the same wage.

Even if a low-income family has health insurance, health care costs such as insulin and cholesterol medicines may not be affordable if they have to pay copays and deductibles. Minimum wage workers are critical to our economy but are falling further and further behind in their ability to make ends meet. Hawai'i workers need a raise to build economic opportunity and a better future for our families.

Thank you for the opportunity to provide testimony.

Mahalo,

A handwritten signature in black ink, appearing to read 'Trish'.

Trish La Chica, MPA
Policy and Advocacy Director

ⁱ Hawai'i Public Health Institute is a hub for building healthy communities, providing issue-based advocacy, education, and technical assistance through partnerships with government, academia, foundations, business, and community-based organizations.

LATE

HB-1191-HD-1

Submitted on: 3/13/2019 3:48:01 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

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

Comments:

Aloha Chairperson Taniguchi and members of the Senate Committee on Labor. ABC Stores strongly oppose HB 1191 HD1 Relating to Minimum Wage. This measure increases minimum wage rates annually for January 1, 2020 through January 1, 20124 and provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

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

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

LATE

To: Hawaii State Senate Committee for Labor Relations Board
Hearing Date/Time: Thursday, March 14, 2019 at 2:45pm.
Place: Hawaii State Capitol, Room 224
Re: Judith Ann Armstrong is in support of HB1191 HD1 relating to minimum wage

Dear Members of the Labor Relations Board Committee,

I, Judith Ann Armstrong, am strongly in support of HB1191 HD1, relating to Minimum Wage with the following amendments:

While the intent of the health insurance credit is to incentivize employers to provide their workers with health insurance (many workers are kept part-time to avoid the cost of premiums):

- **HB 1191 HD1 needs to be raised back up to at least \$17 per hour, and \$14 if an employee receives health insurance from her employer**, which was the original language of this bill.
- **The health insurance credit should also be limited to only small employers**, since the big-box retailers and large employers can easily afford to pay for health insurance.
- Seattle currently has a similar health insurance credit, but it quickly phases out. **Any such credit in Hawai'i should also phase out**, so eventually all minimum wage workers will be paid the same wage.

Thank you for this opportunity to testify in support of this important measure.

Sincerely,
Judith Ann Armstrong
1717 Ala Wai Blvd
Apt 3006
Honolulu, HI 96815



"Locally Owned & Operated in Hawaii Since 1961"

LATE

99 134 Waiua Way, Aiea, HI 96701

March 13, 2019

**Testimony to the Committee on Labor, Culture and the Arts
Thursday, March 14, 2019,
2:45pm, Conference room 224, State Capitol Bldg.**

RE: HB 1191 H.D.1

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

My name is Anthony Borge and I am a board member on the Small Business Regulatory Review Board. Today however, I am submitting testimony as a small business in **opposition to HB 1191 H.D. 1**. RMA Sales is a locally owned, small business manufacturing and distributing louver jalousie windows, storm/security doors, screens and ancillary products here in Hawaii since 1961.

The minimum wage increases proposed over the next five years will not achieve the desired intent "to combat wage disparity and also incentivize greater provision of healthcare to lower wage employees by their employers".

What it will achieve is an increase throughout the State of the cost of goods and services to the end users/customers by businesses that are able to pass-on the respective cost. Small businesses that are not able to pass-on the added cost will need to downsize with respect to labor to remain competitive and stay in business. Instead of growing/expanding business, hiring more people. It will have the opposite effect.

The minimum is wage is just a starting point. Businesses pay more based on the individual's skillsets and value provided. The incentive to make more money is to improve/enhance your individual skillsets and value.

Thank you.

Respectfully submitted,

Anthony Borge

RMA Sales

99-134 Waiua Way

Aiea, HI 96701

LATE



Before the Senate Committee on Labor, Culture and the Arts

DATE: Thursday, March 14, 2019

TIME: 2:45 p.m.

PLACE: Conference Room 224

Re: HB 1191, HD 1 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) in opposition to HB 1191 HD1 relating to minimum wage which increases minimum wage rates annually beginning from January 1, 20120 through January 1, 2024 and provides a lower rate for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

No one has greater incentive, responsibility or ability to lead the economy than Hawaii's small business owners. Therefore, lawmakers have a special obligation to ensure that public policies help spur economic growth by taking into account the unique perspective of those who are owning and operating a small business. Small businesses play a major role in the economy, representing 99% of all employer firms, employing about half of private-sector employees and generating 63% to 80% of net new jobs annually. Raising the minimum wage would make it harder for low-skilled or first-time workers to get jobs. We oppose this measure.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents nearly 1,000 members. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business.



LATE

Testimony to the
Senate Committee on Labor, Culture, and the Arts
March 14, 2019, 2:45 p.m.
State Capitol - Conference Room 224

RE: HB 1191, HD1 Relating to Minimum Wage

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

On behalf of the Society for Human Resource Management – Hawaii Chapter (“SHRM Hawaii”), we are writing comments to HB 1191, HD1 relating to minimum Wage. This bill increases minimum wage rates annually from January 1, 2020 through January 1, 2024 and provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

Any increase should be gradual and with the understanding that minimum wage is not a living wage. Within the human resource management profession, minimum wage is an entry level training wage and setting it too high will have a ripple effect to all wage earners, not just those making minimum wage. We respectfully request legislators take a historical view of the past gradual increases that was eased into the economy.

Human resource management professionals are responsible for the alignment of employees and employers to achieve organizational goals. HR professionals seek to balance the interests of employers and employees with the understanding that the success of each is mutually dependent. SHRM Hawaii represents more than 800 human resource professionals in the State of Hawaii. We look forward to contributing positively to the development of sound public policy and continuing to serve as a resource to the legislature on matters related to labor and employment laws.

