



February 15, 2022

To: The Honorable Richard H.K. Onishi, Chair,
The Honorable Jackson D. Sayama, Vice Chair, and
Members of the House Committee on Labor and Tourism

Date: Tuesday, February 15, 2022

Time: 9:30 a.m.

Place: Conference Room 312, State Capitol & Videoconference

From: Anne Perreira-Eustaquio, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. 2408 RELATING TO MINIMUM WAGE

I. OVERVIEW OF PROPOSED LEGISLATION

HB2408 proposes to amend Section 387-2, Hawaii Revised Statutes (HRS), by requiring the DLIR to annually adjust the minimum wage and tip credit according to the Consumer Price Index for all urban consumers (CPI-U) beginning July 1, 2027, to the nearest 5 cents, to be effective on the following January 1.

The DLIR supports indexing the minimum wage rate but opposes any increases, including by indexing, in the tip credit.

II. CURRENT LAW

The current minimum wage is \$10.10 per hour. Act 82, Session Laws of Hawaii 2014, incrementally increased the minimum wage from \$7.25 to \$10.10 an hour over the course of four consecutive years, 2015 to 2018. Act 82 also increased the subminimum wage for workers that customarily receive tips by increasing the tip credit from .25 to .75 cents per hour.

III. COMMENTS ON THE HOUSE BILL

The purpose of the minimum wage law pursuant to the Fair Labor Standards Act of 1938 was to stabilize the post-depression economy and protect the "health, efficiency, and general well-being of workers..." The minimum wage rate is a floor designed to protect workers against unduly low pay. It is the employer's responsibility to ensure that all workers make at least the minimum wage. Indexing only the minimum wage rate is the easiest policy tool to ensure workers obtain the minimum wage rate.

The department suggests simplifying the minimum wage rate indexing in the proposal by making it an annual increase based on the CPI-U and localizing it by using the CPI-U Urban Hawaii index. In the state of Hawaii, the CPI is done for Honolulu only and is published in February.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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

The Thirty-First Legislature, State of Hawaii
House of Representatives
Committee on Labor and Tourism

Testimony by
Hawaii Government Employees Association

February 15, 2022

H.B. 2408 – RELATING TO MINIMUM WAGE

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the concept of H.B. 2408 which requires the Department of Labor and Industrial Relations to annually adjust the minimum wage and tip credit based on a three-year average of the consumer price index beginning on July 1, 2027.

We have long supported indexing the minimum wage to the consumer price index which we believe if applied today, would place the minimum wage much higher than the current rate of \$10.10 per hour. We note that while this measure and H.B. 2510 are scheduled on the same Committee hearing agenda with the possible intent that the two measures move through the legislative process together, that is not a guaranteed outcome. Therefore, we respectfully request either the contents of this measure be adjusted and inserted into H.B. 2510 to be effective after the final minimum wage increase in 2030 or this measure be amended to index the minimum wage immediately and not wait until July 1, 2027. Hawaii's high cost of living continues to significantly outpace wage increases and the COVID-19 worldwide pandemic has exacerbated this even further. Swift action must be taken to directly benefit those who need it the most – the working class, and we believe indexing the minimum wage is one of many important components that will help.

We believe these salary increases will help foster economic stability and spur Hawaii's economy by generating much needed consumer spending.

Thank you for the opportunity to testify in support of H.B. 2408.

Respectfully submitted,

Randy Perreira
Executive Director



To: House Committee on Labor and Tourism
Hearing Date/Time: February 15, 9:30AM
Re: Testimony in SUPPORT of HB2408

Dear Chair Onish, Vice Chair Sayama, and the Members of Committee,

Members of AAUW of Hawaii thank you for this opportunity to testify in support of HB2408 which would require DLIR to annually adjust the minimum wage hourly rate and tip credit amount based on the consumer price index.

If the minimum wage has been adjusted automatically to keep pace with the rising cost of living, we may not be in this situation where our minimum wage is \$10.10 when our living wage is \$19.43 for an adult without children (per MIT's living wage calculator). This measure combined with HB1771 or HB1503 would bring us closer to paying our workers at least the living wage.

Six in 10 of Hawaii's minimum wage workers are women, as they are overrepresented in low-wage industries like restaurants, food service, and retail. As you know, low-wage workers were disproportionately harmed by Hawaii's economic downturn caused by the COVID-19 pandemic. They need a living wage now more than ever before.

We believe our economy would grow as the low-wage workers' income grows. Consumer spending makes up about two-thirds of our economy, so putting more dollars in the pockets of local workers means more money being spent at local businesses and supporting our local economy.

The American Association of University Women (AAUW) of Hawaii is an all volunteer, statewide chapter of a national organization and is made up of six branches: Hilo, Honolulu, Kaua'i, Kona, Maui, and Windward Oahu. UH Hilo, UH Manoa, UH Maui College, and Windward Community College are also AAUW partners. AAUW's mission is to advance gender equity for equal opportunities in education, at workplace and for economic security, and in leadership.

Please pass this important measure to ensure all workers in Hawaii have a living wage. Mahalo.



Sincerely, Public Policy Chair, AAUW of Hawaii
publicpolicy-hi@aauw.net

A handwritten signature in black ink, appearing to read "Yonghee Overly".

Yonghee Overly



**HOUSE OF REPRESENTATIVES
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2022**

Committee on Labor and Tourism
Representative Richard H.K. Onishi, Chair
Representative Jackson D. Sayama, Vice Chair

Tuesday, February 15, 2022, 9:30AM
Conference Room 312 and Videoconference

Re: Testimony in Support of HB2408 - RELATING TO THE MINIMUM WAGE

Chair Onishi, Vice Chair Sayama, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents 1,500 members in the private sector.

