

STAND. COM. REP. NO. 2001

Honolulu, Hawaii

JAN 26 2022

RE: S.B. No. 2018

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred S.B. No. 2018 entitled:

"A BILL FOR AN ACT RELATING TO MINIMUM WAGE,"

begs leave to report as follows:

The purpose and intent of this measure is to incrementally increase the minimum wage for certain employees from the current \$10.10 per hour to:

- (1) \$12.00 per hour beginning October 1, 2022;
- (2) \$15.00 per hour beginning January 1, 2024; and
- (3) \$18.00 per hour beginning January 1, 2026.

Your Committee received testimony in support of this measure from the Office of the Governor; Department of Labor and Industrial Relations; Department of Human Services; Office of the Prosecuting Attorney of the County of Kauai; one member of the County Council of the County of Maui; American Association of University Women; Americans for Democratic Action; Common Cause Hawaii; Community Alliance on Prisons; Democratic Party of Hawai'i; Democratic Party of Hawai'i Education Caucus; Democratic Party of Hawai'i Stonewall Caucus; Democratic Party of Hawai'i Labor Caucus; Faith Action for Community Equity/Raise UP Hawaii Coalition; Free Access Coalition; Hawai'i Alliance for Community-Based Economic Development; Hawai'i Alliance for Progressive Action; Hawai'i



Alliance of Nonprofit Organizations; Hawaii Appleseed Center for Law and Economic Justice; Hawai'i Children's Action Network Speaks!; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; Hawai'i Health & Harm Reduction Center; Hawai'i Public Health Institute; Hawai'i State AFL-CIO; Hawaii State Teachers Association; Hawaii Youth Services Network; Imua Alliance; International Union of Bricklayers and Allied Craftworkers Local #1 of Hawaii; Living Wage Hawaii; Planned Parenthood Alliance Advocates; Pono Hawaii Initiative; Pride at Work - Hawai'i; St. Michael the Archangel Parish, Kailua-Kona; UNITE HERE Local 5; United Public Workers, AFSCME Local 646, AFL-CIO; and forty-four individuals. Your Committee received testimony in opposition to this measure from the Chamber of Commerce Hawaii; Aloha Hula Supply; Envisions Entertainment & Productions, Inc.; Hawaiian Chip Company; Hawaii Food Manufacturers Association; Hawai'i Restaurant Association; Hawaiian Candies & Nuts, Ltd.; Highway Inn; Kona-Kohala Chamber of Commerce; National Federation of Independent Business; Tanaka of Tokyo Restaurants; Society of Human Resource Management Hawaii; Honolulu County Republican Party; and thirty-four individuals. Your Committee received comments on this measure from the Associated Builders and Contractors-Hawaii Chapter; Hawaii Food Industry Association; Maui Chamber of Commerce; Retail Merchants of Hawaii, Inc.; Grassroot Institute of Hawaii, Inc.; and one individual.

Your Committee finds that a majority of credible studies conclude that higher minimum wages appreciably boost workers' earnings with little or no effect on employment. A 2018 study by the U.S. Census Bureau found that raising the minimum wage benefits a large majority of low-income workers by putting them on the path to higher earnings in the long-term and decreasing income inequality. Your Committee further finds that there is currently a significant difference between Hawaii's minimum wage and what is needed to afford basic needs in the State. According to a report titled "Self-Sufficiency Income Standard - Estimates for Hawaii 2020" issued by the Department of Business, Economic Development, and Tourism in December 2021, approximately 18.2 percent of two-adult couples with no children, and 34.7 percent of two-adult couples with two children had incomes below the self-sufficiency standard in 2020. For single-adult with no children, single-adult with one child, and single-adult with two children 43.1 percent, 50.0 percent, and 80.0 percent had incomes below the self-




sufficiency level, respectively. Furthermore, despite the State's high cost of living, according to the Department of Labor and Industrial Relations, twenty-two states and the District of Columbia have minimum wages higher than Hawaii. Your Committee also finds that the annual inflation rate in the United States accelerated to seven percent in the last month of 2021, the highest since June of 1982, which will further increase in the cost of living in the State.

This measure will incrementally increase Hawaii's minimum wage to \$18.00 per hour by 2026, which will raise the quality of life for Hawaii residents, reduce poverty, increase economic activity in the State, and appropriately address inflation and the resulting increase of the cost of living in the State.

As affirmed by the record of votes of the members of your Committee on Labor, Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2018 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

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


BRIAN T. TANIGUCHI, Chair