Mahalo for the opportunity to testify.



HB-1191-HD-1

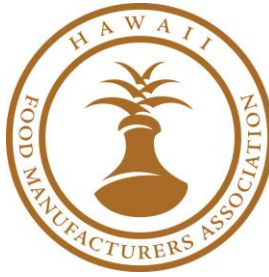
Submitted on: 3/13/2019 4:56:37 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kaliko Amona	Individual	Support	Yes

Comments:

Hawai'i's cost of living far exceeds what today's minimum wage earners bring home. Please increase our minimum wage! Mahalo



Testimony to the Senate Committee on Labor, Culture and the Arts
Thursday, March 14, 2019 at 2:45 PM
Conference Room 224, State Capitol

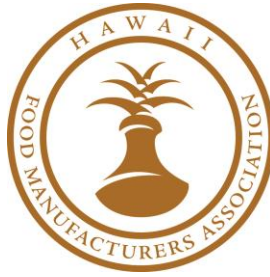
RE: HOUSE BILL 1191 HD1 RELATING TO MINIMUM WAGE

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

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

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

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



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

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

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

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

Thank you for the opportunity to testify.



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, MARCH 14, 2019 AT 2:45 P.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 HB 1191 HD 1 RELATING TO MINIMUM WAGE

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce with approximately 650 members. I am writing share our opposition to HB 1191 HD1.

Unfortunately, I am not able to be at the hearing today as we have an evening event and the late afternoon hearing time does not allow me to get back to Maui in time.

We all support a living wage and helping employees earn a living wage. The State has continuously tried to address the living wage/high cost of living issue by increasing the minimum wage. Yet, things have not changed. Increasing the minimum wage is not the answer to reducing poverty. Instead, it is important to look at new ways to address the issue versus arbitrarily raising the minimum wage year after year, which is detrimental to local businesses. We suggest research and creating public, private and nonprofit partnerships to explore how we can bring down Hawaii's high cost of living and create needed affordable housing and rentals.

Increases to the minimum wage creates a wage compression. While many of our Chamber members pay more than the minimum wage, if the minimum wage is increased, new employees are automatically paid more. Then, longstanding employees expect a similar raise, which increases labor costs across the board. Often businesses increase the cost of goods and services to offset the costs of the minimum wage increase, which further increases the cost of living. However, many businesses are locked into annual or multi-year contracts and cannot pass this cost off, which equates to a loss on net profits, and businesses increasing their costs to account for the rising minimum wage only makes the cost of goods and, therefore, the cost of living higher. **For more information on how a minimum wage increase will affect Maui businesses, please see the attached quotes.**



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

Testimony on HB1191
Page 2.

Additionally, the impacts of the previous minimum wage increase, which took businesses to \$10.10 per hour in January 2018, are not understood. Before proposing further increases, we urge the State to conduct an analysis on how minimum wage increases have impacted businesses and what the trickle down effects have been.

We appreciate that this bill recognizes Hawaii employers pay higher healthcare costs as compared to businesses across the nation (which is beneficial to Hawaii employees) and that this bill proposes an offset in recognition of that. However, the proposed rate increase for those providing healthcare is still an extreme jump from the current \$10.10 and would cause hardships for businesses. The impacts must be studied first.

Mahalo for the opportunity to testify on this matter. We ask that this bill be deferred.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

“On HB1191 proposed minimum wage increases:

- The proposal is coming on the heels of the last minimum wage increase of \$7.25 to \$10.10, which represents nearly a 40% increase. A further increase now is too soon to digest.
- The proposal of \$15.00 is nearly a 50% increase. If the payroll of minimum wage employees is \$100,000 a month, it will go up \$50,000 a month. We currently charge \$1.50 per glazed donut, I will have to charge close to \$2.25 with the proposed increase. A plate lunch selling for \$12.00 will have to go to \$18.00.
- Please research what a \$15.00 minimum wage is doing to small businesses in Seattle and San Francisco.
- I currently pay \$10.10 minimum wage plus an estimated \$1.00 for taxes and benefits. Medical insurance is \$500.00 per employee. On a 176 hour work month, it comes out to another \$2.84 an hour. This comes out to \$13.84 per hour. So, I will be paying \$18.84 per hour at \$15.00.
- The medical premium I pay is \$2.84 per hour, yet only a credit of \$.50 is being proposed.
- Delay the increase by 3 years to assimilate the nearly 50% increase we just had.
- Small businesses account for a large percentage of businesses in Hawaii. Consider an exclusion of the minimum wage for companies with 100 employees or less.
- I will need to lay off some employees to offset the wage increases.”

-Jeremy Kozuki, Home Maid Bakery

“As a small business owner, I always struggle to make the ends meet and keep the doors open. I am very concerned with this drastic increase every year in the proposed minimum wage bill. It’s hard as it is to get people to buy products at set prices, but to now have to raise prices to offset the increase minimum wage is going to crush my business. Raising the minimum wage by 50% over just 5 years is extreme!

-Anonymous Maui Retail Small Business

“I currently have two full-time staff at \$20/hour who want \$25/hour. My other three staff are part-time and they are paid \$13-\$15 per hour. If I raise their pay, then I have to raise the higher paid staff and this is a new business for me and my revenues can’t support that yet. Please provide exemptions for small businesses of fewer than 25 employees. Remember, at least 60% of our revenues go back into the local economy versus big businesses.”