UPW **supports the intent** of HB2408, which beginning on July 1, 2027, and each year thereafter, requires the Department of Labor and Industrial Relations to annually adjust the minimum wage hourly rate and tip credit amount for the following January 1 based on a three-year average of the consumer price index of all urban consumers.

Hawaii’s current minimum wage of \$10.10 per hour was last increased on January 1, 2018. Since that time, the cost of living in Hawaii has continued to rise, with wages remaining stagnant. Any type of increase to the current minimum wage level will help to benefit working-class employees. We stand with the State AFL-CIO in supporting its efforts to advocate for all of Hawaii’s workers to earn a living wage.

Thank you for the opportunity to provide testimony.

Sincerely,

Liz Ho
Administrator

**UNITED PUBLIC WORKERS
AFSCME Local 646, AFL-CIO**





Committee on Labor and Tourism
Chair Onishi, Vice Chair Sayama

Tuesday, February 15, 2022, 9:30 am, Videoconference
HB2408 — RELATING TO THE MINIMUM WAGE

TESTIMONY

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

Chair Onishi, Vice Chair Sayama, and Committee Members:

The League of Women Voters of Hawaii supports HB2408, which would adjust the minimum wage and tip credit every year after 2027 by the rolling 3-year average increase in the consumer price index.

As we have all watched inflation deflate the value of the minimum wage, and as successive Legislatures have struggled to find the best way to restore its value, it is encouraging to see HB2408 address this problem directly and efficiently. Please pass this bill.

Thank you for the opportunity to submit testimony.



Greg Maples, Chairman – Polynesian Cultural Center **Ryan Tanaka, Incoming Chair-** Giovanni Pastrami

Ave Kwok, Vice Chair- Jade Dynasty **Tambara Garrick, Secretary** – Hawaii Farm Project

Kahili Soon, Treasurer – Hukilau Marketplace **Tom Jones, Past Chair** – Gytaku

Sheryl Matsuoka, Executive Director **Chivon Garcia**, Executive Assistant **Holly Kessler**, Director of Membership Relations

Date: February 13, 2022

To: Rep. Richard H.K. Onishi, Chair
Rep. Jackson D. Sayama, Vice Chair
Members of the Committee on Labor & Tourism

From: Victor Lim, Legislative Lead

Subj: HB2408 Relating to Minimum Wage and Tip Credit Annual Adjustment

The Hawaii Restaurant Association representing 3,400 restaurants supports the intent of HB 2408 that will tie the annual adjustment for both the minimum wage and tip credit to a three year average of the consumer price index starting on 7/1/2027.

Our Restaurant Industry is one of the hardest hit by the Covid-19 pandemic. Two years into this, restaurants are still struggling to keep their doors open amid a surge in coronavirus cases, record inflation, a labor shortage, and supply chain delays.

The business community looks at the minimum wage as a starting wage that basically is paid to someone entering the work force for the very first time with little or no job skills. This is not a wage that should provide a living wage as many the media has stated.

We have never been against providing fair wages for our employees but just caution that increases be reasonable for many small businesses well as consumers to absorb.

Thank you for giving us this opportunity to share our views.





HOUSE BILL 2408, RELATING TO MINIMUM WAGE

FEBRUARY 15, 2022 · HOUSE LABOR AND TOURISM
COMMITTEE · CHAIR REP. RICHARD H.K. ONISHI

POSITION: Comments with amendments.

RATIONALE: The Democratic Party of Hawai'i Education Caucus provides the following **comments and suggested amendments** for HB 2408, relating to minimum wage, which, beginning 7/1/2027 and each year thereafter, requires DLIR to annually adjust the minimum wage hourly rate and tip credit amount for the following January 1 based on a three-year average of the consumer price index of all urban consumers.

We oppose this measure's attempt to increase the tip credit, which is nothing more than a subminimum wage credit that allows restaurants to pay tipped employees less than the minimum wage. Tipping originated in feudal Europe and was imported back to the United States by American travelers eager to seem sophisticated. The practice spread throughout the country after the Civil War as U.S. employers, largely in the hospitality sector, looked for ways to avoid paying formerly enslaved workers. Numerous studies have shown that the tip credit not only allows employers to pay slave wages, but worsens sexual harassment in the workplace, as tipped employees become reluctant to file complaints about sexually predatory customers for fear of losing the tips on which they rely.

At the same time, we support this measure's provisions that would tie future minimum wage increases to the cost of living. Linking future minimum wage increases to the consumer price index would ensure that our minimum wage becomes a living wage that keeps pace with Hawai'i's rising cost of living, while preventing the financial security of working families from being weaponized for political gain. **We therefore ask you to amend this measure by applying its cost of living adjustment only to the minimum wage rate, not the state's tip credit amount.**

A living wage is a human right. According to the Department of Business, Economic Development, and Tourism, a single adult required an income of \$37,646 to achieve self-sufficiency in Hawai'i in 2020, while a single parent with one child required \$64,926. Adjusted for inflation, DBEDT's reporting shows that in 2022, a single minimum wage worker must earn at least \$19.36/hour to survive on our shores, a number that rises to \$19.94/hour for Honolulu. At our current statewide minimum wage rate of \$10.10/hour, however, full-time minimum-wage employees earn only \$21,008 annually, far less than what's needed to meet their basic needs.

Over two-thirds of Hawai'i's economy is predicated upon consumer spending. As we work to overcome the fiscal emergency that besieged during the last two years, we should put more money in the hands of our state's workers, which will cause our entire economy to surge. A living wage is not just a financial boost for working families. It is a prescription for maintaining the prosperity of the islands' entire economy. **Rather than merely linking the minimum wage to future cost of living increases, we implore you to pass SB 2018 to uplift working families by raising the minimum wage to \$18/hour in 2026.**

Kris Coffield · Chairperson, DPH Education Caucus · (808) 679-7454 · kriscoffield@gmail.com



HB 2408, RELATING TO MINIMUM WAGE

FEBRUARY 15, 2022 · HOUSE LABOR AND TOURISM
COMMITTEE · CHAIR REP. RICHARD H.K. ONISHI

POSITION: Comments with amendments.

RATIONALE: Imua Alliance provides the following comments and suggested amendments for HB 2408, relating to minimum wage, which, beginning 7/1/2027 and each year thereafter, requires DLIR to annually adjust the minimum wage hourly rate and tip credit amount for the following January 1 based on a three-year average of the consumer price index of all urban consumers.

We oppose this measure's attempt to increase the tip credit, which is nothing more than a subminimum wage credit that allows restaurants to pay tipped employees less than the minimum wage. Tipping originated in feudal Europe and was imported back to the United States by American travelers eager to seem sophisticated. The practice spread throughout the country after the Civil War as U.S. employers, largely in the hospitality sector, looked for ways to avoid paying formerly enslaved workers. Numerous studies have shown that the tip credit not only allows employers to pay slave wages, but worsens sexual harassment in the workplace, as tipped employees become reluctant to file complaints about sexually predatory customers for fear of losing the tips on which they rely.

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for political gain. **We therefore ask you to amend this measure by applying its cost of living adjustment only to the minimum wage rate, not the state's tip credit amount.**

A living wage is a human right. According to the Department of Business, Economic Development, and Tourism, a single adult required an income of \$37,646 to achieve self-sufficiency in Hawai'i in 2020, while a single parent with one child required \$64,926. Adjusted for inflation, DBEDT's reporting shows that in 2022, a single minimum wage worker must earn at least \$19.36/hour to survive on our shores, a number that rises to \$19.94/hour for Honolulu. At our current statewide minimum wage rate of \$10.10/hour, however, full-time minimum-wage employees earn only \$21,008 annually, far less than what's needed to meet their basic needs.

Over two-thirds of Hawai'i's economy is predicated upon consumer spending. As we work to overcome the fiscal emergency that besieged during the last two years, we should put more money in the hands of our state's workers, which will cause our entire economy to surge. A living wage is not just a financial boost for working families. It is a prescription for maintaining the prosperity of the islands' entire economy. **Rather than merely linking the minimum wage to future cost of living increases, we implore you to pass SB 2018 to uplift working families by raising the minimum wage to \$18/hour in 2026.**

Kris Coffield · Executive Director, Imua Alliance · (808) 679-7454 · kris@imuaalliance.org



Feb. 15, 2022

9:30 a.m.

Hawaii State Capitol

Conference Room 312 & Videoconference

To: House Committee on Labor & Tourism

Rep. Richard H.K. Onishi, Chair

Rep. Jackson D. Sayama, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

Re: HB2408 — RELATING TO MINIMUM WAGE

Comments Only

Dear Chair and Committee members:

The Grassroot Institute of Hawaii would like to offer its comments on [HB2408](#), which proposes an annually adjusted minimum-wage rate that would be calculated based on the three-year average of the consumer price index.

The Grassroot Institute of Hawaii is concerned about the possible effect of a minimum-wage hike on Hawaii's economy, especially as local businesses struggle to recover from the COVID-19 lockdowns.

This bill proposes a novel approach to calculating the minimum wage by creating an ever-increasing rate based on the consumer price index. This ties the minimum wage directly to living costs, but it also makes the wage variable and complex, introducing an unwelcome element of uncertainty into the local economy.

For many local businesses — especially smaller businesses and those with thin margins — a substantial minimum-wage hike would be a recipe for disaster and nearly guarantee their closure. Adding the uncertainty and unending hikes contained in this bill would likely exacerbate the issue.

There is no real mystery to what will happen if Hawaii enacts a drastic increase in the minimum wage. We urge the committee to listen to the testimony of the many businesses that have made it clear that a large hike in the minimum wage would mean closing their doors or raising

their prices. This legislation could contribute to raising the cost of living in Hawaii, destroying local businesses and putting more people out of work.

There is ample research data 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.

A 2021 [analysis](#) of minimum-wage research from the National Bureau of Economic Research debunks the claim that minimum-wage hikes do not reduce employment. On the contrary, the NBER meta-analysis found that, regardless of how researchers interpreted data to support a particular position in the minimum-wage debate, there is a clearly negative effect on employment associated with minimum-wage increases: Across all studies, 78.9% of estimated employment elasticities were negative.

The impact of wage increases was especially hard on teens, young adults and the less educated. And in studies of directly affected workers, the negative employment effects were even more obvious.¹

For example, in August 2018, a University of Washington study [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%.²

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 as the newest research from NBER reveals, the data demonstrates that 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-

¹ David Neumark and Peter Shirley, “[Myth or Measurement: What Does the New Minimum Wage Research Say About Minimum Wages and Job Loss in the United States?](#)” NBER Working Paper 28388, National Bureau of Economic Research, Cambridge, Mass., May 2021.

² 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., June 2017.

income families, and some evidence that minimum wages adversely affect these families, and increase poverty.”³

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 simply redistributing wealth among low-income earners.⁴

Because the number of families that fall into poverty from a minimum-wage increase slightly outstrips the number of families that escape poverty from the minimum-wage increase, the state is likely to see a slight increase in the number of families living in poverty following a minimum-wage hike. This is a further demonstration of why minimum-wage hikes are the wrong tool to address poverty.

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. In particular, it found that every one-dollar increase in the minimum wage was accompanied by as much as a 14% increase in the likelihood of closing for certain restaurant categories.”⁵

The Grassroot Institute of Hawaii prefers policies that would strengthen our state’s economy and benefit both businesses and employees. This bill, however, may have a negative effect on employment in general. Not only would companies in Hawaii likely 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.