-Mary Albitz, Island Art Party



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

"I am writing on behalf of a small, outer island start-up company that has beaten the failure odds and is now in its fifth year in business. We are still standing, but we are still struggling to be profitable. We have grown our revenues and they have tripled since we started, however, in year five of being in business, we still have not been a profitable business. As the owner, I still substitute teach and work side jobs to cover my bills. There are additional costs of running a small business in a remote location that has many added barriers that mainland companies do not have. We have to pay the high cost of shipping products to an outer island and much of the supplies we need are not readily available. The cost is then passed onto the local customer and tourists who would like to order our product to be shipped to them. In the midst of our small business growing pains, we have hired and outsourced our HR to a HR company. We already pay 30% in HR fees and benefits on top of the salary and hourly wages being paid. Also, the food industry has a high turnover. We do give small raises as we can afford to. We try to meet with our staff once a quarter to check in, evaluate and give a small raise, if we can. We will not survive a minimum wage raise. To continue our business growth, we would need to look at co-packing options on the mainland, where the costs of goods and labor is lower or just close our business all together."

-Anonymous Maui Manufacturer

"I provide home medical equipment to people in their homes and this keeps them out of the hospital and out of nursing homes. It's the most cost effective way to provide help to people. Within that though are some market based differences. I have four masters: one is the federal government, one is the state government, one is the marketplace itself, and the final one is the internet. When you say you are just going to raise the cost to an employer and they can just pass it along, that doesn't work in my world. I have existing contracts that the federal government requires that I do things for a certain amount of money. The state totally supports those. Then if I tried to pass the costs through, I can only go so high and pass it through to private costs because the internet restricts what I can do. Finally, it's the marketplace itself. We are dealing with a 2% unemployment rate here on the island and it is really difficult to find anyone already. In other words, us employers are already paying as much as we can for people."

-Paul Gammie, Gammie Homecare

"Once upon a time, we were paying \$12 per hour, above the current minimum wage. We began paying \$15 per hour over 2 years ago and continue to start people at that level. However, if the minimum wage goes up to \$15 per hour, that will cause a significant increase in our company as all employees will expect to be equally bumped up and we are under landscape maintenance contracts (some for multiple years). Such an increase would not be able to be passed through and equate to a reduction in our already slim profit margins and be detrimental to the company."

-Brian Kashima, Island Landscape



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

“As a small business that has benefited from the services of the Maui ohana since the inception of our business, we just want to share that even though we are now in a position to pay higher wages to our employees than the current minimum wage in Hawaii, and even \$15 per hour if we must, we never would have been able to start our business if the minimum wage was already at \$15 per hour in the year we started our business. As our business has developed over the years, our labor needs have shifted from low or no-skill labor to job positions that require more and more skills. The implications for us as a more mature business, is that the \$15 minimum wage will prevent bootstrapped startups from entering the market to compete with us, which is a good thing for us, but not necessarily good for our economy. We believe the legislature should consider exploring other measures such as rent control or rent regulation, rather than further hampering Hawaii's small businesses with \$15 minimum wage.”

-Anonymous Maui Manufacturer

“The minimum wage increase in Seattle has failed miserably, has cost a lot of jobs and frankly, we already have a kiosk in McDonalds in Lahaina and I would imagine that we will be seeing much, much more of that as higher minimum wages become the norm. The other aspect is the minimum wage was never intended to be a career path. It was intended to be a path to a career.”

-Tim Means, Lahaina Divers

“I am all for people making more money. However, I don't like to be guided with a guideline on what I have to do. The reason being, it is not just a minimum wage that gets increased. It is the cost of doing business and the cost of labor also. We had a couple of instances where we were trying to hire a couple of new people and they weren't willing to work for the \$10.25 that we always start our people at and therefore, we chose not to hire anybody and just do with the employees we already have. We like to start our guys and gals at a certain wage level and then we train them and they move up the pay schedule very fast. So if they start at \$10.25, chances are if they catch on and learn the way we do things, they will be making \$15-\$20 per hour within the first year. So it [minimum wage increase] does put a strain on us in what direction we will go and I hope we have some choices in that area.”

-Debbie Finkiewicz, The Maui Closet Company



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

Minimum Wage Position Statements

A Minimum Wage Is A Starting Wage

Hawaii residents face a high cost of living which can lead some to recommend increasing the Minimum Wage. However, the Minimum Wage is a starting wage for unskilled labor. It is very different from and should not be confused with a living wage which is paid to skilled workers with knowledge and experience that improves performance and adds value to the organization.

The Maui Chamber of Commerce finds that a majority of its members pay employees above the minimum wage for their skilled workforce. We support internships and training programs that help our youth and workers increase their skills to increase their income to a living wage and beyond.

Comparing Hawaii to Other States with Respect To A Minimum Wage Increase Dismisses Distinct Differences

Hawaii businesses face one of the highest costs of doing business in the nation. This includes higher labor costs, fuel and electric rates, health insurance and more. National models of \$15 per hour are being proposed that exceed the previous White House recommendation of \$10.10 per hour (with the Obama Administration) or the higher number being discussed of \$12/hour; however, Hawaii is now at \$10.10 per hour as of January, 2018. While this increase passed, it came with great controversy during the legislative session given national and global financial uncertainty and no economic analysis to predict the impact on businesses.

A Minimum Wage also creates what is known as a wage compression, meaning a compression between wages paid to unskilled labor and skilled labor that results in a wage inflation. Even employers who currently pay more than the minimum wage well understand that other employees will also expect a wage increase when new employees are automatically paid more, which raises wage costs across the board.