³ David Neumark and William L. Wascher, [“Minimum Wages.”](#) The MIT Press, Cambridge, Mass., August 2010.

⁴ David Neumark and William Wascher, [“Do Minimum Wages Fight Poverty?”](#) NBER Working Paper Series, Working Paper 6127, National Bureau of Economic Research, Cambridge, Mass., August 1997.

⁵ 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).

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.

Policymakers are focusing on raising the minimum wage in the effort to make the state more affordable, but the minimum wage is a poor tool for that purpose. They should focus instead on policies that increase our purchasing power — that is, lower the cost of living — and make our 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 would be the best way to move forward, to improve both our economy and the plight of low-wage workers.

In contrast, this proposed minimum-wage bill, HB2408, would more likely hurt than help Hawaii’s businesses and low-income working families.

Thank you for the opportunity to submit our testimony.

Sincerely,

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii



Before the House Committee on Labor and Tourism

DATE: February 15, 2022

TIME: 9:30 a.m.

PLACE: VIA VIDEOCONFERENCE

Re: HB 2408 Relating to Minimum Wage

Aloha Chair Onishi, Chair Sayama, and members of the committee:

We are testifying on behalf of the National Federation of Independent Business (NFIB) in opposition to HB 2408 relating to minimum wage.

No one has greater incentive, responsibility, or ability to lead the economy than Hawaii's small business owners. Small businesses play a major role in the economy, representing 99% of all employer firms, employing about half of private-sector employees and generating the majority of net new jobs annually. Though the initial phases of the pandemic are now behind us, there isn't much joy among small businesses as they strive to stay open and save jobs. Many small firms are challenged by pandemic-related capacity limits. At the same time, small business owners are offering record highs in compensation and still having a difficult time finding employees. This is the ideal time to work to foster small business growth rather than to increase the cost of doing business here.

Small business owners know that annually adjusting the minimum in a manner which only increases it may require increasing the price of their product or service or reducing labor costs elsewhere through reduced jobs, reduced hours, or reduced benefits. We respectfully 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. 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.

Thank you for the opportunity to testify.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Labor & Tourism
Tuesday, February 15, 2022, at 9:30 A.M.
Conference Room 312 & Via Videoconference**

RE: HB 2408, RELATING TO THE MINIMUM WAGE

Chair Onishi, Vice Chair Sayama, and Members of the Committee:

While the Chamber of Commerce Hawaii ("The Chamber") supports an increase in the minimum wage, at this time, we cannot support this bill and express serious concerns. HB 2408, which beginning 7/1/2027, and each year thereafter, requires DLIR to annually adjust the minimum wage hourly rate and tip credit amount for the following January 1 based on a three-year average of the consumer price index of all urban consumers.

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.

In past legislative sessions, the Chamber of Commerce Hawaii has supported a minimum wage increase. The business community still sees the urgent need this year to help families that are struggling. While there is consensus that the minimum wage needs to increase, the enactment of a policy where DLIR adjusts the minimum wage hourly rate based on a three-year average of the consumer price index would be detrimental to small businesses who would need to plan for future budgeting.

Indexing the minimum wage could have adverse effects for both small businesses and workers. Indexed wages would add to the complexity of tracking upcoming minimum wage increases and would cause hardship to companies who are trying to plan for their next budget year. Also, with the way inflation is affecting our economy, the minimum wage would not be stable and could rise and fall year to year without the ability to plan for it. The Chamber cannot support indexing the minimum wage at this time.

Hawaii is also the only state with a prepaid healthcare mandate for employees that work 20 hours or more with annual fixed costs averaging \$6,000 per employee. Costs continue to rise, while the percentage that an employee contributes remains the same. This adds another \$3-\$4 an hour to the hourly wage.



Chamber *of* Commerce HAWAII

The Voice of Business

Additionally, an increase in wages is tied to increased costs for other mandates, such as Workers' Compensation, temporary disability, unemployment insurance, payroll taxes and other voluntary benefit programs, so overall, the total hourly wage is much higher.

We look forward to working with the Legislature on a balanced proposal to increase wages and other factors that are driving up the cost of living while supporting our local businesses and the jobs they provide.

Thank you for this opportunity to provide testimony.



Board of Directors

Eric Wright

President
Par Hawaii

Robert Hood

Vice President
Aloha Petroleum, LLC

Al Chee

*Vice President &
Secretary/Treasurer*
Island Energy Services, LLC

Kimo Haynes

*Immediate
Past President*
Hawaii Petroleum, LLC

Alec McBarnet

Maui Oil Petroleum, LLC

Alton Higa

Aloha Petroleum, LLC

Annie Marszal

Lahaina Petroleum

Eric Lee

Par Hawaii, LLC

Jon Mauer

Island Energy Services, LLC

Paul Oliveira

Maui Oil Company, Inc.

Steve Wetter

Hawaii Petroleum, LLC

Testimony of Eric Wright
President of the Hawaii Petroleum Marketers Association (HPMA)

HB 2408 - RELATING TO MINIMUM WAGE OPPOSE

House Committee on Labor & Tourism
The Honorable Richard H.K. Onishi, Chair
The Honorable Jackson D. Sayama, Vice Chair

Tuesday, February 15, 2022 at 9:30 a.m.

Aloha Chair Onishi, Vice Chair Sayama, and Members of the Committee:

I am Eric Wright, president of the Hawaii Petroleum Marketers Association (HPMA). HPMA is a nonprofit trade association comprised of members who market motor fuel products across Hawaii.