When considering Minimum Wage increases, the Maui Chamber of Commerce supports State analysis on the impacts to businesses, the economy and residents before passing a Minimum Wage increase as businesses will be hit with higher costs that do not equate to higher skill levels or improved productivity and those costs will be passed on to consumers. Studies show that rising consumer prices disproportionately hit those who can least afford to pay for it. Floating incomplete legislation comes at a tremendous cost to the taxpayers. Therefore, financial, economic and business studies should be conducted, understood and communicated to the public before any further Minimum Wage increases are enacted.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

Small Businesses Don't Have The Same Economies of Scale

Our County and State are made up of many small businesses who cannot take advantage of economies of scale that larger companies can without increasing costs.

While many of our Chamber members pay more than the current minimum wage and are willing to consider reasonable Minimum Wage increases, the Maui Chamber was unified with Chambers of Commerce across the state that even the \$10.10 per hour minimum wage increase (which went into effect January, 2018) would create a hardship for many businesses, particularly small businesses.

Close to 90% of our members are small businesses with 25 or fewer employees. While the economy is picking up, many are still operating with fewer employees than before, less financial resources, more difficulty in borrowing needed capital, and are struggling to keep up with rising costs that are beyond their control, especially rising health care costs. They need an environment where they can stabilize their business, then grow and thrive.

Unless government can prove how raising the Minimum Wage to beyond \$10.10 per hour will allow them to grow their business and create jobs (instead of eliminating internships and lower level positions and passing on higher costs to consumers) then the Maui Chamber of Commerce opposes any further increase and encourages a small business exemption.

We Support Focus On A Living Wage

A Minimum Wage increase is not the answer to reducing poverty. Of the 1.8 million people earning the minimum wage, only 20.8% of them are the head of their household. The rest are students or young adults. Many of those are part of households well above the poverty line. Reports show that we are talking 4% of the population.

The minimum wage was never meant to be living wage. It is an entry level, training wage. Employers pay more for skilled labor, which incentivizes employees to gain additional skills. Many workers, particularly youths, need the experience of having a job, learning the discipline of holding a job, developing a strong work ethic, gaining people skills (courtesy, being helpful), etc. These skills are important. Studies show that youths that started to work early in their lives were much better suited for the workforce as adults. With less opportunities available to them, they will be at a disadvantage when seeking a career.

Many elderly employees are retired, receiving social security, have spouses who receive a pension, etc. and are working to receive medical coverage. With a higher minimum wage increase, many of them will be lose their jobs and medical coverage when companies must cut expenses to survive.

Instead of arbitrarily increasing the Minimum Wage, the Maui Chamber of Commerce supports further investment in education and programs to increase skill levels as capable employees have more and better opportunities to make a Living Wage.

HB-1191-HD-1

Submitted on: 3/13/2019 5:44:41 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephany Cecil	Individual	Support	No

Comments:

Support a living wage for the people who call Hawaii home!



LATE

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President
Jason Okuhama
Managing Partner,
Commercial & Business Lending

Secretary
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Miwa Tamanaha
Deputy Director,
Kua'āina Ulu 'Auamo

HACBED Staff

Brent N. Kakesako
Executive Director

Keoki Noji
Chief Operating Officer

Athena T. Esene
Bookkeeper & Office Manager

Foley Pfalzgraf
Program Specialist

Chelsie Onaga
AmeriCorps VISTA

Date: March 13, 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 HB1191 HD1 with amendments

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

The Hawai'i Alliance for Community-Based Economic Development (HACBED) supports HB1191 HD1, with amendments, which increases the minimum wage annually from January 1, 2020 through January 1, 2024. We ask that the bill be improved to raise the wage to at least \$17 per hour and \$14 for those who get health insurance from their employer, restrict the health care credit to only small businesses with 25 or fewer employers, and phase out the health care credit over 5 years.

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

Through HACBED's efforts with providing VITA services, we have heard countless stories of the importance that a stable wage provides. HB1191 HD1 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 and \$14 for those who get health insurance from their employer, restrict the health care credit to only small businesses with 25 or fewer employers, and phase out the health care credit over 5 years.

Mahalo for this opportunity to testify,

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



HAWAI'I LODGING & TOURISM
ASSOCIATION

LATE

Testimony of

Mufi Hannemann
President & CEO

Hawai'i Lodging & Tourism Association

Committee on Labor, Culture, and the Arts

House Bill 1191 HD1: Relating to Minimum Wage

Chair Taniguchi and members of the committee, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers—respectfully opposes House Bill 1191 HD1, which would increase the minimum wage rates annually beginning January 1, 2020.

The minimum wage should not be viewed as a “living wage” - it is a starting point for most individuals as they enter the work force. The majority of our members already pay their employees well above the minimum wage, for instance at certain properties housekeepers start at over \$23 an hour. Therefore any attempt to raise the minimum wage, especially in the hospitality industry, should take into account that wages and benefits constitute the largest single expense for most businesses in the service sector. As such, any increase in these costs—be they in the form of hikes in wage-based employee taxes and insurance, unceasing rises in mandatory health insurance premiums, or higher wages—will increase the cost of operations and the ability to compete against businesses with lower operating costs. In the visitor industry, where we are constantly being tapped for additional tax revenues, we vie against lower-wage and lower cost destinations on the mainland, Mexico, the Caribbean, and elsewhere, the price of airfare, hotel room, ground transportation, meals, shopping, and visitor attractions must reflect not only value, but be priced reasonably.

Mahalo for the opportunity to offer this testimony.

HB-1191-HD-1

Submitted on: 3/13/2019 6:18:25 PM

Testimony for LCA on 3/14/2019 2:45:00 PM



Submitted By	Organization	Testifier Position	Present at Hearing
Angus Raff-Tierney	Individual	Support	No

Comments:

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

I **support** the intent of **HB1191**, but only **with ammendments** to increase the hourly wage to \$17, the minimum an individual living in Hawaii would need to stay off of any public assistance. According to Dr. Amy K. Glasmeier at MIT, a single Adult with no children would expect to have about \$35,000 in annual expenses (please see: <http://livingwage.mit.edu/counties/15003>). This does not take into account any money for savings, vacations, or entertainment, but only for basic expenses such as food, housing, medical and transportation. Having a Living Wage means nearly having the ability to seek financial independence, rather than having to rely on public assistance for necessities like food and housing.

Supporting a minimum wage less than \$17 would not lead to any cost savings, but would instead continue to strain the already overburdened public assistance programs. If this bill passes in its current form, it will leave Hawaii's residents with only \$26,000 for an entire year of work in 2024 and beyond. At \$12.50 per hour, this will make a single adult worker put in 58 hours per week or more just to afford their basic needs.

All workers deserve to be able to make ends meet after just 40 hours of work, so please raise the minimum wage to a living wage, estimated today at \$17 per hour.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org



March 14, 2019

HEARING BEFORE THE
SENATE COMMITTEE ON LABOR, CULTURE, AND THE ARTS

TESTIMONY ON HB 1191, HD1
RELATING TO MINIMUM WAGE

Room 224
2:45 PM

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

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

Hawaii Farm Bureau **opposes HB 1191, HD1**, which increases minimum wage rates annually from January 1, 2020 and provides lower minimum wage rates for employees who receive employer-sponsored health benefits.

Hawaii Farm Bureau Policy states:

"State tax and monetary policies should be designed to encourage private initiative to help stabilize farm economics in the State of Hawaii, to promote employment and economic growth and to distribute the tax burden equitably. Further such policy should be used by the state, when appropriate, to encourage agricultural growth and expansion."

Hawaii's minimum wage is above Federal standards. In addition, the actual compensation to the worker includes many benefits, easily multiplying the actual monetary wage.

Rural areas, where many of our farms and ranches are located, face significant challenges due to their distance from population centers. Distance to markets, input transportation costs, access to labor are the many issues facing our members. Small agriculture businesses are especially vulnerable to any increase in costs, especially those who operate on low margins. Increasing the minimum wage may force many small farmers to offset higher costs through fewer work hours, less pay raises, and decreased discretionary benefits, or planting less labor-intensive crops.

Unlike other industries, farms and ranches are price takers as opposed to price setters, which means they are largely dependent on trade markets when it comes to return on product. With the difficulty in raising prices, Hawaii's farmers will have to look to cut costs elsewhere. This measure could drive up prices of locally produced food and products utilizing locally grown agricultural products.

Thank you for this opportunity to testify on this important subject.

HB-1191-HD-1

Submitted on: 3/13/2019 6:45:10 PM

Testimony for LCA on 3/14/2019 2:45:00 PM



Submitted By	Organization	Testifier Position	Present at Hearing
Janet Graham	Individual	Support	No

Comments:

Subject: Pass HB1191 HD 1 with amendments to a living wage.

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

Mahalo for working on getting all workers in Hawaii to a living wage. I will support any bill that increases the minimum wage. However, the new schedule in HB 1191 HD1 for wage increases is not truly satisfactory. I ask that you go back to the wage increase schedule of HB 1191 which would reach \$17 by 2025. \$11 by next year is too slow. \$12.50 as the goal for next year would have a greater positive impact. Either way, \$15.00 by 2024 doesn't increase it enough. Many groups in Hawaii such as the Pono Hawaii Initiative and Living Wage Hawaii recommend \$17.00 as establishing a living wage. I support this goal as the original bill outlined.

With regards to the differential for those with employer-provided health care, it is a good idea to make a different schedule. However, the schedule of increases for those in that situation seems disproportionately low. According to HB1191 HD1, those employees will end with \$12.50 by 2024. This is not going to be a living wage then. Assuming you could agree to \$17 by 2024 for those without healthcare coverage provided, \$15 would seem reasonable by 2025.

Please do your best to pass legislation that will have the greatest impact on our residents most in need, while making it possible for businesses to implement. I ask that you make the wage as high for next year as you possibly can and create a schedule that reaches \$17/15 by 2025.

Thank you for considering this testimony.

Best, Janet

HB-1191-HD-1

Submitted on: 3/13/2019 7:20:33 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Cech	Individual	Support	No

Comments:

LATE

HB-1191-HD-1

Submitted on: 3/13/2019 7:35:17 PM
Testimony for LCA on 3/14/2019 2:45:00 PM

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

Comments:

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

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

Full service restaurants are one of the largest employers in Hawaii as our state heavily relies on tourism. Whether it’s students working part time to pay their way through school or those who simply enjoy their careers in the restaurant industry, it is our hope and goal that we will be able to continue to assist the state by providing jobs which we will only be able to do if the tip credit, at the very least is equal to the proposed increase in the minimum wage spread out over time. Over the past 5 years, from 2014-2018, we were forced to reduce our employee labor hours, and we did so by 15%, to mitigate the increase in our payroll expenses due to the annual minimum wage increases. This will only continue, and restaurants across the industry will be forced to cut jobs unless the tip credit is increased at the same rate the minimum wage is increased.

I wish to thank you for your time to review our concerns. If you have any questions or require any additional information, please do not hesitate to contact me at any time.

Sincerely yours,

Hiroshi Lamansky

LATE

HB-1191-HD-1

Submitted on: 3/13/2019 8:05:05 PM
Testimony for LCA on 3/14/2019 2:45:00 PM

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

Comments:

Aloha,

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

Mahalo,

Jay-R

HB-1191-HD-1

Submitted on: 3/13/2019 8:16:01 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Milholen	Individual	Comments	No

Comments:

Aloha, committee members. Mahalo for hearing this bill. I support the intent of this bill, however, believe that the planned increases are too low and barely keep up with inflation projections. Please consider amending this bill to equate to \$1/year beginning in 2020, as in SB789.