House Bill 2408 adjusts the minimum wage hourly rate and tip credit annually from beginning 7/1/2027, and each year thereafter based on based on a three-year average of the consumer price index of all urban consumers.

HPMA respectfully oppose this bill.

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

Hawaii is the only state that requires mandatory health care under the Prepaid Health Care Act which is already a state mandated benefit for employees borne by employers. In addition, a wage increase will flow across all employees known as salary and wage compression when newly hired, less experienced employees earn close to what current employees make.

Minimum wage is not a “living wage” and ultimately could lead to workers losing on-the-job training opportunities, income, and experience greater unemployment due to employers leaving jobs vacant, reducing hours, forgoing raises, and laying off worker.

Finally, constantly increasing the minimum wage by indexing to the Consumer Price Index (CPI) does nothing to increase the low skilled worker’s real earning power beyond their current skill level. It does nothing to help them become more valuable workers so that an employer is willing to pay more for their labor

We respectfully ask the committee reconsider mandating such steep increases at this time.

Thank you for allowing HPMA the opportunity to submit testimony on this bill.



**Testimony to the House Committee on Labor & Tourism
Tuesday, February 15, 2022, at 9:30 A.M.
Conference Room 312 & Via Videoconference**

RE: HB 2408, RELATING TO THE MINIMUM WAGE

Chair Onishi, Vice Chair Sayama, and Members of the Committee:

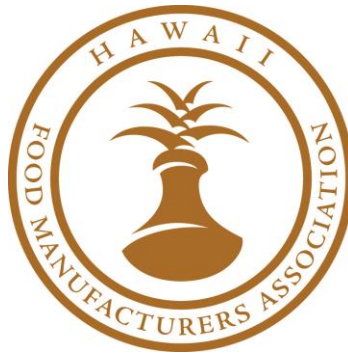
The Hawaii Food Manufacturers Association (HFMA) respectfully opposes HB 2408

The Hawaii Food Manufacturers Association (HFMA) is a non-profit organization of approximately 120 members that has been promoting Hawaiian grown or manufactured products since 1977. The 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 valued members and enjoyed by our valued community.

The food manufacturing industry in Hawaii generates \$900 million in annual revenue and is the largest manufacturing sector in the state using local inputs according to the Hawaii State Department of Business, Economic Development and Tourism. The industry provides over 6,100 jobs in the state and an annual payroll of more than \$160 million.

Hawaii's food manufacturers are at a breaking point -- where any additional cost increases could mean the difference between closing their businesses, laying off workers, and increasing prices which would put Hawaii food manufacturers at a disadvantage against competition in other states. COVID-19 has severely disrupted business operations, as well as further exacerbates the workforce shortage problem.

The statewide labor shortage has already forced food manufacturers to increase overall wages, which is causing strain on company's finances. The high turnover in the workforce for entry level positions are a burden business is already struggling with. By increasing the costs of hiring people who have no training, big business that have the infrastructure in place may be forced to turn to automation, which would hurt our overall economy and further worsen the unemployment rate.



The costs of raw materials have escalated dramatically due to the pandemic. Our food manufacturers have suffered due to the increase in wait times to receive materials, and it has cost their businesses tremendously over the last two years. Increasing the minimum wage by having DLIR adjust the minimum wage hourly rate based on a three-year average of the consumer price index would be impossible for our food manufacturers to plan for future years.

The escalating property prices and commercial rent increases are creating stress on food manufacturers that are already struggling to survive with limited revenue due to COVID-19 restrictions. Adding this minimum wage increase by indexing it to the consumer price index would further hurt our businesses.

Indexed wages would add to the complexity of tracking upcoming minimum wage increases and would cause hardship to food manufacturers who are trying to plan for their next budget year. Also, with the way inflation is affecting our economy, the minimum wage would not be stable and could rise and fall year to year without being able to plan for it.

Also, Hawaii is the only state with a prepaid healthcare mandate for employees that work 20 hours or more with annual fixed costs averaging \$6,000 per employee. Costs continue to rise, while the percentage that an employee contributes remains the same. This adds another \$3-\$4 an hour to the hourly wage.

Additionally, an increase in wages is tied to increased costs for other mandates, such as workers' compensation, temporary disability, unemployment insurance, payroll taxes and other voluntary benefit programs, so overall, the total hourly wage is much higher.

Thank you for this opportunity to provide testimony.



Randy Perreira
President

HAWAII STATE AFL-CIO

888 Mililani Street, Suite 501 • Honolulu, Hawaii 96813

Telephone: (808) 597-1441
Fax: (808) 593-2149

The Thirty-First Legislature, State of Hawai'i
Hawai'i State House of Representatives
Committee on Labor & Tourism

Testimony by
Hawai'i State AFL-CIO
February 15, 2022

H.B. 2408 – RELATING TO MINIMUM
WAGE

The Hawai'i State AFL-CIO is a state federation of 74 affiliate local unions and councils with over 68,000 members across both public and private sectors. We appreciate the opportunity to testify in **opposition** to H.B. 2408.

We strongly support adjusting the minimum wage rate to the consumer price index for all urban consumers (CPI-U). We *do not support* adjusting the tip credit in the same manner.

Tipped workers need protection across employers who choose different operating procedures when it comes to tips. For example, employers who operate a mandatory tip pool pay the full minimum wage, take no tip credit, and may allow non-tipped employees (cooks, dishwashers, etc.) to participate in the tip pool. ([“Tip Regulations under the Fair Labor Standards Act \(FLSA\)”](#)). While the minimum wage applies equally to hourly wage earners, the tip credit does not and should not be adjusted to the CPI-U.

We appreciate your consideration of our testimony in opposition to H.B. 2408.

Respectfully submitted,

Randy Perreira
President

HB-2408

Submitted on: 2/13/2022 5:42:06 PM

Testimony for LAT on 2/15/2022 9:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Will Caron	Individual	Comments	Yes

Comments:

Aloha Committee Members,

While I am glad to see the consideration of an automatic annual adjustment to the minimum wage to account for rising costs of living, I cannot support this bill as long as it contains an automatic tip credit increase as well. The tip credit is an unethical, unfair business practice that puts workers at documented increased risk of experiencing harassment or violence in the workplace just so that some business owners can subsidize their labor costs on the backs of their customers instead of paying the full cost of their labor needs like other businesses. The tip credit should be abolished entirely. I would support this bill if the tip credit language was simply removed entirely.

Mahalo

HB-2408

Submitted on: 2/11/2022 4:19:45 PM

Testimony for LAT on 2/15/2022 9:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Gerard Silva	Individual	Oppose	No

Comments:

You will only Kill the Businessin Hawaii!!

Date: February 14, 2022

To: Representative Richard Onishi, Chair
Representative Jackson D. Sayama, Vice Chair

Members of the Committee on Labor and Tourism

My name is Carl Bonham, I am the Executive Director of UHERO, and a Professor of Economics at the University of Hawai‘i at Mānoa in the College of Social Sciences, I am writing to offer comments on HB 2408 Relating to the Minimum Wage. My testimony is submitted as an individual and not as a representative of the University of Hawai‘i.

Each July, beginning in 20207, this bill instructs the Hawai‘i Department of Labor and Industrial relations to “calculate an adjusted minimum wage rate and an adjusted tip credit amount to be effective on the following January 1. The adjusted minimum wage rate and tip credit amount shall each be calculated to the nearest 5 cents by adjusting the current minimum wage and tip credit amount by the average of the increases to the consumer price index for all urban consumers (CPI-U) over the previous three years (yearly growth rate divided by three);”

I strongly support any bill that indexes the minimum wage to an appropriate measure of price or wage changes. I have two comments. First, the bill should say specifically that the price index used is *the Honolulu Area Consumer Price Index for all Urban Consumers (CPI-U)*. In its current form, it is implied, but not clear, if DLIR is to use the Honolulu CPI, or the US CPI.

Second, I adjusting the minimum wage using the 3-year average growth rate of the State wide median hourly wage for All Occupations (https://www.bls.gov/oes/current/oes_hi.htm#00-0000) would make the minimum wage a more efficient tool for reducing wage inequality. By tying minimum wages to the conditions of the overall labor market, this ensures that minimum wage workers do not continually fall behind the typical worker. In effect, using the median hourly wage to adjust the minimum wage combines inflation adjustments (possibly incomplete) which the market provides to median wage workers along with any adjustments due to increases in productivity of the typical hourly employee. In July of each year, the OES program will have published the median hourly wage for all occupations for the previous year as well as the two prior years, allowing a 3 year average growth rate to be calculated. Just as described in the bill for the Honolulu CPI-U.

I hope this testimony is helpful.



Carl Bonham
Executive Director, UHERO
Professor of Economics, University of Hawai‘i at Mānoa



HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

Testimony of
Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

House Committee on Labor & Tourism
House Bill 2408: Relating to the Minimum Wage
February 15, 2022

Chair Onishi, 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—takes immense pride in the fact that the vast majority of our workers are paid well above the current minimum wage. We also recognize the fact that many local residents are not so fortunate and are not paid nearly enough to be considered a living wage. Despite this, we have concerns with House Bill 2408.

Though the idea of tying minimum wage increases to a metric like the consumer price index seems like a logical way to raise the minimum wage in a standardized manner, this practice would ultimately harm numerous companies on various fronts—most notably on their ability to plan and forecast for coming years. Tying minimum wage levels to the consumer price index would leave countless businesses exposed and ill-equipped to meet wage increases, especially in light of the recent inflation that we are all witnessing. Moreover, the proposed measure does not include any mechanism for the minimum wage to decrease should we enter into an economic recession or depression.

While we support minimum wage increases, we feel that this measure is problematic due to its connection to the consumer price index.

Mahalo for the opportunity to offer this testimony.



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Executive Officers

Charlie Gustafson, Tamura Super Market, *Chair*
Eddie Asato, Pint Size Hawaii, *Vice Chair*
Gary Okimoto, Safeway, *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
John Schliff, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Immediate Past Chair*

TO: Committee on Labor and Tourism
Rep. Richard H.K. Onishi, Chair
Rep. Jackson D. Sayama, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 15, 2022
TIME: 9:30am
PLACE: Via Videoconference

RE: HB2408 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.

While business organization typically prefer to allow the market to set wage rates, we understand that the government is also under pressure to address the minimum wage. We appreciate the legislature's consideration of our business community's major concerns:

- 1) Hawaii is consistently ranked one of the worst states in the US to do business.
- 2) Hawaii employers shoulder the burden of paying full medical insurance coverage, this is a very costly mandate which should be considered when looking at the minimum wage.
- 3) The minimum wage allows for workforce training of unskilled labor.
- 4) Employers can and do pay skilled labor well above the minimum wage and will continue to do so with or without legislation changing the minimum wage.

As the legislature is aware an excessively high minimum wage is detrimental to small businesses, particularly those in small or rural island communities because they are less able to absorb the additional cost. When wages get too high many small business owners are forced to fire employees and work shifts without paying themselves wages. Other businesses that can't meet increased labor costs may be forced to close. Hawaii businesses are already facing a labor shortage and employees are in a good position to command high wages without government intervention.

Increasing the cost of labor can have wide ranging impacts on consumers as well. As we all know Hawaii residents already pay substantially more than many other states for food. With inflation at historic levels prices have gone up significantly in the past year.