Mahalo for your consideration.

Jennifer

LATE

HB-1191-HD-1

Submitted on: 3/13/2019 8:41:29 PM
Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chester E. Kaneshiro	Testifying for Tanaka of Tokyo	Oppose	Yes

Comments:

1. of Tokyo Restaurants Ltd. is a local chain of restaurants with over 175 employees. We have been serving the tourists and local community for the past 40 years. The recent proposal to increase the minimum wage would seriously upset the dynamics of the restaurant industry and threaten its ability to compete and survive as a viable business entity. We strongly oppose HB 1191.

1. bill is ill conceived and a no win situation for small businesses. It will intrude heavily into the lively hood of the employer and employees whose livelihood depends on jobs. It will deal a tremendous set back and financial burden for many establishments and the loss of jobs at the entry level. It would discourage businesses to provide jobs for the young men and women and immigrants who have not accumulated any experience, life skills or speak English. Over the course of 40 years, we have employed, trained and mentored hundreds if not thousands of these individuals and there is nothing more rewarding for us to see our employees lead successful lives.

In reviewing the salaries of our minimum wage earners with tip income, our average hourly rate is safely between the range of 20.00 to 35.00 per hour. It is not a living wage but it allows us to provides jobs to the unskilled workers, many of them young students to help pay for their education, pay their rent and put food on the table. The wage increase will not stop families having to work 2 – 3 jobs, it will not stop our children from moving to the mainland, it will only exacerbate the real problem – Hawaii’s high cost of living.

1. is the responsibility of our elected officials to establish a climate in which businesses can contribute to promote the general welfare of the state. However, the legislature continues to burden restaurants with mandates and we have the highest rate of taxation and an excess of rules and regulations. It is no secret that

the results of these mandates is severe distress by many businesses, particularly in Waikiki. HB 1191 will have devastating economic ramifications for tourism, the backbone of our economy and the entire State. The bill would substantially increase payroll expenses, payroll tax liability, worker's compensation insurance and place all employers in an extremely vulnerable position. Our margins between failure and survival is razor thin and want to express our collective opposition to HB1191. Furthermore, I might add that Hawaii's tip credit is the lowest in the nation and we ask that you please assist us in redressing an intolerable and inequitable situation. The restaurant industry is notorious for business failures and needs your assistance.

1. goal should be to eliminate the dependency on the governments paternalistic regulations and governance. It destroys the will of the people to work hard and to take care of themselves through planning, integrity, honesty and doing what rights.

We need your help.

Thank you for your time and consideration



LATE

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

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

Senate Committee on Labor, Culture & The Arts
The Honorable Brian Taniguchi, Chair
The Honorable Les Ihara, Jr., Vice Chair

Thursday, March 14, 2019 at 2:45 p.m.
Hawaii State Capitol, Conference Room 224

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

Thank you for this opportunity to submit written testimony on House Bill 1191, House Draft 1, Relating to the Sale of Tobacco Products. I am Jim Yates, president of the Hawaii Petroleum Marketers Association (“HPMA”). HPMA is a non-profit trade association comprised of members who directly market liquid motor fuel products across the Hawaiian Islands. Our membership includes individuals and companies who operate as independent marketers, jobbers or distributors of petroleum products and who buy liquid motor fuel products at the wholesale level and sell or distribute products to retail customers, other wholesalers, and other bulk consumers. HPMA’s primary purpose is to protect and advance its members’ legislative and regulatory interests in Hawaii and Washington, DC.

House Bill 1191, House Draft 1 increases minimum wage rates annually from January 1, 2020 through January 1, 2024, and provides lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

HPMA respectfully opposes this bill.

HPMA appreciates the consideration prescribed in the bill for employers who provide health benefits to its employees, which is to reduce the annual increase in the minimum wage from \$1.00 per hour to 50 cents per hour each year until 2024. Unfortunately, any change in the State minimum wage will have a cascading effect on increasing costs in benefits as well as wages across all our employees, not just those in retail positions.

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

Testimony of the Hawaii Petroleum Marketers Association
In Opposition to H.B. 1191, H.D. 1, Relating to Minimum Wage
Senate Committee on Labor, Culture & The Arts
Hawaii State Capitol, Room 224
Thursday, March 14, 2019 at 2:45 p.m.
Page 2

In particular, the belief that drives many people to favor a \$15-per-hour minimum wage as a “living wage” is flawed. The job market needs entry-level pay for entry-level jobs. The current situation we face in paying more than the minimum wage to attract workers is already forcing our members to limit store hours, reduce staffing, automate functions, or implement a combination of all three options.

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



Hawaii Women's Coalition

COMMITTEE ON LABOR, CULTURE AND THE ARTS

Senator Brian T. Taniguchi, Chair

Senator Les Ihara, Jr., Vice Chair

DATE: Thursday, March 14, 2019

TIME: 2:45 pm

PLACE: Conference Room 224

LATE

Aloha Chair Taniguchi, Vice Chair Ihara and members,

The Women's Coalition strongly supports a living wage for all of Hawaii's working women and men. This is particularly a women's issue since women occupy the lowest wage jobs in greater numbers than men and in addition are being paid 80 cents on the dollar in comparison.

In addition, while we applaud this measure to incentivize employers to provide health coverage we take issue with reducing wages in order to get there.