Profit margins are already quite sparse for grocers and restaurants in our State. When labor costs increase businesses are forced to make adjustments in other areas. This can mean things like reducing capital investment in their businesses, hiring of fewer employees, potentially laying off employees, which in turn would mean requiring remaining workers to do more and/or raising prices on goods and services. As the Washington Examiner points out, "(I)f customers must spend ... more on one thing, they will have less to spend on another, which can cause job losses."¹

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.

The price increases at Chipotle potentially suggest what is to come for Hawaii consumers and businesses. If the Chipotle model indicates the consequences of raising the minimum wage by 14% to \$12.25 in San Francisco, we need to be mindful of the impact on local jobs and prices from a 34% increase, as is being proposed in this bill.

Food retailers generally operate at a profit margin of around 1%, and it is not easy to quickly adjust to increases in costs.

Unpredictable wages tied to the Consumer Price Index can create a range of issues for employers. Without knowing how much the minimum wage will increase or what it will be employers cannot plan for their future labor costs. This is inefficient and creates uncertainty for businesses. In short, an unpredictable wage disincentivizes creating jobs and hiring new employees.

We believe that an increase to \$15 enacted incrementally would accomplish the goals of this measure while minimizing some of the worst negative impacts on local consumers and businesses. Here is an example of a schedule that would lessen the negative impact on small local businesses which will be disproportionately injured by a rapid increase in the minimum wage:

¹ Emilie Padgett, *Study: Minimum Wage Hike Boosted Price of Chipotle Burritos*, Washington Examiner, July 7, 2015. <http://www.washingtonexaminer.com/at-chipotle-increase-in-minimum-wage-means-pricier-burritos-study/article/2567752> (accessed Oct. 6, 2015).

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).

\$11/hr on 1/1/23

\$12/hr on 1/1/24

\$13/hr on 1/1 25

\$14/hr on 1/1/26

\$15/hr on 1/1/27

While we understand the intent of this measure we believe it may not be the best tool to accomplish its goals and that other measures may have a greater potential to achieve positive results. We thank you for the opportunity to testify.



**TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 15, 2022
Re: HB 2408 RELATING TO MINIMUM WAGE.**

Good morning, Chairperson Onishi and members of the House Committee on Labor and Tourism. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901, RMH is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, local, national, and international retailers, chains, and everyone in between.

We are opposed to HB 2408 Relating to Minimum Wage. Beginning 7/1/2027, and each year thereafter, this measure requires DLIR to annually adjust the minimum wage hourly rate and tip credit amount for the following January 1 based on a three-year average of the consumer price index of all urban consumers.

While we appreciate the lengthened effective date, we do not agree that the minimum wage should be based on CPI averages and to be adjusted automatically to keep pace with the rising cost of living. Minimum wages were never intended to be a living wage.

Businesses would not know how to budget for the unknown percentage increase. The net margin for retailers is one of the lowest compared to other business industries. According to a Deloitte 2016 study (<https://sbrc.employers.com/retail/whats-a-good-profit-margin-for-retailers/>) retailers average net profit is about half a cent to three cents to a dollar . This makes it difficult for retailers to adjust quickly to increased costs.

Increases in minimum wage will have a direct impact on the cost of goods in our stores as in the past we would have to pass it down to the customers. If we are unable to pass the cost down to be price competitive, retailers will in fact have to cut hours, institute hiring freezes, lay off employees or eliminate entire departments, invest in more technology like self-checkout where the is a minimal employees needed if at all, or wrst case scenario shut down their business.

It is the entry job for many who have little or no experience. Many of the workers in retail are experiencing their first job like the many high school students and there are many looking only to work part time. Businesses must often teach new hires everything from hygiene, how to dress for work and other basic life skills in addition to working a cash register, how to open and close and customer service. As they gain skills, workers can get pay increase and/or a promotion.

We would also like to point out that tip credit does NOT apply to retailers and there would be no relief or help for many businesses.

We ask that you please hold this measure.

Mahalo again for this opportunity to testify.



LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

President

Gary Nuber
Director of Field Services

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The Thirty-First Legislature, State of Hawai'i
Hawai'i State House
Committee on Labor & Tourism

Testimony by
Hawaii Nurses Association
February 15 , 2022

H. B. 2408 – RELATING TO MINIMUM WAGE

The Hawaii Nurses Association -OPEIU Local 50 is affiliated with the AFL-CIO and was founded in 1917 and represents 4,000 nurses in the State of Hawaii. We are grateful to testify in **OPPOSITION** of H.B. 2408

While we support adjusting the minimum wage rate to the consumer price index for all urban consumers. We do not support adjusting the tip credit in the same way.

Thank you for your consideration and we urge you to vote against H.B. 2408

Respectfully,

Daniel Ross
President



House Committee on Labor & Tourism

Representative Richard Onishi, Chair
Representative Jackson Sayama, Vice Chair
Tuesday, February 15, 2022 at 9:30 A.M.

RE: HB 2408, RELATING TO THE MINIMUM WAGE

Chair Onishi, Vice Chair Sayama, and Members of the Committee:

The Society of Human Resource Management (SHRM) Hawaii respectfully opposes HB 2408 which Beginning 7/1/2027, and each year thereafter, requires DLIR to annually adjust the minimum wage hourly rate and tip credit amount for the following January 1 based on a three-year average of the consumer price index of all urban consumers.

SHRM Hawaii serves and represents nearly 600 members and employers' statewide and human resource management is a critical component to the success and survival of the many businesses that make up our local economy. HR professionals are responsible for evaluating and balancing the needs of both the employers and employees and caring for businesses' most valuable asset: the working people of our state.