We request that HB 1191 HD1 be amended to require at least \$17 per hour, and \$14 if an employee receives health insurance from her employer, which was the original language of this bill.

The health insurance credit should also be limited to only small employers, since the big-box retailers and large employers can easily afford to pay for health insurance.

Seattle currently has a similar health insurance credit, but it quickly phases out. Any such credit in Hawai'i should also phase out, so eventually all minimum wage workers will be paid the same wage. Isn't that only just and fair for the working women and men who are the backbone of Hawaii's economy?

Mahalo,

Ann S. Freed

Co-Chair, Hawaii Women's Coalition

LATE

HB-1191-HD-1

Submitted on: 3/14/2019 5:02:49 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Summer Yadao	Individual	Support	No

Comments:

Aloha Committee Members,

Mahalo for hearing testimony on this vital issue, along with housing and food sustainability, and needs of children really nothing is more important.

I support HB1191 with reservations, as I do not agree with having a lower minimum wage for employers that pay health insurance for employees, that is too significant of a percentage of workers and would not help this wage crisis we are in.

The CEO's and other 'high seating' employees at insurance companies should be taking a pay decrease in order to lower the costs of insurance, so that employers and employees don't have to pay a quarter of their pay every week for insurance they may rarely use.

As a full-time worker, full-time college student and single mother, and with half of my take home pay going to very low income area rent, I can tell you that \$15/hour isn't even enough.

No CEO in Hawai'i working in a publicly funded/supported or run organization or business should be making **hundreds of millions of dollars**. If this were looked at and abolished, employers would be able pay employees actual living wages.

Studies have shown that a person needs to make at least **\$20/hr in Hawai'i in order to get by**. \$15 is far short of that amount just to make ends meet.

Quality of life is not being able to just work and pay bills after being in traffic for 4 hours daily and not seeing or being able to connect and truly raise your children.

Wage increases are not just about what someone makes an hour.

Wage increases are desperately needed in Hawai'i so that people feel and know that their lives, work, blood and sweat are worth something in Hawai'i.

Mahalo,

Summer Yadao

Gary L. Hooser

5685 Ohelo Rd.

Kapaa, HI 96746

garylhooser@gmail.com

LATE

March 14, 2019

Aloha Committee Chair and members,

Thank you for hearing **HB1191 HD1** Relating to Minimum Wage. I stand in **support IF THIS MEASURE IS AMENDED SO ALL WORKERS ARE EARNING AT LEAST \$17 PER HOUR.** This measure continues the dialog that an increase to the minimum wage in Hawaii is needed, however the language and amounts set forth in this measure do not go far enough to truly positively impact workers.

To be clear my preference is to support the Senate approach with a single minimum wage and not a two tiered approach, which treats workers differently and may create potential unintended consequences. “Incentivising” employers could inadvertently incentivise them to keep their workers at the minimum wage level, so as to avoid losing the incentive should they provide them raises that drives their earnings above minimum wage (thus the employer no longer qualifies for the credit or incentive)..

This measure proposes a minimum wage of \$12.50 per hour to those workers who are covered by Hawaii’s Prepaid Health Insurance Act. \$12.50 IS FAR TOO LITTLE. The measure does provide an increase of \$15 to others who are not covered by Prepaid Healthcare. Unfortunately and fortunately, Hawaii’s Prepaid Health Insurance Act helped to insure that Hawaii workers would receive coverage if they worked a minimum of 20hrs a week. Because of the thoroughness of the Prepaid Health Act, that **means a majority of Hawaii workers would not qualify for the \$15 minimum wage proposed in this HD1.**

According to the Department of Business, Economic Development & Tourism, the “self-sufficiency income” for a single person without children in Hawaii was almost \$16 an hour in 2016. With the increase in inflation, that number has grown to \$17 an hour in 2019. **The study done by DBEDT also assumed the individual would have health insurance. Unfortunately \$12.50 is a long ways away from \$17.** This pay difference could mean a lot to an individual and even more to a family.

What is the point of raising the minimum wage if it does not do enough to help families now? If the state fails to increase the minimum wage to an amount that will actually help families combat inflation then we will just be here again next year, this is why **it is necessary to amend this measure to include automatic inflation adjustments. 17 States plus the District of Columbia already have that language included in their statutes.**

When low wage workers receive wage increases, all workers are better off. The community experiences an economic boom as a result of these increases. From 2014 - 2018 the real median wage of the Hawai worker increased by more than 5% (after adjusting for inflation). This meant that the average full-time worker had more than \$2,000 to spend or save.

I ask the Committee to please pass this measure forward with amendments to increase the minimum wage for all workers to \$17 based on DBEDT's "self sufficiency formula" and to include language for an annual automatic inflation adjustment. If the Committee is so inclined to keep the health care credit, then I request that that credit only be applied to truly small businesses (<25 employees).

Thank you for your time and favorable consideration,

Gary L. Hooser

LATE

HB-1191-HD-1

Submitted on: 3/14/2019 11:00:05 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Wistinghausen	Individual	Support	No

Comments:

Aloha,

My name is Patricia Wistinghausen, I'm a voter from Kaua'i participating in the Raise Up Hawai'i Coalition, and am writing in support of HB1191, which would increase the minimum wage in Hawai'i.

Specifically, if HB1191 mirrored the senate companion bill (SB789), where the minimum wage rate across the board was \$15 per hour and with tax credits for small businesses, I'd ask that you make that change to the House version and vote in support of the bill.

Also for consideration is the data from the state's own Department of Business, Economic Development, and Tourism (DBEDT) which states that the minimum wage that is needed for someone to live on their own in Hawai'i - and who is single and has no children - is \$17 per hour. So while \$15 per hour phased in over time would be an improvement from the \$10.10 per hour minimum wage in place at the moment, it's still significantly lower than what is actually needed.