We appreciate and understand the intent of this bill to increase minimum wage to help our most vulnerable citizens of Hawaii. When speaking with our SHRM Hawaii employers, the majority of them already pay over the minimum wage. Our smallest businesses who are members would be greatly impacted by this legislation, that is why SHRM Hawaii respectfully opposes.

Our members are already stretched thin with the increased costs of other mandates, like workers' compensation, temporary disability, unemployment insurance, payroll taxes and other voluntary benefits. That does not include the high cost of the prepaid healthcare mandate for employees that work more than 20 hours. The annual fixed costs average about \$6,000 per employee.

The main concern SHRM Hawaii has when increasing the minimum wage is the effects it will have on the pay compression of management and other positions that make over the minimum wage.



By increasing the minimum wage, this could have a ripple effect on our local employers as they would need to consider review and potential adjustment of their entire compensation structure. Taking into account pay compression, the potential impacts of the pandemic on healthcare costs, and other financial strains of the economy, SHRM Hawaii members cannot afford a mandate that would increase costs to all levels of the employment ladder.

Increasing the minimum wage by having DLIR adjust the minimum wage hourly rate based on a three-year average of the consumer price index would be impossible for SHRM Hawaii members to plan for future budgets and years. This policy would greatly hurt our members ability to hire and retain their workforce. We ask that you consider an increase that is planned, rather than indexed, and that would help workers, but not force some businesses to shut down.

Thank you for this opportunity to provide testimony.

Kalani Morse
Legislative Affairs Committee Co-Chair

Dailyn Yanagida
Legislative Affairs Committee Co-Chair





HOUSE OF REPRESENTATIVES
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2022

Committee on Labor and Tourism
Representative Richard H.K. Onishi, Chair
Representative Jackson D. Sayama, Vice Chair

Tuesday, February 15, 2022, 9:30AM
Conference Room 312 and Videoconference

Re: Testimony in Support of HB2408 - RELATING TO THE MINIMUM WAGE

Chair Onishi, Vice Chair Sayama, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents 1,500 members in the private sector.

UPW provides the **following comments** on HB2408, which beginning on July 1, 2027, and each year thereafter, requires the Department of Labor and Industrial Relations to annually adjust the minimum wage hourly rate and tip credit amount for the following January 1 based on a three-year average of the consumer price index of all urban consumers.

Hawaii’s current minimum wage of \$10.10 per hour was last increased on January 1, 2018. Since that time, the cost of living in Hawaii has continued to rise, with wages remaining stagnant. Any type of increase to the current minimum wage level will help to benefit working-class employees. We stand with the State AFL-CIO in support of adjusting the minimum wage rate to the consumer price index for all urban consumers (CPI-U), but we have concerns with adjusting the tip credit in the same manner.

Thank you for the opportunity to provide testimony.

Sincerely,

Liz Ho
Administrato

UNITED PUBLIC WORKERS
AFSCME Local 646, AFL-CIO





MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON
LABOR AND TOURISM
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 312
TUESDAY, FEBRUARY 15, 2022 AT 9:30 A.M.**

To The Honorable Richard H.K. Onishi, Chair
The Honorable Jackson D. Sayama, Vice Chair
Members of the committee on Labor and Tourism

OPPOSING HB2408 RELATING TO MINIMUM WAGE

The Maui Chamber of Commerce opposes HB2408 which requires DLIR to annually adjust the minimum wage hourly rate and tip credit amount for the following January 1 based on a three-year average of the consumer price index of all urban consumers.

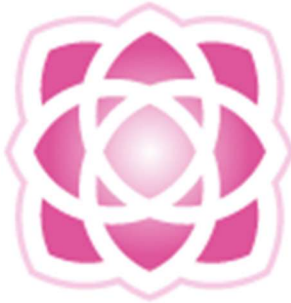
It is imperative that you hear the voice of businesses on this bill. We acknowledge that there are industries who are paying more than the minimum now and that there may be room for an increase, but a minimum wage does not hit all business equally and tends to hurt smaller mom and pop operations most. Keep in mind, most businesses who raised their wages above the minimum wage were able to do so because they had received federal assistance with COVID related funds.

While many people comment that the pandemic is being used as an excuse not to raise the minimum wage, we don't understand that rationale as we are in an unprecedented global pandemic that many thought would be over last July. There were good economic periods this past year, but many are still struggling to recover from the devastation in 2020 and 2021 and our economic future is still uncertain as COVID continues with new variants and major workforce and supply chain issues.

There are a number of bills that have been introduced that are harmful to businesses and increase their cost, such as expanded family leave bills, etc. While, individually, the bills may not add much to a small business' expenses, the cumulative effect can be described as "death by a thousand cuts."

Additionally, we don't feel the broader public fully understands: how unique Hawaii is, with businesses paying nearly the full amount of their employees' healthcare costs for those that work 20 hours or more, which is dramatically different from other states; that businesses may be hit with a significant UI rate increase in 2023; the challenges cause by wage compression; and impacts to businesses under long-term contracts.

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

COMMENTS ON HB2408 RELATING TO MINIMUM WAGE PAGE 2.

The Chamber also notes that the minimum wage adjustments keep in pace with the CPI-U. But we notice that if that adjustment calculation would result in a lower minimum wage, the legislation prohibits the minimum wage from being lowered accordingly. We do not think that is an equitable provision in the bill and would ask that it be removed.

Lastly, it is important for the public and government to recognize the difference between a minimum wage and living wage, as there are many ways government can bring down our living wage (starting with the development of affordable housing and rentals) and that increases in the cost of doing business get passed down to all consumers, further increasing the living wage. We look forward to getting back to you with additional input from our members as soon as possible and working with you on solutions to create a healthy and sustainable environment for businesses and their employees.

For these reasons the Maui Chamber of Commerce opposes HB2408 and respectfully request 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.