This issue is especially concerning since the longer we wait to raise our minimum wage in Hawai'i to a livable wage, plus with the rate of inflation always on the rise, then we will always be behind. This matters because it directly affects the health and well being of our community as a whole.

The more money people have to spend, the more will be spent in our local businesses improving the local economy. The wages people receive for the work they do also effects their productivity and efficiency on the job, since their wages are a direct reflection of how that individual is valued (or not) by their company/employer. If the profits are shared among the workers in the form of higher wages, this increases retention and the quality of employees, allowing that business and the employees to thrive.

In looking at the way the minimum wage in Hawai'i and our economy has an effect on the quality of our lives, I know first hand that it affects who among our family and friends get to remain here in the islands.

I myself am born and raised in Hawai'i and count myself as fortunate to get to stay. Both my brothers have moved away, cousins, other family and friends have moved away, because there wasn't enough financial and career opportunities to be able to stay. Majority of those who left had college/university degrees and ways that they were contributing to our community. But because rent was too high and rentals scarce, and it would still be just a dream to own their own home if they stayed, they all moved away. I know the same is true for others in our community and this is a common story you've heard many times before.

This is why I'm writing and asking you to please support passage of HB1191 to raise the minimum wage in Hawai'i to a livable wage.

Mahalo for your time,

Patricia Wistinghausen

LATE

HB-1191-HD-1

Submitted on: 3/14/2019 11:27:55 AM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Rev. T. J. FitzGerald	Testifying for First Unitarian Church of Honolulu	Comments	No

Comments:

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

As a minister, I meet people in many stages of life. From people who come to church for food assistance and financial assistance, to people who struggle weekly and daily to make ends meet to simply stay healthy and well, wages have profound impacts on individual lives. I have seen so many hard-working, kind, generous people who want to be here and enrich the lives of other in this community reach the ends of their ropes in Honolulu and leave. They, like so many, face the choice of working three jobs to stay or going to a place where one job will be enough.

A single person working 40 hours a week at \$12.50 an hour qualifies for SNAP, to say nothing of someone trying to support any more lives than their own on that pay. In essence, by passing a \$12.50 minimum wage, this body is telling the business community that tax payers will supplement corporate bottom lines by handling some of the workers' expenses. Is that the most sound fiscal policy at a time when corporate federal tax rates have dropped for many businesses to their lowest levels in decades?

My faith in the ability of commercial enterprises to adapt to changes in the economy is almost boundless. Arguments that a \$17 minimum wage would have some kind of deleterious effect on businesses might be true for some businesses, but not all. And that risk is part of what a business owner accepts when entering the marketplace.

My faith in the ability of a legislature to put the inherent worth and dignity of those it purports to serve rests very much on questions like these, as I know it does for many others. We are watching.

A \$17 minimum wage is what is needed for a person to meet their basic needs here. We are literally asking you to do the very least to meet the basic needs the most vulnerable among us. I pray you will do it.

Respectfully submitted,

Rev. T. J. FitzGerald
Minister, First Unitarian Church

March 14, 2019

Senator Brian T. Taniguchi, Chair
Senator Les Ihara, Jr., Vice Chair
Members of the Senate Committee on Labor,
Culture and the Arts
Thirtieth Legislature
Regular Session of 2019

RE: **HB 1191, HD1 – RELATING TO MINIMUM WAGE**
Hearing date – March 14, 2019 at 2:45 pm

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

Thank you for allowing NAIOP Hawaii to submit testimony in **OPPOSITION** to HB 1191 – Relating to Minimum Wage. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals. NAIOP Hawaii members have many employees and lessees that will be substantially affected by this proposed law, including local retail shops, restaurants and other businesses.

Currently Hawaii's residents and businesses are already among the most heavily taxed in the entire country which tremendously stifles economic growth and prosperity for all. In addition, Hawaii's residents suffer the highest cost of living in the entire country. Although raising minimum wages may seem like a way to address those costs, should HB 1191, H.D. 1 pass, local businesses, our state economy, and Hawaii residents in general would be harmed much more than helped.

Moreover, in a tight local job market, most employees are making more than the minimum wage. Although larger businesses could absorb the cost by cutting back in other areas such as health benefits or investing in technology, other businesses would be forced to reduce employee hours or close their doors permanently. Some of these include locally based retailers that are already over paying on labor costs compared to their online counterparts.

Representative Angus L.K. McKelvey, Chair
Representative Lisa Kitagawa, Vice Chair
Members of the House Committee on Economic
Development & Business
March 14, 2019
Page 2

Please do the right thing for local businesses and Hawaii by deferring
HB 1191, H.D. 1.

Mahalo for your consideration,

Scott Settle, Director
NAIOP Hawaii



MOLOKAI CHAMBER OF COMMERCE

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LATE

March 14, 2019

THE SENATE
THE THIRTIETH LEGISLATURE
REGULAR SESSION OF 2019

COMMITTEE ON LABOR, CULTURE AND THE ARTS

March 14, 2019 @ 2:45pm
Rm 224
State Capitol, 415 South Beretania Street

OPPOSE HB 1191 HD1, RELATING TO MINIMUM WAGE.

Aloha Honorable Chair Taniguchi, Vice Chair Ihara and Committee Members:

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

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

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

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

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

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

Sincerely,

Robert Stephenson, President & CEO

LATE

HB-1191-HD-1

Submitted on: 3/14/2019 12:51:30 PM

Testimony for LCA on 3/14/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joyce Midori Charles	Testifying for MoveOn.org Honolulu Council	Support	No

Comments: