

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS  
ON  
HOUSE BILL NO. 2510, H.D. 2

**March 21, 2022**  
**3:15 p.m.**  
**Room 225 and Videoconference**

RELATING TO INCOME

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 2510, H.D. 2, does the following:

- Amends Section 235-55.75, HRS, to make the Earned Income Tax Credit (EITC) refundable and permanent and provide that any EITC earned in previous tax years that were previously carried forward can continue to be used to offset tax liability in subsequent years until exhausted or up to the end of the 2024 tax year.
- Amends Section 387-2, HRS, to increase the minimum wage each year starting at \$13.00 per hour beginning January 1, 2023, and ending at \$18.00 per hour beginning January 1, 2028 and increase the tip credit over the same period.

For the Committee's information, attached is a table detailing the estimated costs for State casual employees in relation to the proposed annual minimum wage increases. B&F notes that as long as annual collective bargaining increases exceed 3.1%, regular State employee wage levels should exceed these minimum wage amounts.

B&F also notes that the American Rescue Plan (ARP) Act restricts states from using ARP Coronavirus State Fiscal Recovery Funds (CSFRF) to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the CSFRF have been spent. If a state cuts taxes during this period, it must demonstrate how it paid for the tax cuts from sources other than the CSFRF, such as:

- By enacting policies to raise other sources of revenue;
- By cutting spending; or
- Through higher revenue due to economic growth.

If the CSFRF provided have been used to offset tax cuts, the amount used for this purpose must be repaid to the U.S. Treasury.

The U.S. Department of Treasury has issued rules governing how this restriction is to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with this ARP restriction.

Thank you for your consideration of our comments.

Attachment

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



ISAAC W. CHOY  
DIRECTOR OF TAXATION

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

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

From: Isaac W. Choy, Director  
Department of Taxation

Date: Monday, March 21, 2022  
Time: 3:15 P.M.  
Place: Via Video Conference, State Capitol

**Re: H.B. 2510, H.D. 2, Relating to Income**

The Department of Taxation (Department) offers the following comments regarding H.B. 2510, H.D. 2, for your consideration. H.B. 2510, H.D. 2, makes the Hawaii earned income tax credit (HEITC) refundable and permanent and also increases the minimum wage from the current \$10.10 per hour to \$18.00 per hour beginning January 1, 2028.

H.B 2510, H.D. 2, is effective upon its approval, however, the amendments to the HEITC are applicable to taxable years beginning after December 31, 2022.

The Department appreciates that the amendments to the HEITC are made applicable to taxable years beginning after December 31, 2022. This effective date will give the Department time to make the required changes to the forms, instructions, and computer system. The Department is able to administer the proposed changes to the HEITC with the current effective date.

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



March 21, 2022

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: Monday, March 21, 2022  
Time: 3:15 p.m.  
Place: Conference Room 225 & Videoconference

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

**Re: H.B. 2510 H.D.2 RELATING TO INCOME**

**I. OVERVIEW OF PROPOSED LEGISLATION**

Section 3 of HB2510 HD2 proposes to amend Section 387-2, Hawaii Revised Statutes (HRS), by incrementally increasing the minimum wage from \$10.10 to \$18.00 beginning on January 1, 2023 to January 1, 2028, incrementally increasing the tip credit from 75 cents to \$2.75 beginning on January 1, 2023 to January 1, 2028.

The DLIR supports increasing the minimum wage rate and opposes any increases in the subminimum wage by increasing the tip credit. Fiscally, the DLIR anticipates an increase in wage claims should the tip credit increase.

**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, 2015-2018. Act 82 also increased the subminimum wage for workers that customarily receive tips by increasing the tip credit from 25 cents to 75 cents per hour. The tip credit provision specifying when an employer could use the tip credit was also increased from when the combined amount the employee receives from the employee's employer and in tips is at least \$0.50 more than the minimum wage to at least \$7.00 more than the applicable minimum wage.

**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.

DAVID Y. IGE  
GOVERNOR



CATHY BETTS  
DIRECTOR

JOSEPH CAMPOS II  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339  
Honolulu, Hawaii 96809-0339

March 20, 2022

TO: The Honorable Senator Brian T. Taniguchi, Chair  
Senate Committee on Labor, Culture and the Arts

FROM: Cathy Betts, Director

SUBJECT: **HB 2510 HD2 - RELATING TO INCOME.**

Hearing: March 21, 2022, 3:15 p.m.  
Via Videoconference

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports the measure, provides comments, and defers to the Department of Taxation.

**PURPOSE:** The purpose of the bill is to make the state earned income tax credit refundable and permanent. Provides for carryforward of nonrefundable credits previously claimed. Incrementally increases the minimum wage and tip credit beginning on 1/1/2023.

(HD2) The HD1 amended the measure by:

- (1) Incorporating a mechanism to annually adjust the minimum wage and tip credit amount starting January 1, 2031, based on the average of the increases to the statewide median hourly wage for all occupations over the previous three years compiled by the United States Bureau of Labor Statistics;
- (2) With respect to the household and dependent care tax credit, removing the requirement that a qualified individual be a recipient or eligible to be a recipient of Social Security Disability Insurance;
- (3) Increasing the cap on revenues that may be deposited into the Tax Administration Special Fund and authorizing that monies in the fund shall also be used for outreach to educate low-wage earners about withholding options and provide support when completing withholding forms;
- (4) Appropriating funds from the Tax Administration Special Fund, rather than from the general fund, for the required outreach;

- (5) Changing the effective date to December 25, 2040, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

The HD2 made significant amendments by:

- (1) Increasing the minimum wage rate to \$13.00 beginning on January 1, 2023, and incrementally up to \$18.00 per hour beginning January 1, 2028, and increasing the tip credit over the same period;
- (2) Removing the provisions amending the refundable Food/Excise Tax Credit and Household and Dependent Care Tax Credit;
- (3) Removing the provisions that require the Department of Labor and Industrial Relations to annually adjust the minimum wage rate and tip credit beginning on July 1, 2030;
- (4) Removing the provisions that increase the cap on revenues that may be deposited into the Tax Administration Special Fund, authorize the fund to also be used for outreach to educate low-wage earners about their withholding options and to provide support when completing their withholding forms, and appropriate funds for this outreach;
- (5) Making it effective upon its approval; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

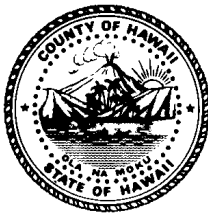
The Department appreciates the effort to provide more economic stability for low-income working residents. Low-income households, especially those families with young children, need additional financial resources to meet their basic needs. As the health and economic tolls of the pandemic continue, the State needs to reset its wage and tax policies to benefit working families and low-income residents. Additional federal relief that buoyed many residents through the first two years of the pandemic may be slower in coming.

Please note that increases to the state minimum wage may impact eligibility for our assistance and benefit programs that are means-tested. Also, the increase in minimum wage will likely impact future appropriations needed for procured or subsidized services.

The Department also suggests that the Legislature provide funding to support tax filing assistance for fixed- and low-income residents to maximize available State and federal tax credits. Without access to the internet or limited broadband infrastructure, communities and populations need free tax filing assistance.

Thank you for the opportunity to provide comments on this measure.

REBECCA VILLEGAS  
Council Member  
District 7, Central Kona



PHONE: (808) 323-4267  
FAX: (808) 323-4786  
EMAIL: [Rebecca.villegas@hawaiicounty.gov](mailto:Rebecca.villegas@hawaiicounty.gov)

## HAWAI'I COUNTY COUNCIL

*West Hawai'i Civic Center, Bldg. A  
74-5044 Ane Keohokalole Hwy.  
Kailua-Kona, Hawai'i 96740*

March 21, 2022

TESTIMONY OF REBECCA VILLEGAS  
COUNCIL MEMBER, HAWAI'I COUNTY COUNCIL  
ON HB 2510 HD2, RELATING TO INCOME  
Committee on Labor, Culture, and the Arts  
Monday, March 21, 2022 3:15 p.m.

Aloha Chair Taniguchi, and Members of the Committee:

I thank you for the opportunity to testify in SUPPORT of HB 2510 HD2. The purpose of this Act is to help working families by improving certain tax credits, increasing minimum wages, and appropriating funds specifically for an outreach program to help educate low-wage earners regarding their withholding options.

The pandemic presented the world with unprecedented issues, forcing people out of employment or even their own homes, and exacerbating the economic hardship for many Hawaii families who are above the federal poverty line but still struggle to make ends meet. Aloha United Way reported a six hundred per cent increase in calls received from people seeking assistance during the pandemic which significantly increased the percentage of households that are considered to be asset limited, income constrained, and employed (ALICE) to fifty-nine per cent, which is up from forty-two per cent prior to the pandemic.

Increases to the cost of living in the State, combined with stagnant wages, have contributed to the increase in the number of ALICE households. While the cost of living continues to increase, minimum wage has not increased to an appropriate amount necessary to offset the higher increase in cost of living.

For the reasons stated above I urge the Committee on Labor, Culture, and the Arts to SUPPORT this measure. Should you have any questions, please feel free to contact me at (808) 323-4267.

Mahalo for your consideration.

A handwritten signature in black ink, appearing to read "Rebecca Villegas".

Rebecca Villegas  
Council Member, Hawai'i County Council

**Maile Medeiros David**  
Council Chair  
Council District 6  
(Portion N. S. Kona/Ka'ū /Volcano)



Phone: (808) 323-4277  
Fax: (808) 329-4786  
Email: [maile.david@hawaiicounty.gov](mailto:maile.david@hawaiicounty.gov)

## HAWAI'I COUNTY COUNCIL

County of Hawai'i  
West Hawai'i Civic Center, Bldg. A  
74-5044 Ane Keohokalole Hwy.  
Kailua-Kona, Hawai'i 96740

March 21, 2022

Honorable Brian T. Taniguchi, Chair  
Honorable Les Ihara, Jr., Vice Chair  
Committee on Labor, Culture and the Arts  
Conference Room 225 & Videoconference

Re: H.B. No. 2510 HD 2 – Relating to Income

Honorable Chair Taniguchi and Vice Chair Ihara:

On behalf of myself and as Councilmember representing the rural districts of South Kona, Ka'ū and Volcano Village (Council District 6), I express my strong support of HB 2510 HD2 relating to income but would like to see the bill amended by increasing the minimum wage to \$15 an hour starting in 2023 with \$1 increases every year thereafter.

As you may know, many of the residents in the districts I represent face cultural, financial, and geographical barriers. The pandemic has ultimately forced people out of employment as well as their homes with the rising cost of living.

Mahalo a nui loa for your favorable consideration.

Very truly yours,

*Maile David*

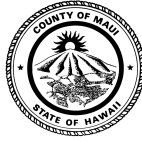
Maile David, Council Member  
Council District 6, S. Kona, Ka'ū, and Volcano Village

Council Chair  
Alice L. Lee

Vice-Chair  
Keani N.W. Rawlins-Fernandez

Presiding Officer Pro Tempore  
Tasha Kama

Councilmembers  
Gabe Johnson  
Kelly Takaya King  
Michael J. Molina  
Tamara Paltin  
Shane M. Sinenci  
Yuki Lei K. Sugimura



Director of Council Services  
Traci N. T. Fujita, Esq.

Deputy Director of Council Services  
David M. Raatz, Jr., Esq.

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

March 21, 2022

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

FROM: Keani Rawlins-Fernandez   
Council Vice-Chair

DATE: March 21, 2022

SUBJECT: **TESTIMONY IN OPPOSITION OF HB 2510, HD2, RELATING TO INCOME**

Mahalo for the opportunity to testify in **OPPOSITION** to this measure, and encourage this committee to amend the timeline to align with SB2018. The purpose of this measure is to make the state earned income tax credit refundable and permanent, provide for carryforward of nonrefundable credits previously claimed, and incrementally increases the minimum wage and tip credit beginning on 1/1/2023.

While the Maui County Council has not had the opportunity to take a formal position on this specific measure, through Resolution 21-154, we took a firm position that the minimum wage in Hawai'i must be increased. Today, I am providing testimony in my capacity as an individual member of the Maui County Council.

I **SUPPORT** a more immediate plan to increase the minimum wage for the following reasons:

1. It is in the interest of all of Hawai'i to support Hawai'i's workforce and essential workers by increasing the minimum wage.

2. Increasing the minimum wage in our pae‘āina will help Hawai‘i’s economy by giving workers greater purchasing power in the local marketplace, and help prevent our community members from continuing to be priced out of their homelands.
3. According to the Department of Business, Economic Development, and Tourism, a single adult required an income of \$35,143 to achieve self-sufficiency in Hawai‘i in 2018, while a single parent with one child required \$59,428. Yet, at the minimum wage of \$10.10 per hour, a full-time employee earns only \$21,008 annually.

Please amend HB 2510, HD2, to incorporate the language from SB 2018, page 1, lines 11-15, which ensures an incremental increase to Hawai‘i’s minimum wage will reach \$18.00 by 2026. Mahalo for this opportunity to testify.

**HB-2510-HD-2**

Submitted on: 3/19/2022 1:13:35 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>             | <b>Testifier Position</b> | <b>Testify</b>    |
|---------------------|---------------------------------|---------------------------|-------------------|
| Dirk Koeppenkastrop | Testifying for IL Gelato Hawaii | Oppose                    | Remotely Via Zoom |

Comments:

Date: March 19, 2022

To: Sen. Brian T. Taniguchi, Chair

Members of the Committee on Labor, Culture, and Arts

From: Dirk Koeppenkastrop, Ph.D.

Subj: HB 2510 HD Relating to Income

My name is Dirk Koeppenkastrop and I am the owner of several small businesses in Hawaii. Our biggest business is IL Gelato Hawaii. We have a whole sale, a catering business and four retail locations around Oahu and one in Waikiki that is still closed due to COVID. We used to employ over 75 people and due to COVID-19 are down to less than 45. We pay rent in 5 locations and suffer great losses from the shut downs and restricting regulations and lack of tourism. Our revenues are down to less than 60 to 70% from prior year and we are losing money in retail every month.

In our retail stores we hire students and entry-level employees with no skills or experience. We invest into training and educating them. Increasing minimum wages from \$7.25 to \$10.10 had been hurting our business already in the recent years. Rents increased, food cost increased and our profit margins are dropping year by year. Due to the high inflation, we had no other option to increase our scoop prices to \$6.50 with the result that our sales have gone down. We have less people buying gelato from us, as the prices are perceived to be too high.



With COVID all of Hawaii's small businesses are in jeopardy. Bill 40 has been a big blow for small restaurants and adds no value to the environment. **Adding more legislative stress on small businesses by increasing labor cost will be detrimental** to our businesses and livelihood. IT A GOOD TIME TO INCREASE MINIMUM WAGE and as it will kill a lot of small businesses and restaurants.

SMALL BUSINESSES NEED HELP AND NOT MORE CHALLENGES.

GIVE SMALL BUSINESSES A BREAK FOR TWO YEARS SO THEY CAN SURVIVE!

Thank you for your time and consideration of my concerns.

Dirk Koeppenkastrop, PH.D.

**HB-2510-HD-2**

Submitted on: 3/20/2022 12:04:26 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>                  | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|--------------------------------------|---------------------------|---------------------------|
| Lester Klungness    | Testifying for<br>Microenvironmental | Comments                  | Written Testimony<br>Only |

Comments:

And whereas Hawaii's position in comparison to other states is abysmal:

**11. Hawaii**

- **Value of a dollar:** \$0.84 (the lowest) Source: U.S. Bureau of Economic Analysis, *Regional Price Parities*
- **Personal income per capita:** \$54,565 (16th highest in USA)
- **Income adjusted by cost of living:** \$41,353 (5th lowest in USA)

.Source <https://www.usatoday.com/story/money/economy/2018/05/10/cost-of-living-value-of-dollar-in-every-state/34567549/>

Resolved: Minimum wage in Hawaii should be raised to \$15/hr. in 2023 and graduated to \$18/hr by or before 2025. Extending the increase out to 2030 is criminal!

**HB-2510-HD-2**

Submitted on: 3/20/2022 4:13:47 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Mona Bomgaars       | Individual          | Support                   | Written Testimony<br>Only |

Comments:

I support this bill while asking that you modify it somewhat so that the \$18 per hour minimum wage be reached by 2026.

I need not repeat what many others are saying that essential workers in our state are being overworked by needing to take on more than one full time job just to feed themselves and their families. It is shameful in this wonderful state that acclaims the aloha spirit.

Mahalo. Mona R Bomgaars MD



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

From: Highway Inn

Subj: HB 2510, HD 2 Relating to Income

- Highway Inn is opposed to an increase in the minimum wage because the minimum wage will flow to our *highest paid* staff who make minimum wage *plus tips*. It will miss its intended recipients and simply result in further increased prices. An FTE minimum wage *tipped employee* makes \$50-\$70k per year, excluding benefits: PTO, Healthcare, and 401(k) match.
  - Tips represent \$25-\$35 per hour of waitstaff pay. People who earn tips come to work for tips, not for the minimum wage.
  - Our lower-paid employees earn market-rate, ranging from \$13-\$20/hour plus benefits.
  - If we paid less than market-rate, we would have no employees.
  - The market has already set a market-rate for labor in Restaurants with a combination of wages, tips, service charges, PTO, Healthcare and and other benefits.
- A mandated increase in minimum wage will flow straight through to increased prices to the consumer – **you**. When the minimum wage is at \$18, you will pay e.g. another \$3-\$4 for a Pork Lau Lau as a result of this increase, other things remaining equal. The minimum wage increase will **FAIL** to achieve its policy goals at restaurants and serve only to reward the already highest-paid staff, increase prices, reduce customer demand, reduce customer choice, reduce restaurant revenues, and reduce the State's tax income from restaurants. Dining out will become a luxury.
- The Tip Credit is an effective federally designed mechanism to address the issues caused by minimum wage increases in industries where workers receive most of their income in tips. Eliminating the tip credit in Hawaii is a huge policy error. It is a law used in many economically thriving states for a reason. The correct response is to *increase* the Tip Credit and not to eliminate it if indeed minimum wage increases are enacted.
- Moreover, recent Covid-19 direct stimulus payments prove that the government knows how to directly target individuals who need additional assistance to supplement their low income. Payments flowed to impacted individuals within weeks of the outset of the pandemic. The policy goal of addressing income inequality is better achieved using legislators' direct, actionable, and focused policy tools and not small businesses. Using private businesses as an instrument of government policy is not as effective as direct payments, because businesses will also seek to mitigate its impact by substituting capital for labor among other initiatives.

Mahalo for reading and we at at your disposal to explain this further.



Monday, March 21, 2022

TO: Senate Committee on Labor, Culture and the Arts

RE: HB 2510 HD2

POSITION: In Opposition to Rate of Minimum Wage and Tip Credit Increases.

Chair Brian T. Taniguchi, Vice Chair Les Ihara & Committee Members

Gyotaku Japanese Restaurants employees a staff of 180. We have always been committed to providing very competitive wages and benefits to all our employees.

In addition to wreaking havoc on restaurant sales for the past 2 years, the pandemic has significantly changed the employment landscape across the country and especially in Hawaii. Restaurants that have been able to survive so far are now faced with inflationary cost increases in all areas of our operations. Employment shortages have created employment market conditions favorable to workers and the industry has responded by offering competitive wages at varying rates well above the minimum wage. Help Wanted signs citing starting wages of \$13 and higher per hour are common all over the state. If ever there was a time when raising the minimum wage was not necessary, that time is now. Market conditions are working for those seeking employment without legislative assistance.

That being said, modest increases in the minimum wage well below the schedule in HB2510 are in order. However, the schedule proposed is too aggressive and will only contribute to inflation, more restaurant closures, reduction in workers schedules, elimination of jobs and increasing use of technology further eliminating high income positions like restaurant servers when tip income is taken into consideration.

Furthermore, the rapid increase in menu prices due to food cost increases has resulted in higher spending per customer and thus higher tips income per hour. This is always the case. Servers and other earning tips based on percentage of sales have a built in pay increase when menu prices rise.



Therefore, the tip credit should increase dollar for dollar with any increase in the minimum wage. The Tip Credit provision in the current Minimum Wage Law that employees subject to the Tip Credit must make at least \$7 per hour over the prevailing minimum wage ensures that those employees will earn at minimum what is referred to as a Living Wage. Server net hourly income at our restaurants has increased about \$2.50 per hour since mid 2021 as a result of higher menu prices.

We hear so much about employees making minimum wage and not being able to make a living. I wish they would come and work at our restaurant. Like our competitors we're paying competitive wages and offering great benefits, we need more employees.

Check out the wages we're offering at [gyotakuhawaii.com/careers](http://gyotakuhawaii.com/careers) and see what the market is driving right now. I get the feeling minimum wage increase proponents are a cause in search of a need. Who and where are all these people that are supposedly only making \$10.10 per hour?

It is certain to us that passing HB2510 HB2 as written will be another unnecessary challenge to restaurants across the state at a time when we need assistance and relief in order to continue.

We respectfully request that the schedule be reduced to much lower annual increases in the range of 1 to 2% per year and the Tip Credit increase dollar for dollar along with any Minimum Wage increases.

Sincerely,

A handwritten signature in black ink that reads 'Thomas H Jones'.

Thomas H Jones  
President  
REI Food Service, LLC  
d.b.a. Gyotaku Japanese Restaurants



**Where LGBTQIA+ Rights Meets the Labor Movement  
A constituency group of the Hawai'i State AFL-CIO**

March 19, 2022

Senate's Committee on Labor, Culture and the Arts  
Hawai'i State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

Hearing: Monday, March 21, 2022 – 3:15 p.m.

**RE: Support with requested Amendment for House Bill 2510 HD 2**

Aloha Chair Taniguchi, Vice Chair Ihara, and fellow committee members,

Pride at Work – Hawai'i is an official chapter of Pride At Work which is a national nonprofit organization that represents LGBTQIA+ union members and their allies. We are an officially recognized constituency group of the AFL-CIO that organizes mutual support between the organized Labor Movement and the LGBTQIA+ Community to further social and economic justice.

Pride at Work – Hawai'i thanks you for hearing HB 2510 but we are requesting two amendments to help the working people of Hawai'i. These amendments are:

1. Reach \$18.00 per hour by 2026, and
2. Delete the 'tip credit'

Pride at Work – Hawai'i humbly asks that you amend HB 2510 HD 2 to support the working class.

In solidarity,

Pride at Work – Hawai'i

**HB-2510-HD-2**

Submitted on: 3/18/2022 4:43:15 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Paul M Chandler     | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Please support HB2510 to increase the minimum wage. This is important to all of the struggling workers of Hawaii, especially in our service industry. NONE of the resaurants had to triple their prices to cover the various delivery services that have expanded during the pandemic. Examples on the mainland show that this can be done successfully.

Mahalo, Dr. Paul M Chandler



**HB-2510-HD-2**

Submitted on: 3/18/2022 4:55:57 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Anne Leake          | Individual          | Support                   | Written Testimony Only |

Comments:

Dear Senate Committee on Labor, Culture and the Arts,

This bill would only get workers to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

In addition, I oppose any increase in the tip penalty. The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. Please delete all language in this bill increasing the "tip credit."

All business owners should be required to pay their workers a living wage—enough for them to not just survive, but thrive on.

As far as the Earned Income Tax Credit component, I support this as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

Please pass this bill, but only with the suggested amendments above.

Mahalo for the opportunity to testify.

Dr. Anne Leake

Kaneohe, He'eia District

**HB-2510-HD-2**

Submitted on: 3/18/2022 5:05:54 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Deborah G. Nehmad   | Individual          | Support                   | Written Testimony Only |

Comments:

Dear Senate Committee on Labor, Culture and the Arts,

This bill would only get workers to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

There should be NO increase in the tip penalty. The tip penalty is a very harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. Please delete all language in this bill increasing the "tip credit."

All business owners should be required to pay their workers a living wage—enough for them to not just survive, but thrive on.

As to the Earned Income Tax Credit component, I support this as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

Please pass this bill, but only with the suggested amendments above.

Mahalo for your time and consideration

Deborah Nehmad

Hawaii Kai

**HB-2510-HD-2**

Submitted on: 3/18/2022 6:51:26 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Shannon Rudolph     | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Support.

But not nearly enough or fast enough for the realities of the real world.

DBEDT is right, people need \$19 Now - just to survive.

Two full-time, minimum wage jobs are barely enough to rent a closet in a crack house right now.

And speaking of real world, affordable housing...

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

SUPPORT FOR: HB2510 HD2 RELATING TO INCOME

Dear Chairman Brian Taniguchi and the members of the Labor, Culture and the Arts Committee:

My name is Jenna Saito, and I am a graduate student at the University of Hawaii at Manoa, majoring in social work. I am also a proud constituent of Mililani and have lived in Oahu my whole life.

I am testifying in favor of bill HB2510 HD2, relating to income. This bill should be passed for these two main reasons:

1. The homeless population in Hawaii is very large. Inadequate wages and high cost of living in Hawaii directly impact housing and homelessness.
2. For many local residents, they are forced to work multiple jobs to pay for high living costs, or live in multigenerational homes.

The first reason that this bill should be passed is because the homeless population in Hawaii is very large. Hawaii has the highest per capita rate of homelessness in the nation, with an estimated 6,500 homeless people living in Hawaii in 2018 (Karger, 2020, pg 344). Hawaii also has the highest median home price in the United States at an estimated \$835,000 on Oahu compared to the average home price of \$617,000 for the rest of the United States (Karger, 2020, pg 343). The high cost of living in Hawaii is a huge problem, “across the United States, Hawaii has the third highest median housing costs for owners with mortgages” (Karger, 2020, pg 343). These statistics show that the cost of living in Hawaii is extremely high compared to other states, thus negatively impacting residents of Hawaii. The high number of homeless individuals can be directly linked to the high housing costs, because residents are not earning enough income to pay

for their housing. The numbers are not adding up, the monthly income at minimum wage is \$10.10 an hour which is approximately \$1,616 a month. Affordable rent at minimum wage is calculated at 30% of an individual's monthly income, which would be \$484 per month (Karger, 2020, pg 343). However, the average monthly rent for a 600 sq. ft. apartment is \$1,782 monthly. In order for Hawaii residents to earn enough money to pay for an apartment, they would need to earn \$37.14 an hour (Karger, 2020, pg 343). This breakdown shows that it is nearly impossible for a Hawaii resident to work a full time job at minimum wage and earn enough money to live in an apartment in Hawaii.

This data also shows that many residents are forced to have more than one job to cover their housing costs or are forced to live in multigenerational homes. Personally, I have lived in a multigenerational home all of my life and I have seen firsthand how the members of my family have struggled to work multiple jobs to pay for necessities. I have been forced to still live with my parents as I am attending college and working because I would not be able to afford paying for rent on my own. These are the harsh realities of being a local resident of Hawaii and it is heartbreaking to watch those around you struggle financially to live in the place we call home. Hawaii is our home, it is time to make some changes so that we can stay in Hawaii, rather than forcing our residents to leave their home in search for a more affordable lifestyle. To conclude, I strongly urge you to consider passing bill HB2510 HD2 relating to income. Thank you for allowing me to testify in support of this bill.

Mahalo for your time and consideration,

Jenna Saito

References:

Karger. (2020). Problems in Paradise: Low Wages and the Well-Being of Hawaiians. *Families in Society*, 101(3), 340–352. <https://doi.org/10.1177/1044389420911321>



Committee on Labor, Culture and Arts  
Chair Taniguchi, Vice Chair Ihara

March 21, 2022, 3:15 pm, Videoconference  
HB2510 HD2 — RELATING TO INCOME

TESTIMONY

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

Chair Vice Chair, and Committee Members:

**The League of Women Voters of Hawaii offers some support and comments on HB2510 HD2, Relating to Income.**

The League of Women Voters has long supported economic, fiscal and social policies which meet basic human needs. Consistent with this policy, we strongly support the intent of this broad bill, as expressed in Part I of HB2510 HD2.

We particularly support Part II, which makes the EITC refundable and permanent.

Part III: We strongly support increasing our outdated and insufficient minimum wage. With Hawaii's high cost of living, and the decreasing value of our minimum wage (estimated as currently barely over \$5/hour) due to inflation, Hawaii must make substantial changes to achieve the barest level of economic justice. It is imperative for the viability of our State, that working individuals be able to meet their basic needs for housing, food, transportation, and health care.

However, the proposed schedule for increasing the minimum wage fails to meaningfully address these concerns. A bare minimum living standard would currently, in 2021, require a current minimum wage of \$18-19 per hour, depending on the source calculating this truly basic standard of living. To delay reaching this wage level until

League of Women Voters of Hawaii  
P.O. Box 235026 ♦ Honolulu, HI 96823  
Voicemail 808.377.6727 ♦ [my.lwv.org/hawaii](http://my.lwv.org/hawaii) ♦ [voters@lwvhi.org](mailto:voters@lwvhi.org)

2030 means that by the time that level is reached, it may leave too many workers again homeless, food insecure, and/or without health care. Too many children will continue to start school at a grave disadvantage and vulnerable to poor educational, mental health, social and vocational outcomes.

A living wage must be enacted more swiftly. Please amend Part IV to reach \$18 by 2026.

In addition, we oppose any increase in the tip penalty. The tip penalty is an unjust policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Thank you for the opportunity to present this testimony.



**HB-2510-HD-2**

Submitted on: 3/18/2022 9:44:08 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Larry Alfrey        | Individual          | Support                   | Written Testimony Only |

Comments:

Dear Senate Committee on Labor, Culture and the Arts,

This bill would only get workers to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

You, our legislators, need to go out and work these low paying jobs and then tell me you can survive on a low paying 40/hr a week job. No person should be forced to work more than 40hrs in order to survive. The people of hawaii deserve to remain here in the islands, not ship off to the mainland because of lack of appropriate income and overpriced rent/food stuffs, etc.

In addition, I oppose any increase in the tip penalty. The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping. I personally suffered from this penalty back in the late 1960s and early 1970s. The boss deducted tip earnings albeit I never made any tips as I was a dishwasher and sandwich maker. I brought home about \$1.00/hr... worked 40 hours a week and had taxes removed out of that.. yiu can imagine my take home pay of less than \$30/week.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. Please delete all language in this bill increasing the "tip credit."

All business owners should be required to pay their workers a living wage—enough for them to not just survive, but thrive on.

As far as the Earned Income Tax Credit component, I support this as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

Please pass this bill, but only with the suggested amendments above.

Mahalo for the opportunity to testify.

Larry Alfrey

Downtown Honolulu



**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** – Gyotaku

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

Date:            March 19, 2022

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

From:             Victor Lim, Legislative Lead

Subj:              HB 2510, HD 2 Relating to Income

The Hawaii Restaurant Association representing 3,400 restaurants here in Hawaii has concerns on HB 2510, HD 2 as it is written and offer comments.

The Restaurant Industry has to be one of the hardest hit by the Covid Pandemic since April 2020 and we have yet to recover. Consumer apprehension on eating out will take time will take some to subside. We feel that it will take us until the later part of 2022 for our economy to stabilize, provided that we do not face another Covid variant. Inflation is also running at an all time high of close to 7% and not slowing any time soon. Many well known legacy restaurants continue to close their doors here today in our community and for those that are open, they are barely surviving on shoe strings margins.

We are not against increasing wages for our employees but feel that the bill's schedule of starting at \$13/hr in 1/1/23 needs to be lower to \$11 and no more than \$12. This is but a Starting Wage where someone who has no work experience starting their very first job commands. This group of employees is usually a small percentage of our workforce because after working for a period of time usually gets merit wage increase. Whenever you increase this starting (minimum) wage, please bear in mind that we also have to do a compression of the majority of our current workforce that are making over the new starting wage. We have to keep reasonable gaps between rookies and tenured staff.

Hawaii is also one of a very few states where employers have to provide for employee's medical insurance and we all know how big and fast those costs continue to escalate - a single coverage is now around \$ 500 per month. The following is our proposal that we hope you consider. \$11/hr on 1/1/23, \$12/hr on 1/1/24, \$13/hr on 1/1 25, \$14/hr on 1/1/26, and \$15/hr on 1/1/27. We also supports the Tip Credit provisions for the service industries.

We strongly believe that a reasonable increase over time give us the best vehicle. Thank you for giving us this opportunity to share our concerns. Thank you.



**HB-2510-HD-2**

Submitted on: 3/19/2022 8:19:52 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| Submitted By   | Organization | Testifier Position | Testify                |
|----------------|--------------|--------------------|------------------------|
| Matthew Grover | Individual   | Support            | Written Testimony Only |

Comments:

Dear Senate Committee on Labor, Culture and the Arts,

This bill would only get workers to \$18 by 2028. While this is an improvement over 2030, **it's still too slow**. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. **Please amend the timeline to \$18 by 2026.**

**In addition, I oppose any increase in the tip penalty.** The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. **Please delete all language in this bill increasing the "tip credit."**

All business owners should be required to pay their workers a living wage—enough for them to not just survive, but thrive on.

As far as the Earned Income Tax Credit component, I support this as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

Please pass this bill, but only with the suggested amendments above.

Regards,

Matthew Grover

Waikiki

**HB-2510-HD-2**

Submitted on: 3/19/2022 10:17:53 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>                  | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|--------------------------------------|---------------------------|------------------------|
| Raymond Catania     | Testifying for Raise Up Hawaii Kauai | Oppose                    | Written Testimony Only |

Comments:

To the Chairs and Committee members of both the LCA and WAM,

Aloha,

I can't in good judgement support HB2510 HD2 in its present form. To reach \$18 an hour by 2030 is totally outrageous, our lower paid workers need help now. Right now in Hawaii March 2022, it takes at least \$19.56 an hour for a single worker to subsist. Three out five minimum workers are women with over 20% of them with children, Having a \$2.75 tip penalty (so-called "Tip Credit") by the time the minimum goes up to \$18 an hour is pure theft- an unearned gift to the employers and their Chamber of Commerce. The tip credit system is pure mayhem and confusion to everyone- we need to get rid of it. States and Counties on the continent that got rid of this tip penalty have not fallen into economic despair. We need a bill more like SB2018 with an elimination of the tip credit included.

Mahalo, Raymond Catania RUH Kauai

**HB-2510-HD-2**

Submitted on: 3/19/2022 10:46:12 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Eileen McKee        | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Aloha,

I strongly support the passage of HB2510 HD2. We have to do something to help our community with regards to our low minimum wage.

Mahalo for considering my testimony.

Eileen McKee

Kihei

**HB-2510-HD-2**

Submitted on: 3/19/2022 12:05:16 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Thomas Brandt       | Individual          | Support                   | Written Testimony Only |

Comments:

Senator Taniguchi and Members of the Senate Committee on Labor, Culture and the Arts:

This bill would only get workers to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

In addition, I oppose any increase in the tip penalty. The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. Please delete all language in this bill increasing the "tip credit."

All business owners should be required to pay their workers a living wage—enough for them to not just survive, but thrive on.

As far as the Earned Income Tax Credit component, I support this as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

Please pass this bill, but only with the suggested amendments above.

Mahalo for the opportunity to testify.

Thomas Brandt

Downtown Honolulu

Senate District 13



**HB-2510-HD-2**

Submitted on: 3/19/2022 12:36:04 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b>   | <b>Organization</b>                 | <b>Testifier Position</b> | <b>Testify</b>         |
|-----------------------|-------------------------------------|---------------------------|------------------------|
| Doris Segal Matsunaga | Testifying for Save Medicaid Hawaii | Support                   | Written Testimony Only |

Comments:

Dear Senate Committee on Labor, Culture and the Arts,

This bill would only get workers to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

In addition, I oppose any increase in the tip penalty. The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. Please delete all language in this bill increasing the "tip credit."

All business owners should be required to pay their workers a living wage—enough for them to not just survive, but thrive on.

As far as the Earned Income Tax Credit component, I support this as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

Please pass this bill, but only with the suggested amendments above.

Mahalo for the opportunity to testify.

Doris Segal Matsunaga

Save Medicaid Hawaii

**HB-2510-HD-2**

Submitted on: 3/19/2022 1:01:21 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| Submitted By       | Organization | Testifier Position | Testify                |
|--------------------|--------------|--------------------|------------------------|
| Christy MacPherson | Individual   | Oppose             | Written Testimony Only |

Comments:

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

I **OPPOSE** HB 2510 HD2. Although I appreciate the intent of raising the wage to \$18, the timeline proposed in this bill will make the wage way less impactful if you go all the way to 2028.

In addition, increasing the tip credit means that we are **increasing subminimum wages for women**, especially, who make up the highest percentage of Hawai'i's restaurant servers. Many of them have children to feed, house and clothe and rely on tips in order to do so because their hourly pay is NOT ENOUGH. Increasing the tip credit also means choosing business profits **OVER** women who will become even *more* vulnerable to sexual harrassment since they have to make up for the increased tip credit/subminimum wage by putting up with more harrassment to earn higher tips. This is a moral issue- stop the madness!

Please amend this bill by eliminating the tip credit and changing the minimum wage timeline to **\$18 by 2026** like SB 2018.

Mahalo nui for your consideration.



**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  
The Senate  
Committee on Labor, Culture and the Arts

Testimony by  
Hawaii Government Employees Association

March 21, 2022

H.B. 2510, H.D. 2 – RELATING TO MINIMUM WAGE

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO believes H.B. 2510, H.D. 2 is a step in the right direction as it increases the minimum wage incrementally each year until it reaches \$18 per hour in 2028 and makes the state earned income tax permanent and refundable. However, we cannot support the provision in this measure that annually increases the tip credit from the current rate of 75 cents to \$2.75 in 2028.

Reports from the Census Bureau and the Department of Business, Economic Development and Tourism show that our population is shrinking due to migration outflow to the mainland and economists identify our high cost of living as a driving force. The 2018 Asset Limited, Income Constrained, Employed (ALICE) Report that highlighted 48% of Hawai'i families with children are at or below the ALICE survival budget amounts has been updated during the COVID-19 pandemic to reveal a startling 59% of families in need. It is abundantly clear that a multi-pronged, holistic approach is essential to address these problems. We cannot afford piecemeal policy changes, but rather must view, and resolve, issues at a macro-level, with attention paid equally to high housing costs, low wages, and needed tax credits. Relief in all these areas must align to have an impact on working families.

It is estimated that the adjustments in H.B. 2510, H.D. 2 could increase the income of a family of four by tens of thousands of dollars. Therefore, it stands to reason that an accelerated increase to the minimum wage and deletion of the tip credit would have immediate benefit and could more quickly ease financial burdens. Further, we continue to support subsequent indexing the minimum wage to the consumer price index for years beyond 2028, however we cannot support indexing or increasing the tip credit.

Passage of this measure with our proposed amendments will help foster economic stability and spur Hawaii's economy by generating much needed consumer spending. We are hopeful that the net result is more families staying and thriving in Hawaii.

Thank you for the opportunity to testify in support of H.B. 2510, H.D. 2, with requested amendments to delete the annual increases to the tip credit.

Respectfully submitted,

Randy Perreira  
Executive Director



Senate Committee on Labor, Culture and the Arts  
March 21, 2022 at 3:15 p.m.  
State Capitol Conference Room 225 and Videoconference

### SUPPORTING HB 2510 HD 2

*The Church of the Crossroads, founded in 1922, is Hawaii's first intentionally multicultural church and is committed to a mission of peace, justice, and environmental preservation.*

Aloha United Way conducted a study which showed that about half of Hawaii's population have incomes that are below what is needed to purchase the necessities of life, which include housing, food, clothing, health care, and child care. In the richest nation on earth, it is distressing that so many of our neighbors are forced to decide which necessities they will do without.

A living wage for a single individual in Hawaii has been determined to be \$19/hour, whereas the minimum wage is only \$10.10/hour. Yet, some people oppose an increase in the minimum wage.

Those who oppose it present theories about why it would harm the economy. But there are actual historical data showing the effect the previous minimum wage increase had on Hawaii's economy.

From 2014 to 2018 Hawaii's minimum wage increased in four steps, from \$7.75/hour to \$10.10/hour. During that same period Hawaii's economy did not contract. In fact, it expanded. The gross state product, which measures the value of all the goods and services produced in a state, increased by about 20% during that period, from \$77.9 billion to \$93.8 billion.

A low unemployment rate is associated with a healthy economy. During the four-year period when the minimum wage increased, Hawaii's unemployment rate decreased by about 50%, from 4.7% to 2.3%.

The small business sector is critical to a healthy economy. During that four-year period, the number of small businesses in Hawaii increased by 10%, from 36,007 to 39,474. Furthermore, the number of employees in small businesses increased during that period by about 5%, from 421,453 to 450,102.

Historical data show that an increase in the minimum wage did not harm Hawaii's economy. In fact, an increase in the gross state product, a reduction in the unemployment rate, and an expansion of the small business sector are correlated with an increase in the minimum wage.

Many of Hawaii's working families are struggling financially because their incomes are insufficient to cover all of the necessities of daily living. This bill will help them financially and improve the quality of their lives.

**HB-2510-HD-2**

Submitted on: 3/19/2022 1:52:26 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>                        | <b>Testifier Position</b> | <b>Testify</b>    |
|---------------------|--|---------------------------|-------------------|
| Kristen Alice       | Testifying for Community Alliance Partners | Support                   | Remotely Via Zoom |

Comments:

Dear Senate Committee on Labor, Culture and the Arts,

Community Alliance Partners, a coalition working to end homelessness on Hawai'i Island, stands in strong support of an Earned Income Tax Credit expansion to make this important anti-poverty program permanent and refundable. The EITC puts more money into the pockets of working families, strengthening our consumer economy and helping families afford the cost of living here.

In addition, this bill raises the minimum wage to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

In addition, I oppose any increase in the tip penalty. The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. Please delete all language in this bill increasing the "tip credit."

Please pass this bill with the suggested amendments above.

Mahalo for the opportunity to testify.

Kristen Alice

Vice Chair and Chief Advocate

Community Alliance Partners

Testimony of the  
**Hawaii State Association of Counties**  
on  
**H.B. No. 2510, H.D.2**  
**Relating to Income.**  
Committee on Labor, Culture and the Arts  
Monday, March 21, 2022, 3:15 p.m.  
Conference Room 225

The Hawaii State Association of Counties (HSAC) supports the intent of H.B. 2510, H.D.2, which, in part, proposes to incrementally increase the minimum wage.

The current minimum wage is the result of incremental increases from \$7.25 an hour to \$10.10 an hour between 2015 and 2018. Workers and families, however, continue to struggle under the current minimum wage and the constant increases in prices. The current minimum wage is not a living wage, often requiring workers to seek more than one job. The goal of any minimum wage legislation should be to establish a minimum wage that considers the costs faced by our workers and sets wages at a level that allows overcoming the discrepancy between wages and costs.

For these reasons the Hawaii State Association of Counties strongly supports any measure that establishes a living wage and requests your favorable consideration of this measure.

**HB-2510-HD-2**

Submitted on: 3/19/2022 3:58:19 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| noel kent           | Individual          | Comments                  | Written Testimony<br>Only |

Comments:

HB 2510 is inadequate. would only get workers to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

I also oppose any increase in the tip penalty. The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

We must support a living wage for our working people. It is only right.

Noel Kent Professor Emeritus UH Manoa

**HB-2510-HD-2**

Submitted on: 3/19/2022 4:35:39 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Elizabeth Nelson    | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Sen. Taniguchi and committee,

I support this bill with the amendment that the timeline be changed to \$18 by 2026. I feel it is imperative that working people earn a decent wage, so they can continue to live in Hawaii. Many are now working 2 and 3 jobs just to afford housing and food for themselves and families. Let's support them.

Thank you so much,

Elizabeth Nelson



**HB-2510-HD-2**

Submitted on: 3/19/2022 4:41:00 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Kathryn Braun       | Individual          | Comments                  | Written Testimony Only |

Comments:

Dear Senate Committee on Labor, Culture and the Arts,

Please pass this bill with two amendments.

1) The current timeline is too slow. Please amend it to \$18 by 2026. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today.

2) Please delete all language increasing the "tip credit." The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping. Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. All business owners should be required to pay their workers a living wage.

I support the Earned Income Tax Credit component as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

Please pass this bill, but only with the suggested amendments above. Mahalo for the opportunity to testify.

Kathryn Braun, Punchbowl



**TESTIMONY OF TINA YAMAKI, PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
MARCH 21, 2022  
Re: HB 2510 HD2 RELATING TO INCOME**

Good afternoon, Chairperson Taniguchi and members of the Senate Committee on Labor Culture and the Arts. 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.

While we understand the intent of HB 2510 HD2 Relating to Income, we prefer the HD1 minimum wage schedule over HD2 and SB 2018. This measure as currently written makes the state earned income tax credit refundable and permanent. Provides for carryforward of nonrefundable credits previously claimed. Incrementally increases the minimum wage and tip credit beginning on 1/1/2023.

We support HB 2510 HD1 where the tax credits would truly be beneficial to our employees and the minimum wage rate schedule would really help struggling local businesses adjust to a higher wage with the \$11.00 per hour beginning on 1/1/2023, \$12.00 per hour beginning on 1/1/2024, \$13.00 per hour beginning on 1/1/2025, \$14.00 per hour beginning on 1/1/2026, \$15.00 per hour beginning on 1/1/2027.

**We would like to see an increase that would be more gradual and not exceed \$15 per hour.** Over the past couple of years, the retail industry has been one of the hardest hit sectors during this pandemic. We continue to hear of another retail store or chain closing – from local mom and pops shops to iconic institutions to national chain stores. Many businesses have not recovered from the pandemic with soft sales, huge debt and the high spending international visitor has not returned. In addition, retailers are also continually being hit with supply chain disruption, higher cost in materials and products, shipping delays and shipping costs being raised from 300% - 1000%, and a recession in which inflation rose 7.9% in the last 12 months (the largest gain since 1982 according to the US Labor Department) and we are expected to see it continue to raise in the months to come. In addition, the war between the Soviet Union and the Ukraine is also having an impact on not only the raising prices but the limited supply of various goods. Many of us have already experienced this when we filled up our cars with gas or got a notice that our electric bills will increase by 20+%.

**Many of our members, especially the small locally owned businesses are not able to afford \$18 an hour. RMH members were a part of the Chamber of Commerce of Hawaii recent minimum wage survey. Over 30% of the 449 respondents indicated that they would not be able to stay in business if minimum wage was increased to \$18 an hour.**

**Minimum wage was never intended to be a living wage.** 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.

**There are many full-time positions open in retail, however employees work part time in our stores to spend more time with family, attend school and study or are retired and looking for something to do.**

Costs like an increase in minimum wages would be passed directly on to the customers, making Hawaii an even more expensive place to live. Retailers realize that if their products are too costly, they will lose the sale. Their customers will seek an alternative retailer online who may not have ties to Hawaii because they offer the item cheaper.

What does a raise in minimum wage mean?

- **Many local small businesses will not be able to afford the increase of \$18 an hour that this bill calls for in.** This would devastate local small businesses who cannot compete with large corporations. We have heard that some people have said that “If you cannot afford the minimum wage increase, you should not be in business.” That is harsh words to suggest that we should shut the business down and layoff the hardworking employees, especially if you are that employee who needs that retail job to feed their family and the employer is doing everything, they can keep their doors open, and all of their employees employed.
- **Minimum wage increase causes a compression of wages** between newly hired/inexperienced workers and the veteran/experienced employees. Newly hired unskilled employees should not be making more than the seasoned employees who are already trained. As a result, all pay scales are increased while employees will be laid off or departments eliminated to pay for the increase.
- **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. It is not just a \$1.90 or \$2.00 increase in wages per hour that employers must pay for. Many other benefit costs would also raise substantially.
- We must also factor in that **Hawaii is the ONLY state that mandates healthcare coverage for workers.** This is also another mandated benefit that is a huge cost to employers in Hawaii. Health Insurance alone can cost an employer anywhere from \$700 - \$1000+ per employee per month.
- **Even more employee layoffs to stay solvent and keep their doors open.** Currently Hawaii’s unemployment rate is one of the highest in the nation, and the number will keep climbing as more of our friends, family and neighbors are laid-off to compensate for the increase in minimum wage.
- **Potential to cut employee hours.** Many store hours of operations are already reduced and to pay for the increase in wages, employee work hours may be reduced substantially more.
- **Businesses are looking into implementing artificial intelligence and more self-checkout lines** as ways to cut costs to cover government mandates. We are seeing this as more stores are investing in self-checkout counters.
- **Price of goods will increase to cover the increased cost of payroll, thus driving up the cost of living in Hawaii.** Anytime there is an increase in the cost of doing business, retailers pass on this cost to the customers. Our retailers no longer have competitive pricing and customers go elsewhere or purchase online and not in the stores.
- **With fewer employees, customer service will be negatively impacted** with even longer lines and less employees to assist the customers.

Retailers like many businesses are struggling to survive and keep their employees employed. Many small retailers have not recovered and are still in debt from the pandemic. Many retailers especially the small stores, cannot afford an increase in doing business. We hope that you will reconsider the steep increases being suggested in this measure that would harm many small businesses. We look forward to working with you to find an amicable solution.

Mahalo again for this opportunity to testify.

**HB-2510-HD-2**

Submitted on: 3/19/2022 6:33:16 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>                                | <b>Testifier Position</b> | <b>Testify</b>    |
|---------------------|--|---------------------------|-------------------|
| Derwin Teranishi    | Testifying for Hawaii Clubhouse Advocacy Coalition | Oppose                    | Remotely Via Zoom |

Comments:

Aloha,

My name is Derwin Teranishi, and I oppose HB 2510. I believe we still need to adjust the \$18.00 by 2026 and eliminate the tip credit. Its not fair for those relying on tips to be burdened by the decisions that people may give tipping if the pay per hour can't cover their normal living expenses. Those that choose to work in the tipping category should be allowed to receive a generous offer of thanksgiving by those that feel they were treated well. That should be dealt with separately from the business pay per hour rate. Its not the companies business to be compensated by reduced per hours compensations. Also, our cost of living is behind what is livable at this point versus income in Hawaii. Lets do what is fair.

Thank You for understanding,

Derwin Teranishi

**HB-2510-HD-2**

Submitted on: 3/19/2022 7:05:14 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Barbara Barry       | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Aloha,

I support HB 2510 HD2.

This is a good law that will help many who struggle to afford the high cost of living in our state.

Mahalo,

**HB-2510-HD-2**

Submitted on: 3/19/2022 7:09:56 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Pua Auyong-White    | Individual          | Support                   | Written Testimony Only |

Comments:

Aloha Senate Committee Members:

This bill would only get workers to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

In addition, I oppose any increase in the tip penalty. The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. Please delete all language in this bill increasing the "tip credit."

All business owners should be required to pay their workers a living wage—enough for them to not just survive, but thrive on.

As far as the Earned Income Tax Credit component, I support this as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

Please pass this bill, but only with the suggested amendments above.

Mahalo for the opportunity to testify.

Pua Auyong-White

3432 Kalihi Street #B2

Honolulu, HI 96819

**HB-2510-HD-2**

Submitted on: 3/19/2022 7:49:24 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Gerard Silva        | Individual          | Oppose                    | Written Testimony<br>Only |

Comments:

You are going to Kill to many Local Stores and Compays that will not be able to Servie a Wage increas. We need to take care of the Local Companys the are the ones that Vote!!



**HB-2510-HD-2**

Submitted on: 3/19/2022 8:17:18 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>       |
|---------------------|---------------------|---------------------------|----------------------|
| Kelly Cogo          | Individual          | Oppose                    | Remotely Via<br>Zoom |

Comments:

Aloha Sen. Brian Taniguchi, Chair and Senator Les Ihara, Vice Chair.

My name is Kelly Cogo and I am testifying as an individual citizen, opposing HB2510 as it is written.

Thank you for your time.

Aloha, Kelly A. Cogo

,

**HB-2510-HD-2**

Submitted on: 3/19/2022 9:08:18 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>                       | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---|---------------------------|------------------------|
| Joy Fisher          | Testifying for Democratic Party of Hawaii | Comments                  | Written Testimony Only |

Comments:

Please amend HB2510 HD2 to include a provision **raising the minimum wage to \$15 per hour effective January 1, 2023.**

The annual inflation rate exceeded 7% last year. Minimum wage workers are falling further and further behind. I live on a local street on the east side of Kamuela. I see every day how my neighbors need the assistance a boost to the minimum wage can give them. Food, gas and rent keep getting more and more expensive. This move is long overdue. Now it is urgent! Do the right thing for the most vulnerable among us--now!

Joy Fisher

President, District 7, Precinct 5, Hawaii Democratic Party

# TAX FOUNDATION OF HAWAII

---

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

---

**SUBJECT:** INCOME, Makes EITC Refundable and Permanent, Increases Food/Excise Credit and Household and Dependent Care Credit

**BILL NUMBER:** HB 2510 HD 2

**INTRODUCED BY:** House Committee on Finance

**EXECUTIVE SUMMARY:** Makes the state earned income tax credit refundable and permanent. Provides for carryforward of nonrefundable credits previously claimed. Incrementally increases the minimum wage and tip credit beginning on 1/1/2023. Effective upon approval.

**SYNOPSIS:** The Foundation is taking no position on the part of the bill amending the minimum wage.

Amends section 235-55.75, HRS, to change the state Earned Income Tax Credit (EITC) to a refundable credit. Provides that carryover EITC (under existing law EITC isn't refundable but can be carried forward) cannot be used as a credit for a taxable year beginning in 2025 or later.

**EFFECTIVE DATE:** Upon approval; the tax credit amendments apply to taxable years beginning after December 31, 2022.

**STAFF COMMENTS:** While it appears that this measure proposes tax relief to lower income taxpayers, consideration should be given to adjusting the income tax rates or the threshold amounts so those taxpayers that these credits are aimed to help will not need to claim these credits to get tax relief (or forfeit the credits if they fail to do so).

We in Hawaii have several disparate programs and tax credits aimed at poverty relief. In addition to the three credits in the current bill, income tax credits are allowed to low-income household renters (HRS section 235-55.7). The credits have non-duplication provisions and strict time limits on when they may be claimed upon pain of credit forfeiture. Apparently, lawmakers of the past had many different ideas on how to address the problem of poverty in Paradise but couldn't figure out which program to go with, so they adopted them all. The principal disadvantage of this is that people can and do get confused over which credits they can and can't claim, and as a result could expose themselves to credit disallowance, penalties, and other undesirable consequences.

Now, we simply can't afford tax credits and business as usual. Yes, we need to help those who need it, but the shotgun style used in the past has not produced results. Perhaps a better approach would be lopping off the income tax brackets that now apply to lower-income taxpayers, including taxpayers below the poverty line, and designing ONE credit to encourage social behavior necessary to lift the taxpayer out of poverty.

Digested: 3/19/2022

**HB-2510-HD-2**

Submitted on: 3/19/2022 9:49:40 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Elizabeth Hansen    | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Dear Representatives:

Please support this bill. Plus it needs to be amended to at least match the Senate version (SB2018). It is critical to increase the cost of living in a timely manner.

Mahalo.

Elizabeth Hansen  
registered voter, Hakalau HI 96710

**HB-2510-HD-2**

Submitted on: 3/19/2022 10:14:41 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Rodger Hansen       | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Aloha Representatives:

Please support this bill. Plus it needs to be amended to at least match the Senate version (SB2018). It is critical to increase the cost of living in a timely manner.

Mahalo.

Rodger Hansen  
registered voter, Hakalau HI 96710

**Chair Brian Taniguchi**  
**Vice Chair Les Ihara Jr.**

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

**Monday, March 21, 2022**  
**3:15 PM**

**TESTIMONY IN STRONG OPPOSITION HB2510 HD2 RELATING TO INCOME**

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

My name is Jun Shin, I am a labor activist and a Senior at the University of Hawai'i at Mānoa. I am testifying today as an individual in **STRONG OPPOSITION** to **HB2510 HD2**, Relating to Income. Admittedly this bill has had slight improvements throughout the legislative process, including the timeline of the increases now being \$18/hr by 2028 rather than \$18/hr by 2030. At the end of the day, it's a bill that continues to be divorced from the reality of 88,000 workers currently making minimum wage and of course, those making more than \$10.10/hr, but who still need a living wage.

The numbers say that a single parent with one child already needs to be making \$19/hr to barely survive, that's without considering the curveballs life throws at us, as well as how many workers barely have any personal/economic safety nets. The continued attack on the welfare state continues to also provide less breathing room for the broader working class and the poor. At the very least, moving the timeline of the minimum wage increases to **\$18/hr by 2026** would provide some more money in the pockets of the working class.

In addition, **stop the increase of the tip penalty or outright abolish it**. Some bosses should not be allowed to pay their workers less so that the workers need to depend on the consumers to survive. Why are you in business and employing people if you don't respect the value of their labor? Tipping not only has a racist past, but exposes workers to higher rates of sexual harassment and other forms of violence in the work place. All bosses should be following our labor laws.

Also, if the legislature does not want to use up their energy or political capital to do this again in future sessions, please tie it to the Consumer Price Index, cost of living, etc and **make it increase automatically after 2026**. Advocates, opponents, legislators alike cannot forget that real people's lives are affected, whether or not something happens, so might as well make it the best law we possibly can.

Crumbs aren't enough. Please **PASS** this bill, but only with the suggested amendments above. Also, please go out of the Capitol, talk to actual workers in your districts, and hear their stories. May it give you some much needed perspective.

Mahalo for the opportunity to testify,

Jun Shin,

House District 26

Cell: 808-255-6663

Email: [junshinbusiness729@gmail.com](mailto:junshinbusiness729@gmail.com)



Sunday, March 21, 2022  
HB2510 HD2 Relating To Income

**Testifying in Support With Amendments**

Aloha Chair and members of the committee,

The Pono Hawai'i Initiative (PHI) **supports with amendments** HB2510 HD2 Relating to Income.

Please amend HB2510 HD2 as follows:

- 1) No expansion of the Tip Penalty**
- 2) Incremental increases of the minimum wage to reach \$18 by 2026**

In addition, the Pono Hawai'i Initiative (PHI) strongly supports retaining the Earned Income Tax Credit provision as provided in HB2510 HD2.

Mahalo for the opportunity to testify,

Gary Hooser  
Executive Director  
Pono Hawai'i Initiative



**HB-2510-HD-2**

Submitted on: 3/20/2022 6:36:39 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Christopher Dean    | Individual          | Oppose                    | Written Testimony<br>Only |

Comments:

I would support this if minimum wage was amended to \$15.00 an hour starting on 1/1/2023 and increased by \$1.00 a year, every year thereafter.



## Senate Committee on Labor, Culture and the Arts

Monday, March 21st 2022, 3:15p.m. Conference Room 225

### Hawai'i Alliance for Progressive Action Opposes: HB2510 HD2

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

On behalf of the Hawai'i Alliance for Progressive Action (HAPA) I am submitting testimony in **opposition of HB2510 HD2**. HAPA is a state-wide organization that engages approximately 10,000 local residents annually.

Although we support some of the provisions in this bill, we respectfully submit opposition testimony to HB2510 HD2. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. It is absolutely imperative that we reach \$18 an hour by 2026 if working families are to find the economic relief that the legislature has promised to provide. Anything less than that is simply too slow to catch the tens of thousands of struggling Hawai'i workers back up to a livable level.

The worthy tax credit proposals in this bill also exist in other, less complicated bills, and should be advanced forward using those legislative vehicles instead.

The Senate has handed the House a clean \$18 by 2026 bill in SB2018. It is now up to the House to do what is best for Hawai'i's hardworking families and for its economic health and agree to the Senate proposal. Send SB2018 to the governor's desk for signature instead of this bill.

Thank you for your leadership on this issue and for the opportunity to support Hawaii's workers and families. HAPA is a member of the Hawai'i Tax Fairness Coalition.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Anne Frederick', written in a cursive style.

Anne Frederick  
Executive Director

**HB-2510-HD-2**

Submitted on: 3/20/2022 7:52:23 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Colehour Bondera    | Individual          | Comments                  | Written Testimony Only |

Comments:

Aloha Chairs and Committee Members:

Regarding this important piece of legislation, I hereby request that you ammend and pass it by not including expansion of the Tip Penalty, and by changing so that the hourly wage reaches \$18 by 2026.

Since the House did not hear what already passed the Senate (SB2018), this is an effort to negotiate with what is put forth from the House and adjust it to some degree.

Thanks for those changes and moving this important item through the legislature for the sake of Hawaii workers.

Sincerely,

Colehour Bondera

**HB-2510-HD-2**

Submitted on: 3/20/2022 7:53:01 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Patricia Blair      | Individual          | Support                   | Written Testimony<br>Only |

Comments:

No expansion of the tip penalty. In fact eliminate a tip penalty. Incrementef increases of minimum wage that reaches \$18 hour by 2026. Let's help people please.

**HB-2510-HD-2**

Submitted on: 3/20/2022 7:57:52 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Michael L. Last     | Individual          | Oppose                    | Written Testimony Only |

Comments:

Please consider these FIVE very important statements that are associated with the increase of the minimum wage.

1. The research that won the 2021 Nobel Prize in economics proves that minimum wages do not reduce unemployment. FALSE!
2. Minimum wages do not reduce employment. FALSE!
3. Hawaii employment increased after the state minimum wage was increased. FALSE!
4. Minimum wages reduce poverty. FALSE!
5. Minimum wages boost the economy. FALSE!

If additional information or clarification is required, please contact the submitter.

**HB-2510-HD-2**

Submitted on: 3/20/2022 8:12:19 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b>  | <b>Organization</b>                     | <b>Testifier Position</b> | <b>Testify</b>            |
|----------------------|---|---------------------------|---------------------------|
| John & Rita Shockley | Testifying for FREE<br>ACCESS COALITION | Comments                  | Written Testimony<br>Only |

Comments:

Aloha!

The people of Hawaii need a base access to improving their lives. We support increasing the minimum wage as soon as possible due to Hawaii's high cost of living. We should not penalize the many service workers who earn tips by allowing their employers to scoot by giving them a fair and equal raise as everyone else.

Please take these two suggestions into consideration for amendments to this important bill.

Mahalo for your time.

**HB-2510-HD-2**

Submitted on: 3/20/2022 8:16:36 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Paul Janes-Brown    | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Chair and members of the committee,

I support this measure with the following amendments. We need to reach \$18 per hour by 2026 and we cannot impose a tip penalty. If these changes are made to the Bill it will have a profound impact on the lives of working people for the better. Why should someone be penalized from a minimum wage the same as others just because they are rewarded for excellent customer service by their guests? It makes no sense. And it presumes a level of giving from guests that is not necessarily accurate. Please make these amendments and then I fully support this measure. Mahalo nui loa for your consideration of this matter.

**HB-2510-HD-2**

Submitted on: 3/20/2022 8:17:16 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| Submitted By                 | Organization | Testifier Position | Testify                   |
|------------------------------|--------------|--------------------|---------------------------|
| Dawn Morais Webster<br>Ph.D. | Individual   | Support            | Written Testimony<br>Only |

Comments:

Where is the aloha in asking the lowest income workers to accept what we middle class workers would consider utterly unacceptable? Why do we not follow the Golden Rule of doing unto others as we would have done to ourselves? Please do NOT expand the Tip penalty. Please do the decent thing: bring workers closer to a true living wage. Anything less is lip service. **Increasing the minimum wage in Hawai'i to \$18 per hour by 2026, without increasing the Tip Penalty, will have a hugely positive impact on the lives of all working people. To do anything short of this is to betray the public trust. How much erosion of confidence in lawmakers can our democracy withstand? Please move this bill forward with the amendments that reflect the respect we owe to those who do the jobs we depend on to keep our lives functioning. Mahalo nui.**



**HB-2510-HD-2**

Submitted on: 3/20/2022 8:19:33 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| William Speed       | Individual          | Support                   | Written Testimony<br>Only |

Comments:

0820 HST 20 Mar 2022

Aloha. I am a resident of Hawai` since 1979. My Hawai`i born wife and i have two children both of whom reside and work in Hawai`i on Maui and Hawai`i isles. They have 6 young children who intend and hope to make lives and families in a wage reasonable Hawai`i.

Mahalo nui loa for supporting their aspirations.

*w speed*

**HB-2510-HD-2**

Submitted on: 3/20/2022 8:35:45 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Jane E Arnold       | Individual          | Comments                  | Written Testimony<br>Only |

Comments:

Please amend HB2510 as follows:

Do NOT expand tip credit.

\$18 per hour by 2026, NOT 2028.

Thank you.

**HB-2510-HD-2**

Submitted on: 3/20/2022 8:42:32 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Valerie Weiss       | Individual          | Support                   | Written Testimony<br>Only |

Comments:

I support this bill, but I ask for ammendments to provide incremental raises increasing to \$18 by 2026 and no expansion of the tip penalty.

**HB-2510-HD-2**

Submitted on: 3/20/2022 8:46:10 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Marilyn Yamamoto    | Individual          | Comments                  | Written Testimony<br>Only |

Comments:

I support no expansion of the tip penalty and increases to \$18. by 2026.

**HB-2510-HD-2**

Submitted on: 3/20/2022 8:52:52 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b>   | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>    |
|-----------------------|---------------------|---------------------------|-------------------|
| James Di Giambattista | Individual          | Support                   | Remotely Via Zoom |

Comments:

I would like to see this bill strengthened by eliminating the tip exclusion completely and by reaching \$18/hr. minimum wage by 2026. Reaching 18\$/hr by 2026 is imperative if this legislation is to have any meaning in the real world. With inflation at 6.8%, the value of \$18/hr will be quickly diluted by rising living costs. So let's get this initiative moving quickly while it still means something to low wage workers. The same situation applies to eliminating the tip exclusion. With incomes under pressure from inflation, costs will rise but tips will not rise. This places people who depend on tips in a double-jeopardy situation of rising living costs, static tips, and a higher tip exclusion imposed by the legislature.

With 3000 jobs due to be filled by the city and many other job openings available, do we really want to handicap our tourist industry by making those particular service jobs less attractive with a low wage and high tip exclusion? This might be attractive to individual business owners, but it make Hawaii in general a much less attractive tourist destination.

**HB-2510-HD-2**

Submitted on: 3/20/2022 9:07:53 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Millicent Cox       | Individual          | Comments                  | Written Testimony<br>Only |

Comments:

I am writing to support increasing the minimum wage to \$18 by 2026. I also support keeping the "tip penalty" at the current level, with no increase.

Please do not keep making it hard to be a low income worker in Hawaii.

**HB-2510-HD-2**

Submitted on: 3/20/2022 9:30:28 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Renee Riley         | Individual          | Support                   | Written Testimony Only |

Comments:

I support HB2510 - with two amendments. There must be a living wage for all workers in Hawaii. Please add -

1. No expansion of the Tip Penalty
2. Incremental increases that reach \$18 by 2026

**Increasing the minimum wage in Hawai'i to \$18 per hour by 2026, without increasing the Tip Penalty, will have a huge, positive impact on the lives of all working people.**

**Please amend and pass HB2510. Mahalo for all you do to help our working people. Aloha, Renee Riley**



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

DATE: March 12, 2022

TIME: 11:00 a.m.

PLACE: VIA VIDEOCONFERENCE

**Re: HB 2510, HD2, Relating to Income**

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 2510, HD2 relating to income.

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 increasing the minimum wage as provided in this bill 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.





# HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice  
HB 2510 HD2 – Relating to the Minimum Wage  
Senate Committee on Labor, Culture and the Arts  
Monday, March 21, 2022, at 3:15 PM via Videoconference

---

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

Thank you for the opportunity to provide testimony on HB 2510 HD2, which would: (1) make Hawai'i's Earned Income Tax Credit permanent and refundable; and (2) increase our state's minimum wage. Both actions have the potential to significantly improve circumstances for Hawai'i's people and economy.

The HD2 amendment to the timeline for the minimum wage increase is a significant improvement over the previous timeline for the bill. Increasing the minimum wage to \$13 by 2023, followed by annual \$1 increases to get to \$18 by 2028, helps to more quickly make up for the massive amount of ground lost to inflation, market conditions, national trends, and decades of economic policy decisions that have put Hawai'i's workers further and further behind. While we still prefer reaching \$18 by 2026, we view the HD2 timeline as a reasonable compromise which balances concerns that: (1) too swift an increase might have unintended adverse economic consequences; and (2) Hawai'i's workers clearly need to be paid more so they can cover the cost of basic necessities. \$18 by 2028 will not get Hawai'i minimum wage workers to a living wage (nor would \$18 by 2026), but it will be a significant improvement, providing a more solid foundation to continue building upon. To create a sustainable and equitable economy in which we *all* thrive together, it is imperative that we shift our thinking to embrace the idea that everyone who works full time should have sufficient for their needs.

In addition to considering a swifter timeline to \$18, we request that you consider two important amendments to the bill:

1. Eliminating the tip credit, as has been done in seven other states including states with high costs of living and higher minimum wages than Hawai'i such as California, Oregon, and Washington.
2. Restoring indexing of the minimum wage from the HD 1 version of the bill.

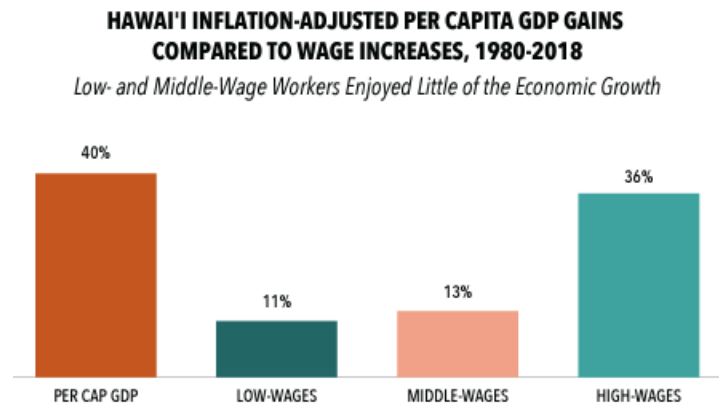
The need for HB 2510 HD2 and the amendments proposed above is detailed below.

## **Hawai'i's Residents Need a Significant Minimum Wage Increase to Make Ends Meet**

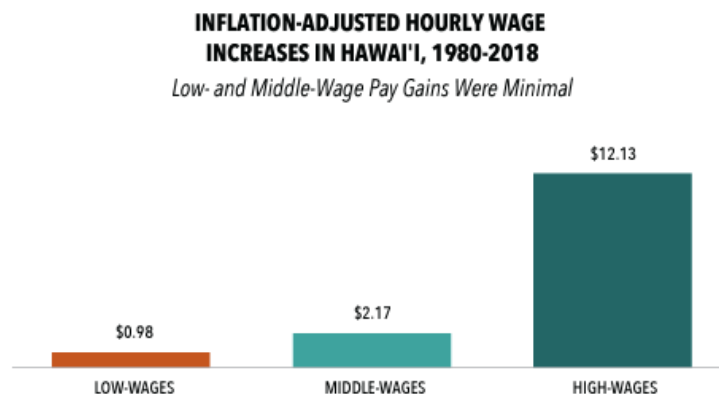
Someone who works 40 hours a week should, *at minimum*, be able to afford shelter, food, and other necessities.

Our current minimum wage—which is around half of what people need to earn to fulfill basic needs—is harming families who are strained from working multiple jobs, perpetuating generational cycles of poverty. It is weakening our society as people lack the time and resources to meaningful participate in their communities. It is consuming precious public resources as we effectively subsidize businesses who don't adequately compensate their workers, workers who are then forced to rely on social services to bridge the gap between what they earn and what they need to survive. And it is destroying our economy as workers and consumers leave the state because they can no longer afford to stay.

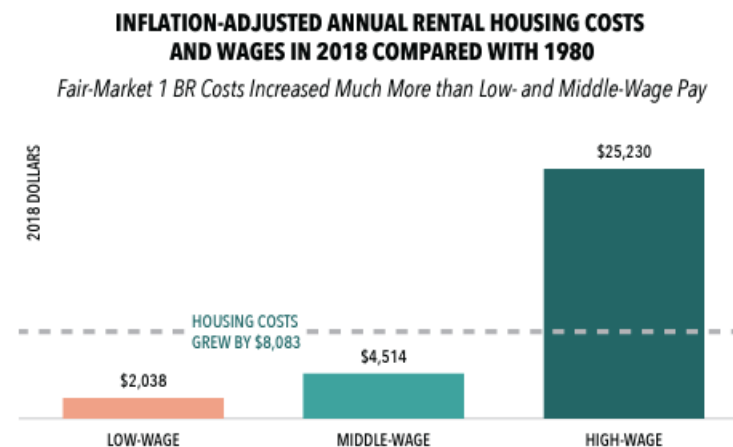
The available data clearly shows that our current economy and minimum wage isn't working for Hawai'i's residents. Over the past 40 years, we've had large gains in productivity which have not translated to higher wages for Hawai'i's low and middle-income workers. A 40 percent increase in GDP accompanied a 36 percent in high-earner wages, but only a 11 percent increase in low-earner wages.



Low-wage earners have seen their wages increase less than \$1, while high-earner wages have increased by \$12.



Low- and middle-wage earners have been left behind as their relatively small annual income increases have failed to keep up with increases in rental housing costs.<sup>i</sup>



After 40 years of economic and tax policies that have discounted the value of the work of low- and middle-income people, it is not surprising that pre-pandemic, close to half of Hawai‘i households were not earning enough to meet their basic needs. Shortly after the pandemic hit, the Hawai‘i Data Collaborative projected that the number would jump to 59 percent.<sup>ii</sup> While the exact percentage of Hawai‘i families who can’t afford basic necessities is in flux and uncertain, it is clear that far too many people haven’t been getting paid enough to make ends meet.

Consequently, Hawai‘i residents are leaving the state. Hawai‘i has lost roughly 30,000 residents in recent years, placing it in the top three of states experiencing population decline. The departure of these households isn’t simply a sad reality for families forced to move, it is what one Hawai‘i business leader terms “an existential economic issue for the state” as workers and consumers leave.<sup>iii</sup> Continuing to undervalue the work of low and middle-income families is a threat to all of us.

### ***Increasing wages can help boost our economy***

Financial insecurity directly affects how much families can buy at local businesses. Consumer spending contributes nearly 70 percent to economic growth.<sup>iv</sup> Especially with the continued threat of a drop in spending by consumers from out-of-state, raising the minimum wage is a method to maintain consumer demand and support economic growth.

Research shows that increasing minimum wage increases spending,<sup>v</sup> putting money right back into local stores and restaurants. Raising the minimum wage helps keeps money in our state, by directing them at the wallets of local workers, rather than out-of-state corporate headquarters and stockholders.

The Hawai‘i Department of Business, Economic Development and Tourism (DBEDT) has found that there were few effects on our state’s labor market as a result of past minimum wage increases in Hawai‘i.<sup>vi</sup>

This runs counter to what current opponents of significant increases to the minimum wage argue, suggesting it will result in economic collapse and job loss. They made similar arguments against Hawai‘i’s 2014 minimum wage legislation that brought the wage from \$7.25 to \$10.10. For example, the Hawai‘i Chamber of Commerce then asserted:

*“This is a huge increase for business at a time when the economic recovery for many industries and businesses is still fragile. This bill harms local businesses, the state economy and job creation because it contains a steep increase in the minimum wage.”<sup>vii</sup>*

In fact, when the minimum wage rose between 2015 and 2018, our state’s unemployment rate dropped by 52 percent, to record lows, and the number of restaurant server jobs rose by 32 percent.<sup>viii</sup>

### ***Inflation has eroded an already inadequate minimum wage***

The last time Hawai‘i’s minimum wage earners got a raise – to \$10.10 an hour – was January 1, 2018. They already have been stuck at that level – **\$21,000 a year for full-time work** – for more than 4 years.

\$10.10 is nowhere near enough to cover a person’s most basic living costs. According to the Hawai‘i Department of Business, Economic Development and Tourism (DBEDT), in 2020 a single Hawai‘i worker with no children would have needed to earn over \$37,600 a year (over \$18 an hour). After two years of inflation, the self-sufficiency wage is now over \$19 an hour.

Low-income workers, already far behind where they needed to be to cover their basic living costs, have continued to lose ground. A significant, immediate increase to the minimum wage is both sorely needed and long overdue.

***Hawai‘i’s minimum wage is far behind other states and our own market rates***

The “Fight for Fifteen” movement began a decade ago. Despite Hawai‘i having the highest cost of living in the nation, Hawai‘i has been slow to respond, and it’s fallen far behind other states and localities. Ten states have scheduled increases to bring their minimum wage to \$15 or more in coming years. New York City already pays \$15. Seattle already pays over \$17. Twenty-one states already have higher minimum wages than Hawai‘i, including relatively low cost-of living states such as Missouri and Arkansas.<sup>ix</sup>

Although we’ve been unable to identify precise data on current market rates for entry level jobs, Hawai‘i is experiencing a labor shortage, and businesses are already increasing their entry level wages well beyond what the minimum wage provides.<sup>x</sup>

***To make up lost ground and begin to bridge the gap between wages and cost of living, HB 2510 HD2’s significant initial increase to the minimum wage is critically needed.***

Moving to an \$18 minimum wage will narrow the gap between wages and basic living costs, helping create a more sustainable economy for all residents. But doing it on the time frame proposed by the initial version of HB 2510 would be too little, too late.

Ideally, we would have continued to increase the minimum wage after it hit its current level of \$10.10 in 2018. Not doing so was a lost opportunity that has been leading to the bleeding out of thousands of Hawai‘i’s working families and our economy. But we are where we are, and we need to do what we can now. Given the past four years of stagnation coupled with recent high inflation, minimum wage workers need a significant raise now. An immediate boost to \$13 makes sense, followed by small year-to-year increases thereafter.

***HB 2510 HD2 should be amended to eliminate the tip credit to ensure that all workers are entitled to the same minimum wage***

In Hawai‘i, the tip credit allows employers to pay tipped employees less than the state minimum wage where the employees’ tips plus wages are at least \$7 more than the applicable minimum wage. There is scant information on how this requirement is effectively enforced, and it appears likely that employers of tipped workers pay a subminimum wage as a matter of course. In addition, many tipped employees report spending a significant portion of their working hours on activities that do not produce tips. Consequently, these employees may not always receive the full wages they are owed by their employer.

Seven U.S. states do not have a tip credit, including states with higher minimum wages than Hawai‘i, such as California, Oregon, and Washington. Instead of requiring that employers pay an upfront minimum wage to all of their employees, the tip credit makes some workers’ wages dependent on what their customers are willing to pay.

Since business fluctuations make tips an unreliable source of income, they should only serve as a supplement to workers’ wages. Tipped workers are also likely to have lower-wage jobs, which means that they have less leeway for any reductions in their regular income. In the interest of ensuring that tipped workers earn the wages they deserve, we urge elimination of Hawai‘i’s tip credit.

***HB 2510 HD2 should be amended to restore indexing of the minimum wage to the median wage***

The HD2 version of HB 2510 eliminated a provision that would index the minimum wage to increases in the median wage once the minimum wage reached \$18. While indexing will not help get workers much closer to a living wage, it will at least help ensure they don’t fall further behind as has occurred repeatedly with Hawai‘i’s minimum wage, most recently in 2018.

We support the suggestion of UHERO’s Carl Bonham, to index state minimum wage increases to the rate of median wage increases on a three-year average to help smooth out large deviations from the norm. In the long term, the U.S. median wage tends to rise just as fast or slightly faster than inflation (2021 was an exception, as the inflation rate was the highest it had been in four decades at 7%). Indexing to the median wage would ensure that Hawaii’s minimum wage rises in proportion to the wages for mid-to-high earners.<sup>xi</sup> Furthermore, median wage increases are more predictable than price increases, making them easier for businesses to adjust to. For similar reasons, the Raise the Wage Act that was introduced to the U.S. Congress in 2017 also sought to index the federal minimum wage to median wage growth.

### **Making the EITC Permanent and Refundable Will Help Struggling Working Families**

HB 2510 HB2’s provision on the EITC is an important complement to the minimum wage to help ensure that low-income working families can meet their basic needs. The federal EITC was created in 1975 to help working families keep more of what they earn through their work. The EITC provides a boost to household tax refunds and is targeted to working families with low incomes, especially those households with children.

Largely seen as the most effective anti-poverty tool we have at our disposal, the federal EITC helped to lift 5.6 million people, including 3 million children, over the poverty threshold in 2018.<sup>xii</sup> In Hawaii, nearly 90,000 households claimed the federal EITC in 2020, with the average size of the credit being \$2,138 per household.<sup>xiii</sup>

In 2017, the state of Hawaii enacted its own EITC, which provides 20% of the value of the federal EITC to qualifying households. Unlike the federal EITC, Hawaii’s state credit is non-refundable, meaning that households can only use the state credit to reduce their tax liability. Households with the lowest incomes are not able to make full use of the state’s EITC, since they often have little to no tax liability.

According to the state Department of Taxation, households with incomes under \$15,000 are receiving only \$83 dollars in state EITC on average, while households with incomes over \$55,000 receive \$484.<sup>xiv</sup> Making the credit refundable would allow households in the lowest income quintile to boost their credit by \$237 on average, thereby making it a much stronger anti-poverty tool at the state’s disposal.<sup>xv</sup>

Our research also shows that making the earned income tax credit refundable will be most beneficial to the Native Hawaiian, Pacific Islander, and Filipino communities. Currently, these populations have the lowest average incomes among major ethnic groups as well as the highest utilization of the credit. Making the credit fully refundable would boost the average size of the state EITC for Native Hawaiian, Pacific Islander, and Filipino households to \$497, \$536, and \$459 respectively.<sup>xvi</sup>

An extra few hundred dollars every year at tax time can make a significant difference in the lives of Hawaii’s working families. That increased refund can help to relieve financial pressure that working families face every day, as our cost of living continues to rise. The COVID-19 pandemic has only exacerbated these pressures and a refundable and permanent EITC will help Hawaii’s hardest hit families recover, while providing a pathway to economic stability.

**Thank you for considering taking the important actions of boosting the minimum wage and making the EITC permanent and refundable to ensure that working families can make ends meet.** And thank you for considering or testimony and suggested amendments. Without taking the right actions at the right time, working-age people in Hawai‘i will continue to struggle. As their struggles increase, more and more will move to places where they can earn a decent living, damaging Hawai‘i’s economy and future. By investing in our people, we can build a stronger Hawai‘i.

<sup>i</sup> Primary sources cited in *HAWAII WAGES AND HOUSEHOLD COSTS: A Chartbook for Building a Better Economy*, a publication of the Hawai'i Budget & Policy Center, project of Hawai'i Appleseed (available at <https://www.hibudget.org/publications/hawaii-wages-household-costs-chartbook>).

<sup>ii</sup> Hawai'i Data Collaborative. "Fifty-nine Percent of Hawaii Households Estimated to Experience Significant Financial Hardship by the End of 2020." June 19, 2020 (available at <https://www.hawaiidata.org/news/2020/6/19/fifty-nine-percent-of-hawaii-households-estimated-to-experience-significant-financial-hardship-by-the-end-of-2020>).

<sup>iii</sup> <https://www.civilbeat.org/2022/01/hawaiis-population-drain-outpaces-most-states-again>

<sup>iv</sup> Federal Reserve Bank of St. Louis. "Shares of Gross Domestic Product: Personal Consumption Expenditures." Accessed January 23, 2022. (<https://fred.stlouisfed.org/series/DPCERE1Q156NBEA>)

<sup>v</sup> <https://www.epi.org/blog/raising-the-minimum-wage-to-15-by-2025-will-restore-bargaining-power-to-workers-during-the-recovery-from-the-pandemic/>

<sup>vi</sup> <https://www.civilbeat.org/2020/03/minimum-wage-hikes-have-had-little-long-lasting-effect-on-business/>

<sup>vii</sup> *Chamber of Commerce Hawai'i testimony on SB 2609 SD 1 HD 1, Relating to Minimum Wage*, April 2014 (available at [https://www.capitol.hawaii.gov/Session2014/Testimony/SB2609\\_HD2\\_TESTIMONY\\_FIN\\_04-02-14\\_.PDF](https://www.capitol.hawaii.gov/Session2014/Testimony/SB2609_HD2_TESTIMONY_FIN_04-02-14_.PDF))

<sup>viii</sup> <https://tinyurl.com/RUHquickfacts2020>

<sup>ix</sup> [www.epi.org/minimum-wage-tracker](http://www.epi.org/minimum-wage-tracker)

<sup>x</sup> See e.g., Star Advertiser, "Hawaii employers looking for help as coronavirus pandemic's impact lingers," Oct 2021 (available at <https://www.staradvertiser.com/2021/10/18/hawaii-news/hawaii-employers-looking-for-help-as-pandemics-impact-lingers/>).

<sup>xi</sup> See Economic Policy Institute, "Raising the federal minimum wage to \$15 by 2024 would lift pay for nearly 40 million workers," <https://www.epi.org/publication/raising-the-federal-minimum-wage-to-15-by-2024-would-lift-pay-for-nearly-40-million-workers/>.

<sup>xii</sup> Center on Budget and Policy Priorities "Policy Basics: The Earned Income Tax Credit," <https://www.cbpp.org/research/federal-tax/the-earned-income-tax-credit>

<sup>xiii</sup> Hawaii Budget and Policy Center "Refunding Hawaii,"

[https://static1.squarespace.com/static/5ef66d594879125d04f91774/t/61f207dc896d102d30606d6f/1643251680283/EITC+Report\\_REV3\\_FINAL.pdf](https://static1.squarespace.com/static/5ef66d594879125d04f91774/t/61f207dc896d102d30606d6f/1643251680283/EITC+Report_REV3_FINAL.pdf)

<sup>xiv</sup> Hawaii State Department of Taxation "'Earned Income Tax Credit Report: Tax Year 2020,'"

[https://files.hawaii.gov/tax/stats/stats/act107\\_2017/act107\\_earnedincome\\_txcredit\\_2020.pdf](https://files.hawaii.gov/tax/stats/stats/act107_2017/act107_earnedincome_txcredit_2020.pdf)

<sup>xv</sup> Hawaii Budget and Policy Center "Refunding Hawaii,"

[https://static1.squarespace.com/static/5ef66d594879125d04f91774/t/61f207dc896d102d30606d6f/1643251680283/EITC+Report\\_REV3\\_FINAL.pdf](https://static1.squarespace.com/static/5ef66d594879125d04f91774/t/61f207dc896d102d30606d6f/1643251680283/EITC+Report_REV3_FINAL.pdf)

<sup>xvi</sup> Ibid.

**HB-2510-HD-2**

Submitted on: 3/20/2022 9:46:24 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| Submitted By       | Organization | Testifier Position | Testify                   |
|--------------------|--------------|--------------------|---------------------------|
| Colleen Rost-Banik | Individual   | Support            | Written Testimony<br>Only |

Comments:

Aloha, my name is Colleen Rost-Banik. I am a resident of Honolulu and a lecturer within the University of Hawaii system. I submit this testimony asking you to support HB2510 **with two** specific amendments: 1) No expansion of the Tip Penalty, and 2) Incremental increases that reach \$18 by 2026.

As a community, we need to care for our lowest-waged workers, making life more liveable.

Mahalo for your consideration.

Colleen Rost-Banik





*Eric W. Gill, Financial Secretary-Treasurer*

*Gemma G. Weinstein, President*

*Godfrey Maeshiro, Senior Vice-President*

---

March 20, 2022

House Committee on Labor, Culture and the Arts

Re: Testimony on HB2510: RELATING TO INCOME

Aloha Chair Taniguchi, Vice Chair Ihara and Committee Members,

UNITE HERE Local 5 is a labor organization representing 12,000 hotel, healthcare, and food service workers employed throughout our State. We oppose HB2510 in its current state.

As a Union, it is our duty to look out for the interests of workers. We still believe no wage increase until 2023 then incrementally increasing the minimum wage to \$18 per hour with increases to the tip credit by 2030 is unconscionable. This new version adds insult to injury.

The bill has been amended to address increases after 2030. It does not peg minimum wage increases to inflation. Instead, it pegs the increase to the average increase to the statewide median wage for all occupations over the past 3 years as defined by the Bureau of Labor Statistics. If minimum wage is not tied to inflation, then there's no reason to believe it will keep up with inflation. Tying minimum wage to median wages paid by all employers provides incentive to employers to avoid ever raising wages for anyone.

Our Union believes one job should be enough to live in Hawai'i—to keep up with the cost of living, to raise our families, and enough to retire in dignity. Our members fought diligently to make the "ONE JOB SHOULD BE ENOUGH" movement a reality for many in Hawai'i - including pulling off a 51-day strike that ensured subcontracted workers in our Hotels received the Union standard.

It is our state officials responsibility to protect the most vulnerable citizens and we ask for the Committee's support in raising the minimum wage in a truly impactful way. \$18 per hour with tip credit by 2030 is definitely not impactful and will not provide the basic necessities to survive in Hawai'i. We now also ask the Committee to tie minimum wage to inflation with no increases to the tip credit.

The 'Fight for 15', the national struggle to get a \$15 minimum wage, started in 2012. It is now 10 years later, and this bill wouldn't even get to a \$15 minimum wage for another 5 years!

Ask yourselves: Would you be able to survive on the current \$10.10 per hour for another year? \$18 per hour *eight years* from now? We urge you to amend this measure to include a livable wage tied to inflation effective immediately.

Thank you



**STONEWALL  
CAUCUS**

FORMED IN 2001



THE FIRST CAUCUS OF THE  
**DEMOCRATIC PARTY  
OF HAWAII**

March 19, 2022

Senate's Committee on Labor, Culture and the Arts  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

Hearing: Monday, March 21, 2022 – 3:15 p.m.

**RE: Support with requested Amendment for House Bill 2510 HD 2**

Aloha Chair Taniguchi, Vice Chair Ihara, and fellow committee members,

I am writing in support with two (2) requested amendments on behalf of the Stonewall Caucus of the Democratic Party of Hawaii (formerly the LGBT Caucus) regarding House Bill 2510 HD 2. HB 2510 Makes the state earned income tax credit refundable and permanent. Will provide for carryforward of nonrefundable credits previously claimed. Incrementally increases the minimum wage and tip credit beginning on 1/1/2023.

The Stonewall Caucus requests that the bill be amended as follows:

1. The minimum wage to reach \$18.00 per hour by 2026, and
2. Delete the tip credit.

Mahalo for your consideration.

Mahalo nui loa,

Michael Golojuch, Jr.  
Chair and SCC Representative  
Stonewall Caucus for the DPH

**HB-2510-HD-2**

Submitted on: 3/20/2022 10:16:12 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Heidi Schemp        | Individual          | Support                   | Written Testimony<br>Only |

Comments:

It's so heartbreaking to see more and more friends move out of Hawaii due to our low wages. A good friend of mine just moved to Portland. Of course you probably know Portland has a lower cost of living and higher wages. She planned to transfer her exact same job at the exact same company. This is not ok.

So today I'm testifying that we need to raise our minimum wage. Many businesses will say they can't afford it. But that's what they said last time Hawaii raised wages and businesses did fine. Raise it a small amount each year. And that tip penalty is terrible. Remove it or keep it as low as possible.

thank you,

Heidi Schemp

Kilauea, Hi

**HB-2510-HD-2**

Submitted on: 3/20/2022 10:28:07 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Jim Scancella       | Individual          | Oppose                    | Written Testimony<br>Only |

Comments:

I do not support HB2510 HD2 as written because it DEFERS the hike to \$15 until 2025, and not reach \$18 until 2028! We can not wait to increase the minimum wage. The Bill should be amended to state: The minimum wage increase to \$15 should begin January First, 2023, and increase AT LEAST \$1 per/year thereafter.



March 21, 2022

3:15 p.m.

Hawaii State Capitol

Conference Room 225 & Videoconference

**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**

**Ted Kefalas, Director of Strategic Campaigns**

Re: HB2510 HD2 — RELATING TO INCOME

***Comments Only***

Dear Chair and Committee members:

The Grassroot Institute of Hawaii would like to offer its comments on the portion of [HB2510 HD1](#) that proposes increasing Hawaii's mandatory minimum wage to \$18 an hour by 2028.

In addition, the bill proposes certain amendments to state tax credits, but those are not addressed here.

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

The proposed wage increase represents almost an 80% increase in the minimum wage over the course of five years. Such a large wage hike raises serious issues for Hawaii's economy. For many local businesses, especially smaller businesses and those with thin margins, nearly doubling personnel costs would be a recipe for disaster and nearly guarantee their closure.

There is no real mystery to what will happen if this minimum-wage measure is enacted. We urge the committee to listen to the testimony of the many businesses that have made it clear that such a substantial increase in the minimum wage would mean closing their doors or raising their prices. In one stroke, this legislation would 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.<sup>1</sup> 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 clearly a 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 employees directly affected, the negative employment effects were even more obvious.<sup>2</sup>

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%.<sup>3</sup>

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 NBER and the Federal Reserve Board compiled the results of 53 scholarly studies into a book, [“Minimum Wages,”](#) and concluded there is “no compelling evidence that minimum wages on net help poor or low-income families, and some evidence that minimum wages adversely affect these families, and increase poverty.”<sup>4</sup>

Examining the idea that higher minimum wages will reduce poverty, those same researchers found that the opposite was true. While some low-wage workers do make more money, the gains are offset by loss of employment or hours for other workers. The researchers [found](#) that a

---

<sup>1</sup> Jensen Ahokovi, [“Five myths about the minimum wage.”](#) Grassroot Institute of Hawaii, March 16, 2022.

<sup>2</sup> 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.

<sup>3</sup> Ekaterina Jardim, et al., [“Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle.”](#) NBER Working Paper 23532, National Bureau of Economic Research, Cambridge, Mass., June 2017.

<sup>4</sup> David Neumark and William L. Wascher, [“Minimum Wages.”](#) The MIT Press, Cambridge, Mass., August 2010.

minimum-wage hike increases the proportion of poor families by simply redistributing wealth among low-income earners.<sup>5</sup>

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 could 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 there 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 \$1 increase in the minimum wage was accompanied by as much as a 14% increase in the likelihood of closing for certain restaurant categories."<sup>6</sup>

The Grassroot Institute of Hawaii prefers policies that will strengthen our state's economy and benefit both businesses and employees. However, this bill, if enacted, likely would 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.

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

---

<sup>5</sup> 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.

<sup>6</sup> Dara Lee Luca and Michael Luca, "[Survival of the Fittest: The Impact of the Minimum Wage on Firm Exit.](#)" Harvard Business School NOM Unit Working Paper No. 17-088, April 2017 (revised August 2018).

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, HB2510 HD2, 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

**HB-2510-HD-2**

Submitted on: 3/20/2022 10:47:43 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Ellen Godbey Carson | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Please support this bill, We need a living wage in Hawaii, not a minimum wage that puts our residents into poverty. The raises in minimum wage will help us recitify the problem and give a better chance for all our work force to afford to live here.

Thank you for your consideraiton of this bill.



**HB-2510-HD-2**

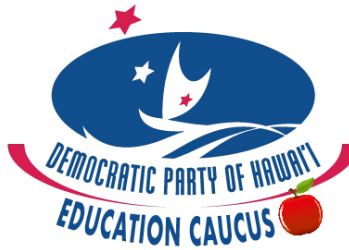
Submitted on: 3/20/2022 11:07:17 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Suzanne Sternlicht  | Individual          | Comments                  | Written Testimony<br>Only |

Comments:

**HB2510 SD2 – I ask that you amend the bill to increase the minimum wage to \$15/hr by 1/1/23.**



## HOUSE BILL 2510, HD2, RELATING TO INCOME

MARCH 21, 2022 · SENATE LABOR, CULTURE, AND  
THE ARTS COMMITTEE · CHAIR SEN. BRIAN  
TANIGUCHI

**POSITION:** Opposition.

**RATIONALE:** The Democratic Party of Hawai'i Education Caucus **opposes** HB 2510, HD1, relating to income, which makes the state earned income tax credit refundable and permanent, provides for carryforward of nonrefundable credits previously claimed, and incrementally increases the minimum wage and tip credit beginning on 1/1/2023.

While we appreciate the tax credit portions of this measure, we respectfully oppose this bill's central policy conceit: increasing the minimum wage to \$18/hour over an unnecessarily lengthy span of six years. Working families need financial relief now. They cannot afford to wait until 2028 for the chance to earn a living wage, If inflation continues at its projected pace, Hawai'i's workers will need to earn an hourly wage that approaches \$25/hour in 2028 just to survive, far more than this proposal envisions. Other vehicles exist for making the earned income tax credit refundable and permanent. HB 1507, a Working Families Caucus priority, would make the EITC refundable and permanent, and raise our state's capital gains tax to subsidize strengthening the EITC. If passed, it would deliver tax fairness for our most economically vulnerable neighbors upon its enactment. **If we pass a minimum wage proposal that increases the state's minimum wage rate to \$18/hour by 2026 without also increasing the tip credit—the position taken by the**

**Senate before first crossover in SB 2018—and pass HB 1507 this year, then we will once again establish economic justice as a guiding principle of our islands’ politics.**

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.

Moreover, Hawai‘i residents face the highest housing costs in the nation, at more than twice the national average. Researchers who authored the National Low Income Housing Coalition’s *Out of Reach 2021* report found that a full-time worker would need to earn \$37.69/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,000 in recent years, with minimum wage workers needing to log 114 hours per week to afford a modest one-bedroom apartment at fair market value and 149 hours per week to afford a two-bedroom—a number that is equivalent to working over 20 hours a day with no days off year-round. In the past five years alone, Honolulu rent has increased by more than 25 percent. While 41 percent of Hawai‘i residents are renters (a number that does not include individuals and families renting outside of the regulated rental market), a minimum wage increase is necessary to ensure that residents can meet their basic needs.

One out of every four households in Hawai‘i report that they are “doubling up” or are three paychecks or less away from being homeless, per the Hawai‘i Appleseed Center for Law and Economic Justice. Additionally, over 60 percent of households are severely cost-burdened, following NLIHC data, meaning that they pay more than 30 percent of their income on housing, a number that rises to over 80 percent of extremely low-income households, with only 74 homes available for every 100 households earning 80 percent of their respective area’s median income.

Notably, housing costs increased during the pandemic. In Honolulu, median single-family home prices reached a record of \$1.06 million last December, driven largely by sales to residential property investors. Unsurprisingly, our state is now experiencing population decline. Hawai'i saw domestic out-migration increase for a fifth consecutive year in 2021, as the state's high cost of living continued to push people to the mainland. Census estimates show that our state's population dropped by 10,358 people from July 2020 to July 2021, when births, deaths, and migration were accounted for. Hawai'i should have gained population because births outpaced deaths 15,510 to 11,279 during the period, creating what should have been a 4,231-person increase. Thus, in raw figures, about 14,500 people left the state between 2020 and 2021.

Additionally, prior to the pandemic, **as the minimum wage increased to \$10.10/hour over the last four years, our local economy grew.** People earning more income at the lower end of the pay scale spend money on basic goods and services (they can't afford to invest in the stock market or buy imported luxury goods), 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 four years preceding COVID-19, **we experienced record low unemployment and witnessed the number of small businesses boom.** Hawai'i will likely see the same impact under new minimum wage increases as our economy returns to normal, leading to greater prosperity for all. **We cannot allow COVID-19 to become an excuse for failing to create a living wage, since the virus wrought economic devastation that disproportionately harmed low-income families, who lost their jobs, saw their hours slashed, and are now struggling to pay for basic needs, like food and rent.** If anything, the pandemic and ensuing economic crisis have made raising the minimum wage more urgent, so that we can ensure economic security for workers who are struggling to find a path back to financial security, while our nation's billionaires have glaringly increased their wealth by over a trillion dollars since COVID-19 was declared to be a global public health emergency.

**We additionally oppose this measure's attempt to increase the tip credit—or "tip penalty" as it would be better called—which is nothing more than a subminimum wage deduction 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. Thus, the tip credit is both racist in its origins and directly linked to sexual violence in its modern practice. We have also found that both employers and employees at businesses that involve tipping do not understand the legalities of the tip penalty and frequently deduct this amount from the state's minimum wage rate for tipped employees, regardless of whether or not those employees earn \$7/hour above the minimum wage rate as the law requires. Because labor malpractice investigations are complaint based, violations of the tip penalty law are rarely initiated. Tipped workers do not have the legal acumen to pursue their complaints and are reliant on often predatory employers for financial survival. We should not further consecrate such a system into law. Instead, we should work to repeal the tip penalty altogether, as Democratic minimum wage increase proposals at the federal level would do.

**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.

**Kris Coffield · Chairperson, DPH Education Caucus · (808) 679-7454 · [kriscoffield@gmail.com](mailto:kriscoffield@gmail.com)**



## HB 2510, HD 2, RELATING TO INCOME

MARCH 21, 2022 · SENATE LABOR, CULTURE, AND  
THE ARTS COMMITTEE · CHAIR SEN. BRIAN  
TANIGUCHI

**POSITION:** Opposition.

**RATIONALE:** Imua Alliance **opposes** HB 2510, HD1, relating to income, which makes the state earned income tax credit refundable and permanent, provides for carryforward of nonrefundable credits previously claimed, and incrementally increases the minimum wage and tip credit beginning on 1/1/2023.

While we appreciate the tax credit portions of this measure, we respectfully oppose this bill's central policy conceit: increasing the minimum wage to \$18/hour over an unnecessarily lengthy span of six years. Working families need financial relief now. They cannot afford to wait until 2028 for the chance to earn a living wage, If inflation continues at its projected pace, Hawai'i's workers will need to earn an hourly wage that approaches \$25/hour in 2028 just to survive, far more than this proposal envisions. Other vehicles exist for making the earned income tax credit refundable and permanent. HB 1507, a Working Families Caucus priority, would make the EITC refundable and permanent, and raise our state's capital gains tax to subsidize strengthening the EITC. If passed, it would deliver tax fairness for our most economically vulnerable neighbors upon its enactment. **If we pass a minimum wage proposal that increases the state's minimum wage rate to \$18/hour by 2026 without also increasing the tip credit—the position taken by the Senate before first crossover in SB 2018—and pass HB 1507 this year, then we will once again establish economic justice as a guiding principle of our islands' politics.**

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.

Moreover, Hawai'i residents face the highest housing costs in the nation, at more than twice the national average. Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2021* report found that a full-time worker would need to earn \$37.69/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,000 in recent years, with minimum wage workers needing to log 114 hours per week to afford a modest one-bedroom apartment at fair market value and 149 hours per week to afford a two-bedroom—a number that is equivalent to working over 20 hours a day with no days off year-round. In the past five years alone, Honolulu rent has increased by more than 25 percent. While 41 percent of Hawai'i residents are renters (a number that does not include individuals and families renting outside of the regulated rental market), a minimum wage increase is necessary to ensure that residents can meet their basic needs.

One out of every four households in Hawai'i report that they are “doubling up” or are three paychecks or less away from being homeless, per the Hawai'i Appleseed Center for Law and Economic Justice. Additionally, over 60 percent of households are severely cost-burdened, following NLIHC data, meaning that they pay more than 30 percent of their income on housing, a number that rises to over 80 percent of extremely low-income households, with only 74 homes available for every 100 households earning 80 percent of their respective area's median income.

Notably, housing costs increased during the pandemic. In Honolulu, median single-family home prices reached a record of \$1.06 million last December, driven largely by sales to residential property investors. Unsurprisingly, our state is now experiencing population decline. Hawai'i saw domestic out-migration increase for a fifth consecutive year in 2021, as the state's high cost of

living continued to push people to the mainland. Census estimates show that our state's population dropped by 10,358 people from July 2020 to July 2021, when births, deaths, and migration were accounted for. Hawai'i should have gained population because births outpaced deaths 15,510 to 11,279 during the period, creating what should have been a 4,231-person increase. Thus, in raw figures, about 14,500 people left the state between 2020 and 2021.

Additionally, prior to the pandemic, **as the minimum wage increased to \$10.10/hour over the last four years, our local economy grew.** People earning more income at the lower end of the pay scale spend money on basic goods and services (they can't afford to invest in the stock market or buy imported luxury goods), 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 four years preceding COVID-19, **we experienced record low unemployment and witnessed the number of small businesses boom.** Hawai'i will likely see the same impact under new minimum wage increases as our economy returns to normal, leading to greater prosperity for all. **We cannot allow COVID-19 to become an excuse for failing to create a living wage, since the virus wrought economic devastation that disproportionately harmed low-income families, who lost their jobs, saw their hours slashed, and are now struggling to pay for basic needs, like food and rent.** If anything, the pandemic and ensuing economic crisis have made raising the minimum wage more urgent, so that we can ensure economic security for workers who are struggling to find a path back to financial security, while our nation's billionaires have glaringly increased their wealth by over a trillion dollars since COVID-19 was declared to be a global public health emergency.

**We additionally oppose this measure's attempt to increase the tip credit—or "tip penalty" as it would be better called—which is nothing more than a subminimum wage deduction 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.



Thus, the tip credit is both racist in its origins and directly linked to sexual violence in its modern practice. We have also found that both employers and employees at businesses that involve tipping do not understand the legalities of the tip penalty and frequently deduct this amount from the state's minimum wage rate for tipped employees, regardless of whether or not those employees earn \$7/hour above the minimum wage rate as the law requires. Because labor malpractice investigations are complaint based, violations of the tip penalty law are rarely initiated. Tipped workers do not have the legal acumen to pursue their complaints and are reliant on often predatory employers for financial survival. We should not further consecrate such a system into law. Instead, we should work to repeal the tip penalty altogether, as Democratic minimum wage increase proposals at the federal level would do.

**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.

**Kris Coffield · Executive Director, Imua Alliance · (808) 679-7454 · [kris@imuaalliance.org](mailto:kris@imuaalliance.org)**

**HB-2510-HD-2**

Submitted on: 3/20/2022 11:15:29 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| Submitted By | Organization | Testifier Position | Testify                |
|--------------|--------------|--------------------|------------------------|
| Joe Wilson   | Individual   | Support            | Written Testimony Only |

Comments:

I write in support of HB2510 HD2 with two amendments.

1. No expansion of the Tip Penalty
2. Incremental increases that reach \$18 by 2026

According to the State Department of Business, Economic Development and Tourism, the wage a single adult needs to earn in Hawai‘i to meet their most basic needs is now [\\$19.56 an hour](#). Hawai‘i's minimum wage earners have been stuck at \$10.10 an hour four four years.

- When businesses pay their workers less than they need to survive, working families are either forced to move away from Hawai‘i forever or become dependent on government programs to survive, which requires an increasing amount of tax revenue from the rest of us to fund.
- That means private businesses that pay less than a living wage are currently being subsidized by public money so that they can maximize their profit margins at the expense of their workers and the rest of us.
- Government benefits can't be spent the same way wages can be spent, which means they don't support our consumer economy as effectively. Businesses need customers, but customers need money to spend. With more than 2/3rds of Hawai‘i's economy dependent on consumer spending, it is more critical now than ever to raise the minimum wage and put purchasing power back into the hands of working families.
- Raising the minimum wage is both an effective anti-recession and anti-poverty policy, as well as an important anti-racist policy. That's because people of color are more likely to work in low-wage jobs (a result of racist policies in other places like our educational system and the tax code). Since most minimum wage workers are also women, raising the wage is also a strong gender equity policy.

Every worker deserves a living wage!

Date: March 20th, 2022

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

From: Early Childhood Action Strategy

Re: Support with Comments HB2510 HD2– Relating to Income

---

Early Childhood Action Strategy (ECAS) is a statewide cross-sector collaborative designed to improve the system of care for Hawai'i's youngest children and their families. ECAS partners work to align priorities for children prenatal to age eight, streamline services, maximize resources, and improve programs to support our youngest keiki.

**ECAS strongly supports the EITC portion of HB2510 HD2**, which would make the EITC refundable and permanent. It would also provide for carryover of nonrefundable credits previously claimed. Supporting EITC would do the following

- Improve the health, education, and economic stability of children and families. Every \$1 in EITC creates \$1.24 in local economic activity;
- Create opportunities for low-income families to better afford the basics- food, housing and child care;
- Create an equitable tax system AND generate revenue for the State that could be used for infrastructure and social service expenditures.

**ECAS supports the intent of the minimum wage portion of HB2510 HD2.** Raising the minimum wage may result in early childhood service providers having to reduce their staff, thereby reducing service capacity for families and children. Of particular concern would be the impact on child care businesses and the loss of child care seats or increase in child care costs that would fall on families. We ask the legislature to support the following bills, in addition to HB2510 HD1, to mitigate the potential impacts of HB2510.

SB3110, related to child care grant programs  
HB1999, related to Preschool Open Doors subsidies  
and SB2701, related to workforce subsidy.

These bills would increase the flow of resources to child care businesses, the child care workforce, and lower-income families, helping to mitigate negative consequences of raising the minimum wage for those the raise is intended to benefit. HB2510 intends to increase families' incomes, so that they can afford the basics. Let's not inadvertently raise the cost of child care and other early childhood programs.

Mahalo for your continued support to improve the health, safety and learning of our youngest keiki's We appreciate you supporting **HB2510 HD2**.

**HB-2510-HD-2**

Submitted on: 3/20/2022 11:19:21 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>    |
|---------------------|---------------------|---------------------------|-------------------|
| Ann Pitcaithley     | Individual          | Oppose                    | Remotely Via Zoom |

Comments:

**Aloha Ways and Means and Labor, Culture, and the Arts Committees;**

**I am opposed to the HB 2510 HD2 proposal.**

**The Tip Penalty should be eliminated entirely and the wage increased to an actual living wage sooner. To summarize, there should be no expansion of the Tip Penalty and request that incremental wage increases reach \$18 by 2026**

**Increasing the minimum wage in Hawai'i to \$18 per hour by 2026, without increasing the Tip Penalty, will have a hugely positive impact on the quality of life for all working people. It is unacceptable that working people in Hawaii have to have at least 2 jobs or more to survive.**

**Thank you,**

**Ann Pitcaithley, Wailuku, HI**

**HB-2510-HD-2**

Submitted on: 3/20/2022 11:22:06 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>                | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|------------------------------------|---------------------------|---------------------------|
| Ruta Jordans        | Testifying for Zero Waste<br>Kauai | Support                   | Written Testimony<br>Only |

Comments:

I am in support of this bill ONLY if these amendments are added. We complain about the homeless, but have you tried paying essential bills such as food and rent and medicine while working full time (or part time at three jobs!) making \$25 an hour? Please add these amendments. This is one way we might keep our newly graduated high schoolers in Hawaii. The minimum wage has to keep up with the cost of living!

1. No expansion of the Tip Penalty
2. Incremental increases that reach \$18 by 2026

**HB-2510-HD-2**

Submitted on: 3/20/2022 11:28:09 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b>      | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|--------------------------|---------------------|---------------------------|---------------------------|
| Wallace A. Ishibashi Jr. | Individual          | Support                   | Written Testimony<br>Only |

Comments:

I support raising the minimum wage. Senate version is the right thing to do.

**HB-2510-HD-2**

Submitted on: 3/20/2022 11:28:25 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Cindy Evans         | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Please support raising the minimum wage now. If unable to to to \$15 in January, settle for \$14.

I have spoken to small businesses and owners have to pay higher wages to get employees. And, employers need skilled workers, so they pay a lot more than \$15 for employees who show up, can work with others, and willing to learn.

**HB-2510-HD-2**

Submitted on: 3/20/2022 11:29:05 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Janet L Pappas      | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Dear LCA committee members,

I am in support of HB2510 as far as it goes, but it should go further. The cost of living has risen so much so quickly in Hawaii that more needs to be done--now. I would favor a faster rise of wages to \$18 than is currently proposed. Also, I am not in favor of such a strong penalty for tipped workers. I do agree with the permanent status of the earned income tax credit.

Please make the positive changes I am requesting to this bill before passing it. We cannot put such a burden on Hawaii's hardworking people and pay them peanuts in exchange.

Thank you for your consideration.

Sincerely,

Jan Pappas

Aiea, Hawaii 96701





March 21, 2022

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

**HOUSE BILL 2510, HD2 - RELATING TO INCOME  
SUPPORTS THE INTENT**

**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

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

Monday, March 21, 2022, 3:15 PM  
Conference Room 225 & Videoconference

Aloha Chair Taniguchi, Vice Chair Ihara Jr., 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.

HB 2510 HD 2 adjusts the minimum wage hourly rate to \$13.00 beginning on January 1, 2023 and increases \$1.00 per year until the minimum wage hourly rate reaches \$18.00 on January 1, 2030, makes the state earned income tax credit refundable and permanent, and provides for carryforward of nonrefundable credits previously claimed.

**HPMA appreciates and supports the intent of a minimum wage increase but have serious concerns on the wage increase up to \$18.00 and the adverse impact on operators.**

Wages are directly tied to increased costs for other mandates, such as Workers' Compensation, temporary disability, unemployment insurance, payroll taxes and other voluntary benefit programs. The wage hourly will have a cascading effect on increasing cost across all employee positions, not just those in frontline retail positions.

We support fair wages for our employees but caution that increases be reasonable so that many businesses can absorb the impact over time given the obligations noted in addition to complying with the Prepaid Healthcare Act.

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



**Testimony to the Senate Committee on Labor, Culture, and the Arts  
Monday, March 21, 2022, at 3:15 P.M.  
Conference Room 225 & Via Videoconference**

**RE: HB 2510 HD2, RELATING TO INCOME**

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

While the Chamber of Commerce Hawaii ("The Chamber") supports an increase in the minimum wage, at this time we **offer comments** on portions of HB 2510 HD2, specifically about how fast the level jumps to by January 1<sup>st</sup>, 2023, and the level the minimum wage goes up to by 2028. This legislation adversely impacts our small and locally owned businesses, jobs, and economic recovery.

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.

We applaud the Committee for working on and hearing this bill, which takes a broader approach in addressing the needs of Hawaii's working families. This bill includes many components which we support, including making the earned income tax credit refundable and permanent and increasing the tip credit. 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.

The Chamber of Commerce Hawaii, in partnership with the Hawaii Food Industry Association, Hawaii Lodging & Tourism Association, Hawaii Restaurant Association, Retail Merchants of Hawaii and neighbor island Chambers conducted a 2<sup>nd</sup> survey of its members after a request by members of the House Labor & Tourism committee to gather data on the affects that increasing the minimum wage would have on their businesses. A total of 264 businesses participated in the survey, with over 50% of the businesses having 25 employees or less. Below are some noteworthy takeaways from the survey:

- **58%** of businesses said they would need to reduce staff if the minimum wage increased to \$18 by 2026.
- **49%** of businesses said they would need to reduce staff if the minimum wage increased to \$18 by 2030



# Chamber of Commerce HAWAII

*The Voice of Business*

- **12%** of businesses said they would need to **lay off half** of their staff if it went up to \$18 by 2026.
- **26%** of respondents said they would need to **shut down their business entirely** if the minimum wage increased to \$18 by 2026.
- **17%** of respondents said they would need to **shut down their business entirely** if the minimum wage increased to \$18 by 2030.

Hawaii's business community is at a critical point -- where any additional cost increases could mean the difference between closing their doors, cutting positions, as well as passing costs down to the consumer. Many are still making up for the lost revenue from the past couple of years. Furthermore, the Omicron variant has severely disrupted business operations, as well as further exacerbated the workforce shortage problem. The supply chain issue and inflation are additional challenges. With businesses still struggling, increasing the minimum wage by \$3 in a few months would cause a loss in jobs and a loss in businesses for our economy.

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.

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.

Based on the data collected in the Chamber survey of its members, **the Chamber of Commerce Hawaii supports a minimum wage increase but has concerns about the jump to \$13 by 2023, and the \$18 mark by 2028. The Chamber supports HB2510 over SB2018 due to the tip credit being included in the bill.**

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.



**Senate Committee on Labor, Culture, and the Arts  
Representative Taniguchi, Chair  
Representative Ihara, Vice Chair  
Monday, March 21, 2022 at 3:15 P.M.**

**RE: HB 2510 HD2, RELATING TO INCOME**

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

**The Society of Human Resource Management (SHRM) Hawaii respectfully opposes HB 2510 HD2** makes the state earned income tax credit refundable and permanent. Provides for carryforward of nonrefundable credits previously claimed. Incrementally increases the minimum wage and tip credit beginning on 1/1/2023

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.

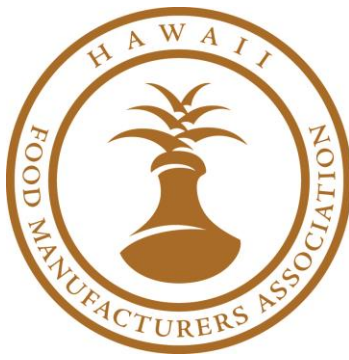
Increasing the minimum wage to \$13 by 2023 and \$18 by 2028 would greatly hurt SHRM Hawaii and our members ability to hire and retain their workforce. We ask that you consider a smaller increase that would help workers, but not force some businesses to shut down.

Thank you for this opportunity to provide testimony.

Kalani Morse  
Legislative Affairs Committee Co-Chair

Dailyn Yanagida  
Legislative Affairs Committee Co-Chair





**Testimony to the Senate Committee on Labor, Culture, and the Arts  
Monday, March 21, 2022, at 3:15 P.M.  
Conference Room 225 & Via Videoconference**

**RE: HB 2510 HD2, RELATING TO INCOME**

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

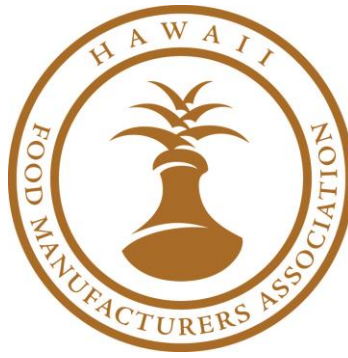
**The Hawaii Food Manufacturers Association (HFMA) respectfully opposes HB 2510 HD2**

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 to \$13 by 2023 and \$18 by 2028 would further devastate our food manufacturers and would risk putting some out of business.

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 to \$18 would strain most companies' financial situations and run the risk of having to lay off workers.

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.

**HB-2510-HD-2**

Submitted on: 3/20/2022 11:53:47 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>    |
|---------------------|---------------------|---------------------------|-------------------|
| Margaret Wille      | Individual          | Oppose                    | Remotely Via Zoom |

Comments:

I STRONGLY OPPOSE HB2510 HD2 AS CURRENTLY DRAFTED REGARDING THE MINIMUM WAGE SCHEDULE FOR INCREASES. IT IS SHAMEFUL. PLEASE AT LEAST STAND BY THE MINIMUM WAGE SCHEDULE FOR INCREASES IN THE SENATE BILL SB2018.

THERE NEEDS TO BE AN IMMEDIATE INCREASE IN THE MINIMUM WAGE - WHETHER TAKES EFFECT THIS YEAR OR JANUARY 1 2023. THE DEMOCRATIC PARTY OF HAWAII ISLAND HAS ASKED FOR THE RAISE TO IMMEDIATELY BE \$15 AN HOUR AND INCREASE TO \$18 AN HOUR BY 2026. I WAS THE CHAIR OF HAWAII COUNTY PLATFORM COMMITTEE.. AT THE DEMOCRATIC PARTY CONVENTION - APPROXIMATELY 98% OF THE VOTE WAS IN THE AFFIRMATIVE FOR SUPPORT OF THIS SPECIFIC PLATFORM POSITION.

THE MINIMUM WAGE AFFECTS OUR WORKING POOR - WHO ARE LEAVING THE STATE BECAUSE OF SUCH LOW WAGES. THEY ARE THE ESSENTIAL WORKERS WHO WERE ON THE FOREFRONT OF KEEPING OUR ECONOMY MOVING DURING THE PANDEMIC AND SUFFERED BY BEING THE MOST EXPOSED - MOST AT RISK GROUP DURING THE PANDEMIC.

WITH REGARD TO THE TESTIMONY SUBMITTED BY THE CHAMBER OF COMMERCE TO DATE ... BE AWARE THAT THE SURVEY THAT WAS SENT OUT TO MEMBERS WAS DRAFTED SO AS TO SOLICITE OPPOSITION TO REASONABLE INCREASES IN THE MINIMUM WAGE. I AM A SMALL BUSINESS OWNER AND COULD NOT COMPLETE THE SURVEY AS IT DID NOT ALLOW FOR COMMUNICATING THIS POSITION.

THANK YOU FOR OPPORTUNITY TO TESTIFY.



**HB-2510-HD-2**

Submitted on: 3/20/2022 12:03:54 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Lisa Galloway       | Individual          | Support                   | Written Testimony<br>Only |

Comments:

IT'S TIME TO DO THIS! PLEASE!

**HB-2510-HD-2**

Submitted on: 3/20/2022 12:06:12 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>       |
|---------------------|---------------------|---------------------------|----------------------|
| Flora Patton        | Individual          | Oppose                    | Remotely Via<br>Zoom |

Comments:

I Oppose HB2510 as it is Written.

Thank You very much.

**HB-2510-HD-2**

Submitted on: 3/20/2022 12:10:47 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Karen Murray        | Individual          | Oppose                    | Written Testimony<br>Only |

Comments:

I am only opposing this bill because it would take too long to reach an \$18/min wage. To have a liveable wage, it should have been at least \$20/min years ago according to the old HUD guidelines. Bring the dates closer and it would be better.

**HB-2510-HD-2**

Submitted on: 3/20/2022 12:16:33 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Diane Ware          | Individual          | Comments                  | Written Testimony Only |

Comments:

Dear Legislators,

I have testified multiple times on this measure. I strongly support minimum wage increase of \$15 by next year and \$18 by 2026.

Please do not fail to support the backbone of our economy--employees who work often 2 jobs. Keep them in their homes and off the streets.

Respectfully,

Diane Ware, 99-7815 Kapoha Pl, Volcano Hi 96785

**HB-2510-HD-2**

Submitted on: 3/20/2022 12:44:09 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Dave Kisor          | Individual          | Oppose                    | Written Testimony<br>Only |

Comments:

As written HB2510 isn't worth supporting. Tipped workers are shafted and by the time \$18 is realized, they'll extend the date.

**HB-2510-HD-2**

Submitted on: 3/20/2022 12:47:11 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Sherry Pollack      | Individual          | Comments                  | Written Testimony Only |

Comments:

I reluctantly support HB2510 HD2. With the following two amendments this measure will be closer to what is truly needed:

1. No expansion of the Tip Penalty
2. Incremental increases that reach \$18 by 2026

There's still an opportunity to strengthen this bill and help working families across Hawaii who currently struggle to make ends meet. Pass a truly living wage without delay. Please do the right thing. Mahalo.

**HB-2510-HD-2**

Submitted on: 3/20/2022 12:56:32 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

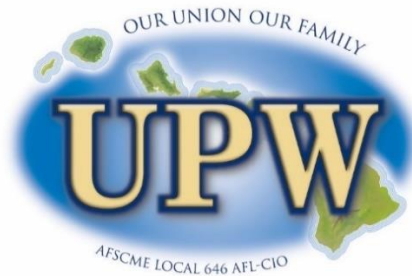
| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Alan Lloyd          | Individual          | Oppose                    | Written Testimony<br>Only |

Comments:

I support \$18 hour minimum wage by 2026. I support a No tip credit.

Alan Lloyd

Wailuku, HI 96793



**THE SENATE  
THE THIRTY-FIRST LEGISLATURE  
REGULAR SESSION OF 2022**

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

Monday, March 21, 2022, 3:15PM  
Conference Room 225 and Videoconference

**Re: Testimony with COMMENTS on HB2510, HD2 – RELATING TO INCOME**

Chair Taniguchi, Vice Chair Ihara, 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** regarding HB2510, HD2, which makes the state earned income tax credit refundable and permanent. This bill would also provide for carryforward of nonrefundable credits previously claimed and would also incrementally increase the minimum wage and tip credit beginning on January 1, 2023.

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. A recently released December 2021 Department of Business, Economic Development, and Tourism (DBEDT) “Self-Sufficiency Income Standard” report, which reports the amount needed to cover basic housing, food, transportation, and other costs, estimated that an annual salary of \$37,646 is needed for a single adult living in the State of Hawaii, which equates to an hourly wage around \$18.09.

**HEADQUARTERS** – 1426 North School Street ♦ Honolulu, Hawaii 96817-1914 ♦ Phone: (808) 847-2631  
**HAWAII** – 362 East Lanikaula Street ♦ Hilo, Hawaii 96720-4336 ♦ Phone: (808) 961-3424  
**KAUAI** – 2970 Kele Street, Suite 213 ♦ Lihue, Hawaii 96766-1325 ♦ Phone: (808) 245-2412  
**MAUI** – 841 Kolu Street ♦ Wailuku, Hawaii 96793-1436 ♦ Phone: (808) 244-0815  
1-866-454-4166 (Toll Free, Molokai/Lanai only)



While we support the tax credit provisions and increasing the minimum wage incrementally to \$18.00 per hour by January 1, 2028, we remain concerned with the inclusion of raising the tip credit to \$2.75 per hour by January 1, 2028 in this version of the bill.

Thank you for the opportunity to provide testimony.

Sincerely,

A handwritten signature in black ink, consisting of the letters 'K' and 'W' in a cursive, stylized font.

Kalani Werner  
State Director



## HIPHI Board

Kilikina Mahi, MBA  
Chair  
KM Consulting LLC

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

Debbie Erskine  
Treasurer

Keshia Adolpho, LCSW  
Molokai Community Health Center

Camonia Graham - Tutt, PhD  
University of Hawai'i - West O'ahu

Carissa Holley, MEd  
Hale Makua Health Services

May Okihiro, MD, MS  
John A. Burns School of Medicine,  
Department of Pediatrics

Misty Pacheco, DrPH  
University of Hawai'i at Hilo

Michael Robinson, MBA, MA  
Hawai'i Pacific Health

Kathleen Roche, MS, RN, CENP  
Kaiser Permanente

Dina Shek, JD  
Medical-Legal Partnership  
For Children in Hawai'i

Garret Sugai  
Pharmacare Hawai'i

Titimaea Ta'ase, JD  
State of Hawai'i, Deputy Public Defender

## HIPHI Initiatives

Coalition for a  
Tobacco-Free Hawai'i

Community Health  
Worker Initiative

COVID-19 Response

Hawai'i Drug & Alcohol Free  
Coalitions

Hawai'i Farm to School Hui

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Food Security Coalition

Date: March 20, 2022

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

Re: Comments re: HB 2510, HD2, Relating to Income

Hrg: March 21, 2022 at 3:15 PM via Videoconference

---

The Hawai'i Public Health Institute<sup>i</sup> offers comments on HB 2510, HD2, which would make Hawai'i's earned income tax credit refundable and permanent and would gradually increase the minimum wage to \$18/hour by 2028.

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.

According to the Center on Budget and Policy Priorities, the 2018 federal EITC lifted about 5.6 million people out of poverty, including about 3 million children, and reduced the severity of poverty for another 16.5 million people, including 6.1 million children<sup>ii</sup>.

The EITC is designed to help working families more of keep more of their income by reducing their tax liability. In 2017, Hawai'i passed a nonrefundable state EITC of up to 20 percent of the federal EITC. One in four Hawai'i residents qualify for the tax credit and by 2023, it is estimated that Hawai'i's EITC will have provided more than \$135 million in tax relief. However, Hawaii's EITC is non-refundable and set to sunset on December 31, 2022. With refundable EITCs, taxpayers receive a refund if EITC is greater than the income tax owed. This puts more money into the pockets of working families, who can use it towards essentials like groceries, rent, or childcare.

For the above reasons, HIPHI strongly supports making the EITC refundable and permanent, and increasing the minimum wage. However, to ensure that no workers are left behind by this legislation, we request the Committee amend the measure to:

- 1) Increase the minimum wage to \$18 by 2026, rather than 2028
- 2) Eliminate any expansion of the tip credit
- 3) Provide for automatic annual cost of living increases to the minimum wage after 2026

Thank you for the opportunity to provide testimony.

Mahalo,

A handwritten signature in black ink, appearing to read "Amanda Fernandes". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Amanda Fernandes, JD  
Policy and Advocacy Director

---

<sup>i</sup> 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.

<sup>ii</sup> Center on Budget and Policy Priorities. (2019, December 10). *Policy Basics: The Earned Income Tax Credit*. Accessed at <https://www.cbpp.org/research/federal-tax/the-earned-income-tax-credit>.

**HB-2510-HD-2**

Submitted on: 3/20/2022 1:14:42 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b> |
|---------------------|---------------------|---------------------------|----------------|
| Lisa Hallett        | Individual          | Oppose                    | In Person      |

Comments:

Aloha, I would support this bill if it was amended to October 2022.

Mahalo nui loa, Lisa Hallett

**HB-2510-HD-2**

Submitted on: 3/20/2022 1:19:58 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Mark A. Koppel      | Individual          | Support                   | Written Testimony Only |

Comments:

Aloha Legislators:

My name is Mark Koppel, P O Box 283, Hakalau. I am testifying in support of HB2510 HD2

In order for our citizens to survive, we must have a minimum wage of \$18 Now. Other states with lower costs of living have done this.

The bill should be amended as follows:

1. No expansion of the Tip Penalty
2. Incremental increases that reach \$18 by 2026

Yes, I prefer that the Tip Penalty be eliminated entirely and the wage increased to an actual living wage sooner - but I also know that compromise is necessary.

**Increasing the minimum wage in Hawai'i to \$18 per hour by 2026, without increasing the Tip Penalty, will have a hugely positive impact on the lives of all working people.**

**Mahalo for your caring for our workers.**

**Mark Koppel**

**HB-2510-HD-2**

Submitted on: 3/20/2022 1:30:36 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Sherri Thal         | Individual          | Comments                  | Written Testimony Only |

Comments:

Aloha,

HB2510 HD2 has good and bad points. I can support this bill with AMENDMENTS ONLY. We Hawaii residents, especially on Hawaii Island, are struggling to make ends meet and feed our families.

#1 The Minimum Wage must increase to \$15.00/hour by 2023 with the increase to \$18.00/hour NOT be phased in so slowly as this bill states, but to happen by 2026 instead.

#2 There should be no increase in the tip penalty.

Mahalo for putting in languaging expanding the state earned income tax credit (EITC), This will help all of the working families in Hawaii.

Please help to keep our families out of hunger and poverty by amending and passing HB2510 HD2.

Mahalo,

Sherri Thal, Kea'au, HI 96749

**HB-2510-HD-2**

Submitted on: 3/20/2022 1:53:15 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Kristen Young       | Individual          | Comments                  | Written Testimony Only |

Comments:

Dear Senate Committee on Labor, Culture and the Arts,

This bill would only get workers to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

In addition, I oppose any increase in the tip penalty. The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. Please delete all language in this bill increasing the "tip credit."

All business owners should be required to pay their workers a living wage—enough for them to not just survive, but thrive on.

As far as the Earned Income Tax Credit component, I support this as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

Please pass this bill, but only with the suggested amendments above.

Mahalo for the opportunity to testify.

Kristen Young

Senate District 11

**HB-2510-HD-2**

Submitted on: 3/20/2022 1:56:26 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Chuck Flaherty      | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Aloha,

If would strongly support HB2510 HD2 if it were to have the minimum wage begin at \$15 per hour starting January 1, 2023.

Mahalo,

Chuck Flaherty

Captain Cook HI 96704



**HB-2510-HD-2**

Submitted on: 3/20/2022 1:58:50 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Marion McHenry      | Individual          | Support                   | Written Testimony Only |

Comments:

I much prefer the Senate bill SB2018. I am very disappointed that the house chamber has refused this clean and simple bill for the steady increase of the minimum wage in Hawaii.

I do not think the tip credit is fair for the workers. Please remember, creating this legislation is to insure that our lowest paid workers can afford to live and work in our state, providing essential services to all.

I strongly urge the senate to amend this bill limiting the tip credit and to also amend creating incremental increases to \$18 per hour by 2026. Our people cannot wait for wage increases.

If passed, this will have an enormously positive impact on the lives of the hard working people of Hawaii and their families. It will lift entire communities. These same workers will be spending their hard earned pay in their communities on needed goods and services, thereby helping small businesses thrive. We will see a stop to the increasing homelessness and less poverty among young families and our keiki.

Please work hard to pass this bill with amendments to increase it's effectiveness.



Testimony to the Senate Committee on Labor, Culture and the Arts  
Monday, March 21st, 2022 at 3:15pm

Conference Room 225, State Capitol  
RE: HB2510 Relating to Income

Position: Comments

Members of the Labor Committee:

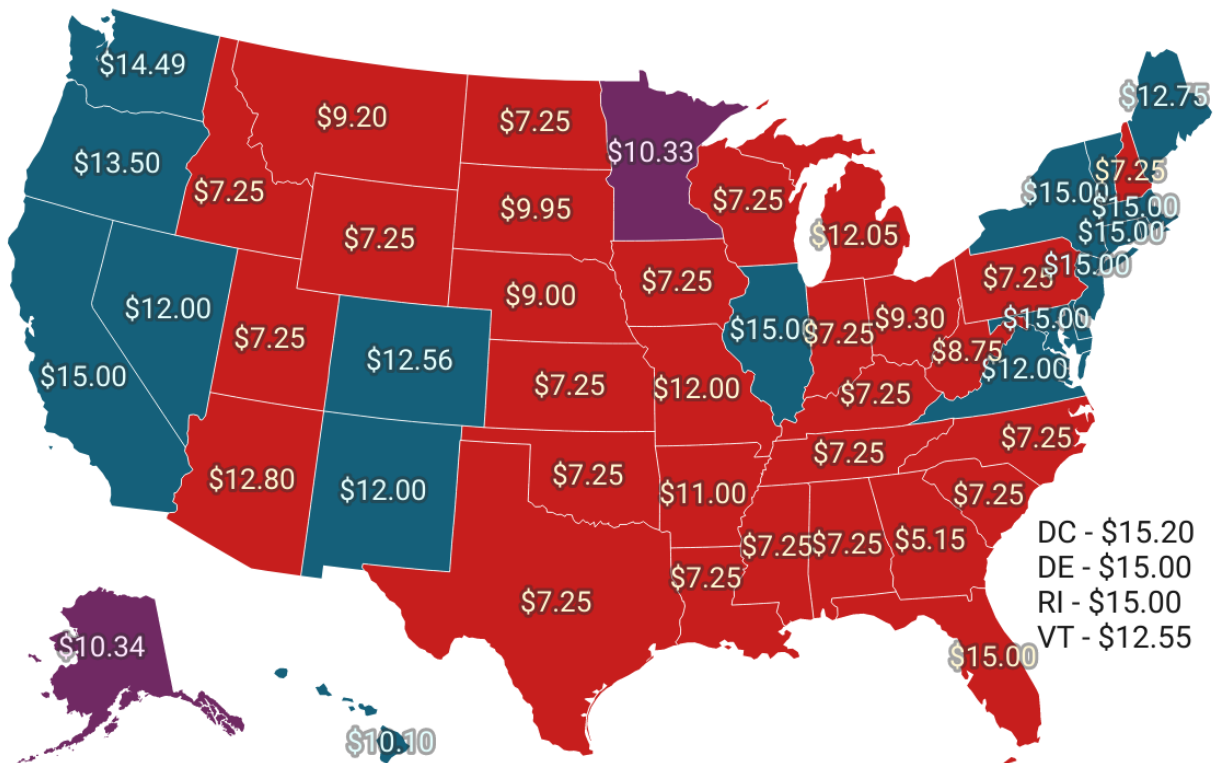
Hawaii's Minimum Wage Falls Short

While more than [\\$18 per hour](#) was needed for full-time workers to afford their basic needs in 2020, Hawaii's minimum wage is only [\\$10.10 per hour](#). More than [150,000 full-time workers](#) in Hawaii earn less than \$35,000 per year, while more than \$38,000 is needed to make ends meet.

Hawaii's Minimum Wage Law Lowest Among Blue States

Minimum wage laws in the United States

Democratic-controlled Split Legislature Republican-controlled





## **Raising the Wage Helps Workers, Small Businesses and our Economy**

When the minimum wage increased from \$7.25 in 2014 to \$10.10 in 2018, workers at all income levels saw their earnings [increase](#) faster than wages nationwide. This was a change from the previous four years when local wages grew [slower](#) than wages nationally.

With workers earning more money and spending it here locally, from 2014 to 2018, the number of small businesses in Hawaii [increased](#) as did their number of employees. Unemployment was also near [all time lows in 2018](#). Hawaii's economy grew at a [faster rate](#) from 2014-2018 than when the minimum wage was stagnant. Our local economy's growth was faster than the [nation's economic growth](#) over that time also.

## **Democrats Support a Large Minimum Wage Increase Nationally**

President Joe Biden and national Democrats are supportive of a \$15 minimum wage nationwide. Their [Raise the Wage Act](#) would increase the \$7.25 current minimum wage to \$15 in 5 years. This bill has 201 cosponsors. Hawaii can also increase the wage by nearly \$8 to help deal with our high cost of living in 5 years or less.

## **Workers Much Worse Off Than in 2018**

Our last minimum wage increase in 2018 left workers earning \$21,008 per year, while they needed \$36,347 to make ends meet. That's a gap of over \$15,000. Based on inflation estimates, the need in 2022 is over \$41,000 putting the gap now at \$20,000. Hawaii's failure to increase the wage since 2018 has left workers falling further and further behind. Strong action is needed now to make up for the failures of previous years.

**HB-2510-HD-2**

Submitted on: 3/20/2022 2:08:53 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Jessica Andrews     | Individual          | Oppose                    | Written Testimony<br>Only |

Comments:

To whom it may concern:

I would SUPPORT this bill if it were amended to be implemented October 2022.

Sincerely, Jessica N. Andrews, 96755

Will Caron  
Pālolo Valley  
[willcaronforhawaii@gmail.com](mailto:willcaronforhawaii@gmail.com)

March 20, 2022

TO: Senate Committee on Labor, Culture, and the Arts  
RE: Testimony Offering Comments on HB2510

Aloha Committee Members,

The overwhelming majority of economic research on the impacts of minimum wage increases clearly demonstrates the benefits of raising the minimum wage. There's no evidence-based reason not to go bigger with this bill than the current house draft. While this version of HB2510 is an improvement over the previous draft, the bill could be significantly improved by making some important amendments.

### **Change the wage increase timeline to \$18 by 2026**

A single adult with no children needs to earn more than \$19 an hour just to barely make ends meet in Hawai'i today. This bill, in its current form, would only get workers to \$18 by 2028. We can do more here to help Hawai'i's low-wage workers and their families without jeopardizing our state's economic recovery or threatening the survival of Hawai'i's business community.

In fact, there's every reason to believe that an increase in the state minimum wage to \$18 by 2026 would strengthen our consumer-driven economy by putting thousands of dollars more into the pockets of workers for each year the wage increases. Not only would this kind of income boost be life-changing for the tens of thousands of Hawai'i workers it would directly impact (and their family members), research shows that it would also ripple outward through the economy, to the benefit of our business community and even the folks that are already doing well, indirectly.

We saw this exact thing happen during the four year period between 2014–18 when the minimum wage was last increased in Hawai'i. Looking at economic output, the number of small businesses in Hawai'i, the number of jobs, and the unemployment rate—across the board—things got *better* in Hawai'i for businesses as well as workers when the minimum wage was increased. And that meant things got better for everyone else too.

Many businesses are beginning to recognize how they, too, will benefit from a strong minimum wage that puts workers in the position where they can power the consumer economy. Others see how well-paid, well-treated workers stick around longer and are more productive, reducing business costs elsewhere. In the Chamber of Commerce of Hawai'i's most recent business survey, the largest segment of surveyed businesses (34 percent) *preferred* an \$18 by 2026 timeline.

This timeline would put more than \$4,000 more per year in the pockets of minimum wage workers over a four-year period. Other current low-wage workers making just above minimum would see smaller, but still-significant annual take-home pay increases as well.

And for that 78 percent wage increase (\$10.10 to \$18), we can expect prices for consumers to increase just [1–3 percent range](#). As an example, if the minimum wage were to increase to \$18 an hour by 2026, the price of a chili bowl would increase by just \$0.31. For folks already doing well, these kinds of price increases would hardly be noticeable. And for folks that are struggling on low-wages now, these slight increases in the price of goods would be more than worth the huge boost in income this policy would provide.

### **Tip Credit Concerns**

The tip credit increase mandated by HB2510 HD2 is a direct slap in the face to the restaurant industry's underpaid workers.

The tip credit allows *some* businesses to pay a sub-minimum wage to their employees if they make over a certain amount of money in tips (though this rule is very difficult to understand and routinely violated by restaurant owners/managers). It really should be called a tip penalty.

Not only does the policy cause employees to be exposed to [far higher rates of sexual harassment](#), it also contributes to income instability, putting workers at greater risk of poverty and financial insecurity. A better, safer, more fair policy is to create a living wage for *all* workers.

Some [1 million workers](#) have left the restaurant industry since the pandemic began as a Great Rejection of low-wage work spreads across the country. More than half (54 percent) of those remaining in this industry *also* plan to leave. And a full 80 percent say the only thing that would make them stay or come back is a full, livable wage without considering tips on top.

### **Automatic Cost of Living Adjustment**

To create the best possible bill for Hawai'i's people and its economy, one final amendment would make this a powerful tool to keep Hawai'i's economy strong and its people thriving well into the future: adding an automatic cost of living adjustment that slowly raises the wage each year based on the self-sufficiency standard calculated each year by the Department of Business, Economic Development and Tourism.

This policy would prevent the minimum wage from ever falling behind the minimum self-sufficiency level ever again, keeping workers and their families out of poverty, keeping the

consumer economy going strong, and allowing businesses to plan for much smaller annual increases, instead of catching them by surprise with larger, but necessary, increases to catch workers up after they've already fallen behind and suffered for years.

And speaking of waiting for years for the legislature to act while workers suffer, this policy also eliminates the need for advocates to return year after year to fight the same battle over and over again and face the same pushback—however unfounded—from short-sighted, hardline “business-interest” groups. The best policies are ones that can stand on their own for generations because of how well thought-out and visionary they are. Adding this automatic adjustment to the bill would make it such a policy.

### **The EITC**

The language expanding the state's Earned Income Tax Credit (EITC) to make it permanent and refundable would put a smaller, but still helpful, amount of money back into the pockets of the workers who need the most assistance surviving on their currently-inadequate wages. This will only serve to benefit the economy and the business community as well, and should be left in the bill.

I look forward to seeing a strengthened senate draft of this bill move out of the LCA committee.

Mahalo for the opportunity to testify.

**HB-2510-HD-2**

Submitted on: 3/20/2022 2:14:15 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Claire Gearen       | Individual          | Support                   | Written Testimony Only |

Comments:

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

I write in strong support of House Bill 2510 HD2 relating to income.

The DBEDT data on a living wage in our state has been available of a couple of years now, as has the ALICE report. I won't repeat information that is widely available and known to you, as well as mentioned in this measure.

Instead, I offer this other lens into the inadequacy of our current minimum wage of \$10.10 an hour.

In 1991, as a senior in a high school economics course in the same neighborhood where I now live, my social studies teacher asked us to track our living expenses. My expenses at that time amounted to \$18,000 a year. \$10.10 an hour for full time work would just cover that. It has been 30 years!

I respectfully suggest an amendment that would prevent an increase in the tip credit. Customers are not bound by labor laws, so shifting the source of income in the direction of tips makes employees vulnerable to discrimination and abuse.

Thank you for hearing this measure.

Sincerely,  
Claire Gearen





AMERICANS FOR DEMOCRATIC ACTION

---

| OFFICERS                     | DIRECTORS             | MAILING ADDRESS  |                |                |
|------------------------------|-----------------------|------------------|----------------|----------------|
| John Bickel, President       | Melodie Aduja         | Jan Lubin        | Bill South     | P.O. Box 23404 |
| Alan Burdick, Vice President | Keola Akana           | John Miller      | Zahava Zaidoff | Honolulu       |
| Dave Nagajji, Treasurer      | Juliet Begley         | Jenny Nomura     |                | Hawaii 96823   |
| Doug Pyle, Secretary         | Stephanie Fitzpatrick | Stephen O'Harrow |                |                |

---

March 19, 2022

TO: Chair Taniguchi and Members of the LCA Committee

RE: HB 2510 HD2 Relating to Income

Support for hearing on March 21

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 this bill as it would make the state earned income tax credit refundable and permanent.

According to the Institute on Taxation and Economic Policy, Hawaii places the second-highest tax burden on low-income households, with Hawaii's lowest-income households paying approximately fifteen per cent of their income in state and local taxes. In comparison, Hawaii's highest earning households pay roughly nine per cent of their income in state and local taxes. The legislature additionally finds that the earned income tax credit is essential to helping local families maintain financial security. Moody's Analytics has estimated that every dollar provided through the Earned Income Tax Credit creates a net benefit to Hawaii's economy of \$1.24. Yet, Hawaii's earned income tax credit is not refundable, unlike twenty-three of the twenty-eight states that had an effective state earned income tax credit as of 2021. Making the State's earned income tax credit refundable would strengthen its ability to offset the regressivity of Hawaii's tax system and increase equity in Hawaii's tax code.

On the minimum wage side, we would like to see the bill amended to reach \$18 no later than 2026. Even this is a concession to business. Workers need and deserve \$18 an hour now!

Thank you for your favorable consideration.

Sincerely,

John Bickel, President

January 20, 2022

Chairperson Taniguchi  
And members of the Senate Committee on Labor, Culture and the Arts

I am writing in support of increasing Hawai'i's minimum wage.

**I ask that you amend House Bill 2510 HD2 to raise the minimum wage to \$15.00/hour effective January 1, 2023. I ask that you further amend this Bill to provide for a \$1.00/h increase on each January 1<sup>st</sup> until we reach a minimum wage of \$18.00/hr [January 1, 2026]**

The current minimum wage of \$10.10 is far too low for anyone to survive in Hawai'i. We are all aware of the study published by the Aloha United Was in **2020** showing that a single person in Hawai'i needed a full time job earning over **\$15.50** an hour at that time, just to survive.

That was two years ago and now we are currently experiencing a period of unprecedented inflation, clearly even \$15.50 an hour is no longer sufficient. I strongly recommend a far more aggressive timetable for reaching \$18 an hour than the one currently proposed in HB 2510 HD2.

For your information and consideration I would like to inform you that the Hawaii County Committee of the Hawai'i Democratic Party held it' convention on March 19 2022. At that convention adopted a Platform that makes increasing the minimum wag to \$18.00/hr effective January 1 2023, with \$1/hr increases annually thereafter, our most important Platform priority.

The Legislature needs to raise the minimum wage NOW.

I urge you to amend HB2510, HD2 to require that the minimum wage be raised to \$18.00/hr on January 1, 2023 and to include a \$1.00/hr increase each January 1<sup>st</sup> until the minimum wage reached \$18.00.

Ralph C Boyea  
Acting Chair  
Hawaii Democratic Party  
District 4

**HB-2510-HD-2**

Submitted on: 3/20/2022 2:23:44 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Caz Novak           | Individual          | Support                   | Written Testimony Only |

Comments:

Dear Senate Committee on Labor, Culture and the Arts,

I am writing to voice my strong support for HB2510.

This bill would only get workers to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

In addition, I oppose any increase in the tip penalty. The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. Please delete all language in this bill increasing the "tip credit."

All business owners should be required to pay their workers a living wage—enough for them to not just survive, but thrive on.

As far as the Earned Income Tax Credit component, I support this as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

Please pass this bill, but only with the suggested amendments above.

Thank you very much for the opportunity to submit testimony.

Caz Novak

**HB-2510-HD-2**

Submitted on: 3/20/2022 2:25:47 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| David Pullman       | Individual          | Support                   | Written Testimony<br>Only |

Comments:

It is very difficult to live in Hawaii on even \$18/hr. We should at least get there quicker than this bill contemplates. We should be to \$18 by 2025 or 2026 the latest. Please pass this bill with a faster time frame to reach \$18/hr.

**HB-2510-HD-2**

Submitted on: 3/20/2022 2:29:41 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Coert Olmsted       | Individual          | Oppose                    | Written Testimony<br>Only |

Comments:

The minimum wage increase to \$15/hr is overdue for the 2 year Covid surge of inflation. The more recent and bigger war-oil-shock fuel cost jump is making it even more urgent to amend this essential legislation and pass an immediate min wage hike to \$15.

Coert Olmsted, 10 year residential voter

**HB-2510-HD-2**

Submitted on: 3/20/2022 2:32:11 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| karolle t. bidgood  | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Please amend HB2510 HD2 as follows:

1. Eliminate the expansion of the Tip Penalty
2. Adjust the incremental increases to reach \$18/hour by 2026

Our minimum wage earners deserve our support.

Thank you.

Karolle T. (Josie) Bidgood

## **Patti Cook**

Box 6960, Kamuela, HI 96743  
(808) 937-2833 – [cookshi@aol.com](mailto:cookshi@aol.com)

**March 20, 2022**

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

**RE: Hearing @ 3:15PM, Mon., March 21, 2022**

### **HB2510 HD2 – PLEASE AMEND SIGNIFICANTLY DEFERRED MINIMUM WAGE INCREASE TO \$15/HR EFFECTIVE 1/2/23**

Thank you and the entire State Senate for moving with clarity and conviction about the need to raise Hawai'i's minimum wage by approving SB2018 on Jan. 28, 2022. While I would urge a more expedited increase to \$15/hour effective Jan. 1, 2023, your bill is a vast improvement over HB2015 HD2.

I am a former small retail store owner and before that, small agency owner and consistently paid well over the minimum wage and also provided full health care coverage for employees, including those who worked 19 hours or less a week. It was challenging to do this but deserved.

While I am no longer a business owner, I have personally supported a significant increase in the minimum wage for more than 6 years and am very alarmed that HB2510 HD2 would authorize a substantially deferred increase.

Minimum wage workers – many of whom we've come to recognize as "essential workers" providing critically needed, high risk frontline services during the pandemic, were already living on thin ice financially here in Hawai'i pre-pandemic, but the shocking increase in cost of food, fuel, housing and medical care is now causing extreme financial anxiety. Far too many here are faced with making impossible choices – to feed their children, purchase essential medications, and/or pay rent to avoid homelessness...or leave Hawai'i. This is a tragedy. This is not who we are as Democrats, either.

**PLEASE AMEND HB2510 HD2 to at least match SB2018 as approved by you and your Senate colleagues on Jan. 28, 2022.**

However, our Hawai'i County Democratic Party held its annual Convention yesterday (3/19/22) and voted unanimously to prioritize the following: **"INCREASE MINIMUM WAGE TO \$15 PER HOUR EFFECTIVE JANUARY 1, 2023, AND INCREASE MINIMUM WAGE BY \$1 PER HOUR ANNUALLY THEREAFTER."**

I fully concur with the party's position and ask you to please take this into consideration when amending HB2510 HD2.

MAHALO,

***Patti Cook***



**HB-2510-HD-2**

Submitted on: 3/20/2022 2:45:27 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>       |
|---------------------|---------------------|---------------------------|----------------------|
| Anthony Samuels     | Individual          | Oppose                    | Remotely Via<br>Zoom |

Comments:

Aloha Chair & Vice Chair,

My name is Anthony Samuels and I am testifying in opposition to HB2510, as it is written.

Thank you for your time,

Anthony Samuels



Hawaii  
**Children's Action Network Speaks!**  
Building a unified voice for Hawaii's children

*Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.*

To: Senate Committee on Labor, Culture and the Arts

Re: **HB 2510, HD2 - Relating to Income**  
Hawai'i State Capitol, Conference Room 225 & Videoconference  
March 21, 2022, 3:15 PM

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

**On behalf of Hawai'i Children's Action Network Speaks!, I am writing in SUPPORT with suggested AMENDMENTS to HB 2510, HD2, relating to income.** This bill would make the state earned income tax credit refundable and permanent as well as incrementally increase the minimum wage and employers' tip credit.

We support an increase to our state's minimum wage, but the increases in this bill happen too slowly. This bill also worsens subminimum wage for tipped workers, which is the opposite of what working parents need to afford to live the state with the highest cost of living in the nation.<sup>1</sup>

Our current minimum wage is only \$10.10 per hour, or \$21,000 a year for full-time work. It is well-established that the stresses of childhood poverty have both immediate and long-term effects on keiki's physical and mental health, behavioral self-control, academic achievement, and earnings as adults.<sup>2</sup> In other words, Hawai'i's inadequate minimum wage contributes to the struggles of working families not just now, but also in the future.

This bill doesn't raise the minimum wage to \$18 until 2028, which isn't enough to survive on now, let alone 6 years from now. Hawai'i's Department of Business, Economic Development and Tourism finds that a single adult in Hawai'i with no children, and with employer-provided health insurance, needs more than \$19 per hour "to meet their basic needs" in 2022.<sup>3</sup> DBEDT also calculates that the self-sufficiency wage for a single parent with one child now is more than \$34 an hour, and more than \$41 per hour for a single parent with two keiki.

Hawai'i's current minimum wage is lower than in the next 7 highest cost-of-living states. Some already have minimum wages at or above \$15 in 2022, and they all are above \$12.<sup>4</sup> And we will be falling further behind. Of the next 7 most expensive states in the nation, all but one have passed laws to raise their minimum wages to at least \$15 by 2025 – and the cost of living in all of those states is *lower* than in Hawai'i. For those reason, **we urge this committee to increase the pace of minimum wage increases in this bill, to \$18 per hour by 2026.**

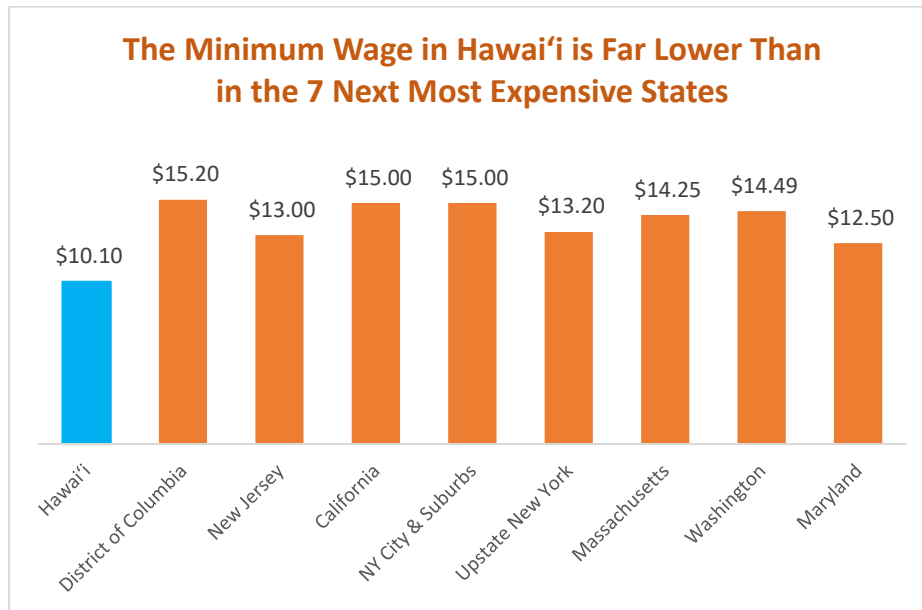
**We also request the removal of the tip credit that allows employers to pay tipped workers less than the minimum wage – rather than enlarging it, as this bill does.** Hawai'i should follow the example of other states, such as California, Oregon, Washington, and Nevada, that have been paying tipped workers the full minimum wage for years, while their restaurant industries have thrived.

<sup>1</sup> Bureau of Economic Analysis, <https://www.bea.gov/data/prices-inflation/regional-price-parities-state-and-metro-area>

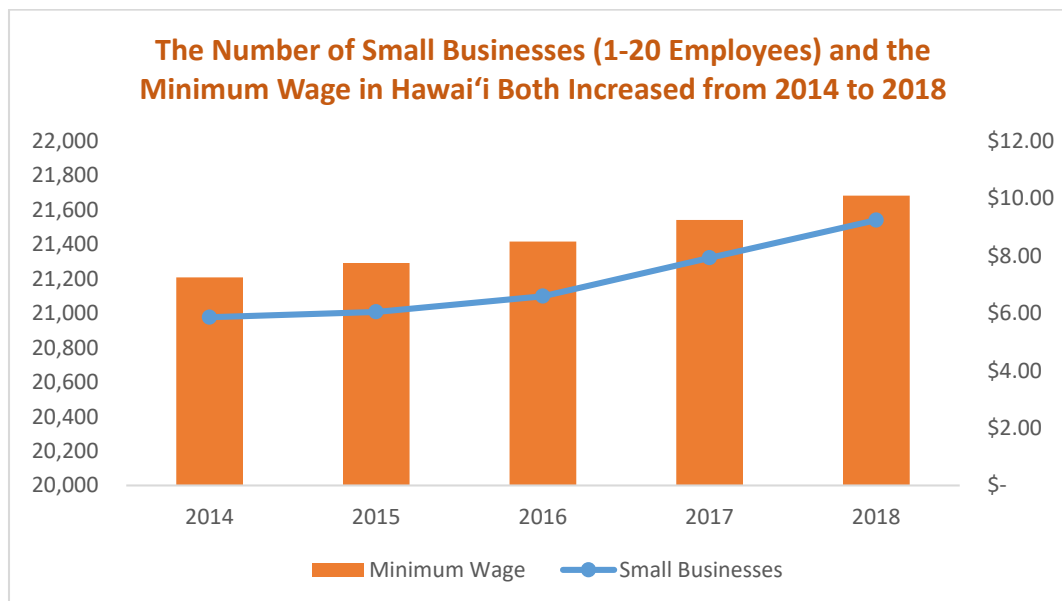
<sup>2</sup> American Psychological Association, <https://www.apa.org/pi/ses/resources/indicator/2014/06/childhood-poverty>

<sup>3</sup> Hawai'i Department of Business, Economic Development, and Tourism  
<https://files.hawaii.gov/dbedt/annuals/2021/2021-read-self-sufficiency.pdf>

<sup>4</sup> Economic Policy Institute, <https://www.epi.org/minimum-wage-tracker/>



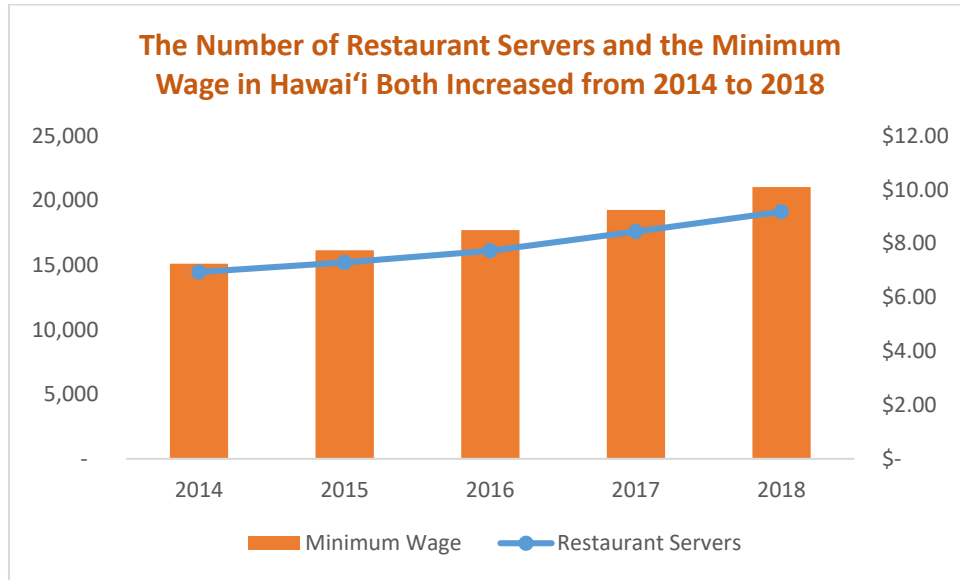
The last time Hawai'i's minimum wage increased, each year from 2015 to 2018, our state's small businesses grew, while the unemployment rate dropped to record lows. In fact, the number of Hawai'i small businesses with up to 20 employees increased along with the minimum wage, from 20,977 in 2014 to 21,541 in 2018. <sup>5</sup>



Similarly, the restaurant industry in Hawai'i thrived during the last set of minimum wage increases, with the number restaurant servers increasing by 32%, from 14,460 in 2014 to 19,130 in 2018. <sup>6</sup>

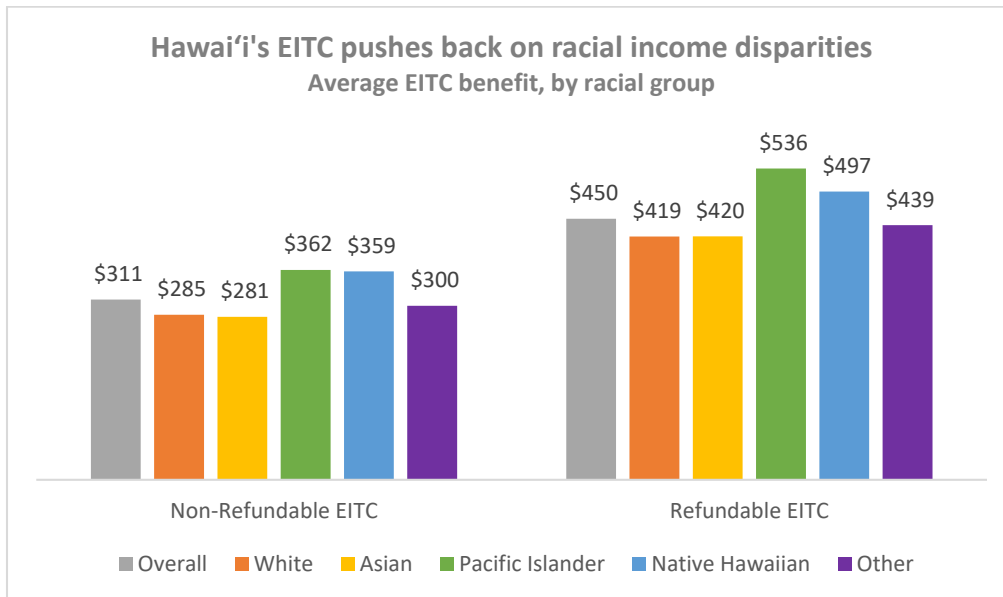
<sup>5</sup> U.S. Small Business Association, <https://advocacy.sba.gov/category/research/state-profiles/>

<sup>6</sup> U.S. Bureau of Labor Statistics, <https://www.bls.gov/oes/#data>



We strongly support the section of this bill that would improve the Hawai'i's Earned Income Tax Credit (EITC) by removing its expiration date and improving it to help the families that need this credit the most, by allowing them to get the full amount that they qualify for in the form of a tax refund.

Not only would the lowest-income families get a big boost from making the EITC refundable, but it would also push back on racial income disparities. Native Hawaiians and Pacific Islanders' average EITC benefit currently is larger than the overall state average, and they would see the biggest extra boost from a refundable EITC.<sup>7</sup>



<sup>7</sup> Institute on Taxation and Economic Policy, unpublished analysis, January 2022



Hawaii  
**Children's Action Network Speaks!**  
Building a unified voice for Hawaii's children

In other words, the EITC improvements in this bill would start to fix Hawaii's tax system current upside-down tax system. Families who earn less than \$20,000 per year are paying 15% of their income in state and local taxes, while those who make over \$450,000 are paying only about 9%. In fact, our state saddles our low-income families with the second-heaviest state and local tax burden in the nation.<sup>8</sup>

In comparison, EITC-eligible taxpayers in the next 7 highest cost-of-living states receive a higher percentage of their federal EITC from their states (except in Washington, which has a flat credit amount) than in Hawaii. In other words, **even if Hawaii's EITC becomes refundable, minimum wage earners in at least 6 of the next 7 most expensive states will still receive larger EITCs than in Hawaii.**<sup>9</sup>

| Most Expensive States | State EITC Refundability | Percent of Federal EITC |
|-----------------------|--------------------------|-------------------------|
| Hawaii                | non-refundable           | 20                      |
| D.C.                  | refundable               | 70                      |
| New Jersey            | refundable               | 40                      |
| California            | refundable               | 85                      |
| New York              | refundable               | 30                      |
| Massachusetts         | refundable               | 30                      |
| Washington            | flat credit amount       | \$300 per person        |
| Maryland              | refundable               | 45                      |

While there were concerns when the federal American Rescue Plan (ARP) passed in 2021 that it might forbid states from increasing tax credits like the EITC, in January 2022, the IRS published a final rule<sup>10</sup> that reassured states that they are allowed to increase their EITCs without running afoul of the ARP. The fact that 12 states and the District of Columbia increased their EITCs during their 2021 legislative sessions proves that point.<sup>11</sup>

The IRS final rule explains (on page 330) that states do not need to identify other sources of funding to pay for revenue reductions, if those reductions are less than one percent of the reporting year baseline, which is FY 2019. The cost of making Hawaii's EITC refundable would be below that level.

In addition, the IRS final rule explains (on page 332) that states are not subject to this requirement to find other revenue offsets if state revenues come in higher than they were in FY 2019 (adjusted for inflation). The Council on Revenues projects that revenues in FY 2022 than in FY 2019.<sup>12</sup>

In the most expensive state to live in the nation, our struggling low-wage families need bigger tax credits AND a stronger boost to the minimum wage. Mahalo for the opportunity to provide this testimony.

Thank you,  
Nicole Woo, Director of Research and Economic Policy

<sup>8</sup> Institute on Taxation and Economic Policy, <https://itep.org/whopays/hawaii/>

<sup>9</sup> Institute on Taxation and Economic Policy, <https://itep.org/state-level-eitc-victories-in-2021/>

<sup>10</sup> Internal Revenue Service, <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

<sup>11</sup> Institute on Taxation and Economic Policy, <https://itep.org/state-level-eitc-victories-in-2021/>

<sup>12</sup> Council on Revenues, [https://tax.hawaii.gov/useful/a9\\_1cor/](https://tax.hawaii.gov/useful/a9_1cor/)

**HB-2510-HD-2**

Submitted on: 3/20/2022 2:59:27 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>                            | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|--|---------------------------|------------------------|
| Barbara Dalton      | Testifying for Hawai'i County Democratic Party | Oppose                    | Written Testimony Only |

Comments:

The Hawai'i County Democratic Party is once again disheartened to oppose this bill, but would gladly support it if amended to mandate a minimum wage hike to \$15 per hour effective January 1, 2023, and to \$18 per hour by January 1, 2026. As noted in earlier testimony, we find SB2018 to be the superior bill and reiterate that, "there is no silver bullet to remedy the economic hardship faced by so many in our state, but a critical part of the solution **MUST** include raising the minimum wage immediately." I would also note that gas prices on the Big Island have now exceeded \$5.00 nearly island-wide, with one station in Kona charging a shocking \$5.49 per gallon. And, once again, "this issue is a litmus test of state legislators' commitment to seriously consider the urgent needs of all citizens."

Thank you.

Barbara Dalton, Chair, Hawai'i County Democratic Party

**HB-2510-HD-2**

Submitted on: 3/20/2022 3:02:01 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Chris Molina        | Individual          | Comments                  | Written Testimony Only |

Comments:

Aloha Chair Taniguchi, Vice Chair Ihara and members of the senate comitte on Labor, Culture, and The Arts

Hawai'i workers are overdue for a raise. I commend the work of the senate in the creation of the bill SB 2018 which provided a recommended timeline of \$18 by 2026. The bill has crossed over to the House and refered to comittees. I respectfully ask that the comittee consider ammding the timeline of HB 2510 so that the minimum wage reaches \$18 by 2026 just as SB 2018 does.

Their have been major concerns about the effects raising the minimum wage will have on the economy. The working people of Hawai'i are a keystone to the success of our islands and a major part of our economy. Please don't take the working people of Hawai'i and their families for granted. Ensuring that legislation increasing the minimum wage passes this sessions is crucial.

If we do not take steps to support these workers and their families we will continue to see future generations seeking a life outside of our island home because they simply cannot make it here. Finally, I would like to see the tip credit eliminated from the bill. All workers deserve to make the same wage. Tips are a courtesy not a requirement.

One job should be enough. Help Hawai'i build towards a better future by rasing the wages of our workers.

Mahalo for your time and attention,

Chris Molina

Kaua'i



## CATHOLIC CHARITIES HAWAII

### TESTIMONY IN SUPPORT OF HB 2510, HD2: RELATING TO INCOME

TO: Senate Committees on Labor, Culture and the Arts  
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i  
Hearing: **Monday, March 21, 2022; 3:15 pm; via videoconference**

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

Thank you for the opportunity to provide testimony **in Support of HB 2510, HD1**, which makes the state earned income tax credit refundable and permanent, and incrementally increases the minimum wage and tip credit beginning on 1/1/2023 to \$18/hour beginning 1/1/28. I am Rob Van Tassell, with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for 75 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

Catholic Charities Hawai'i **strongly supports making the Earned Income Tax Credit (EITC) refundable and permanent, and supports raising the minimum wage incrementally, with an amendment to bring the minimum wage up to \$18/hour, as of January 1, 2026.**

Making the EITC permanent and refundable would give an annual boost to help Hawaii's workers. Studies have shown that workers put this tax credit back in the economy so it also benefits local businesses. Most importantly it tells Hawaii's struggling workers, including the working ALICE families that the State is creating initiatives to improve living conditions for Hawai'i residents. An amazing 45% of residents are considering leaving Hawaii, mainly due to the cost of living. We ask you to pass this bill to encourage our residents and improve their financial situations.

Catholic Charities Hawai'i also supports raising the minimum wage to \$18 by January 2026. Our state's high cost of living, and now the high inflation facing us, puts tremendous stress on families and individuals working for the minimum wage. Increases to the cost of living in the State, along with stagnant wages, pose a threat to increase homelessness while a high state priority is to end homelessness. People are suffering. Aloha United Way reported a 600% increase in calls from people needing help during the pandemic. For lower income households, the impact of the pandemic may continue for some time. Minimum wage earners should be able to survive without having to constantly rely on public benefits to survive.

Now is the time to raise the minimum wage to \$18 by 2026 at the latest and give our workers a boost by making the EITC permanent and refundable. We urge your support for this bill.

Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or [alohabettylou@hotmail.com](mailto:alohabettylou@hotmail.com) if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eumoku Street, Honolulu, HI 96822  
Phone (808) 373-0356 • [bettylou.larson@CatholicCharitiesHawaii.org](mailto:bettylou.larson@CatholicCharitiesHawaii.org)





**HB-2510-HD-2**

Submitted on: 3/20/2022 3:24:54 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| james theobald      | Individual          | Oppose                    | Written Testimony<br>Only |

Comments:

Aloha legislators, I would SUPPORT this bill if it was amended to be implemented in October 2022.

Sincerely, James E. Theobald

**HB-2510-HD-2**

Submitted on: 3/20/2022 3:39:36 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| David Dinner        | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Amend to say \$18 by 2016 and no increase in tip penalty.

**HB-2510-HD-2**

Submitted on: 3/20/2022 3:42:03 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Randy Ching         | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Aloha LCA committee. Chair Taniguchi, Vice Chair Ihara and committee members --

I support HB2510 HD2 with 2 amendments -- 1) eliminate the tip credit and 2) increase the minimum wage to \$18 an hour by 2026.

Passing the bill with these two amendments will provide workers a living wage asap.

expanding the EITC is a good feature of this bill. It will help many working class families.

Mahalo for your consideration.

Randy Ching

Honolulu

makikirandy@yahoo.com

**HB-2510-HD-2**

Submitted on: 3/20/2022 4:11:32 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Carolyn Eaton       | Individual          | Comments                  | Written Testimony Only |

Comments:

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

My name is Carolyn Eaton and I cannot support this bill without two amendments. I urge you to amend the bill to stipulate incremental increases in the minimum wage that reach \$18 by 2026. The other amendment I urge is that expansion of the tip penalty be written out.

Mahalo for your work for the welfare of Hawaii's people.

**HB-2510-HD-2**

Submitted on: 3/20/2022 4:29:37 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Phyllis Hanson      | Individual          | Comments                  | Written Testimony<br>Only |

Comments:

There should not be a "tip penalty" - let servers keep their tips.

Do allow an increase in the minimum wage to \$18... as soon as possible, would be best.

**HB-2510-HD-2**

Submitted on: 3/20/2022 4:30:40 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Skippy Hau          | Individual          | Support                   | Written Testimony Only |

Comments:

Dear Legislators,

As a retired State Worker, I support the proposed HD2 but I would like to share my experience working with students and graduates looking for work. We get to interview students that do not have work experience, They have a lot of volunteer time but inexperienced for working full time.

I'm glad that I had the option and worked at Dole Pineapple Cannery as a covered seasonal worker while going to the University of Hawaii at Manoa. I graduated with a BS in Biology and worked for the Hawaii DLNR for 36 years.

The problem with a minimum wage is further clarification that "workers will be qualified" to take on more responsibility and are able to work full time which was 40 hours per week.

The current State employment must fulfill existing positions. In the past five years, we've rarely had retired positions filled in a timely manner. The Legislature must take some responsibility in deleting positions for short term budgets. Positions are needed to replace cut positions.

We seem to lose qualified State workers after several years experience that find employment in other States or the Federal Government.

As a scientist, we tried to monitor natural resources for changes and environmental impacts. Without adequate field staff and funding, monitoring data will be inadequate!!

Aloha,

Skippy Hau

Aquatic Biologist Retired

40 Kapi Lane#104

Wailuku, HI. 96793



**HB-2510-HD-2**

Submitted on: 3/20/2022 4:44:42 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Jessica Waia'u      | Individual          | Support                   | Written Testimony<br>Only |

Comments:

I support HB2510 HD2 and ask that it be amended to reach \$18/hour by 2025. Our workers need to earn a sustainable living and this is one step in the right direction.

Mahalo



**HB-2510-HD-2**

Submitted on: 3/20/2022 4:54:46 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Joan White          | Individual          | Comments                  | Written Testimony<br>Only |

Comments:

Aloha,

While I am pleased that your committee is moving to pass into law an increase in the minimum wage, the realization to workers is way too far into the future. They need the additional income now. Yes, it is somewhat offset by the other measures but some of those same measures penalized the worker, such as the tip penalty. Hawaii, as we all know, is wildly expensive. Please increas the minimum wage by 2026 allowing to improve the quality of life for so many, as we understand that there is little risk that fewer will be hired as shown by many studies in the past.

With my thanks to you for all your hard work on our behalf and my aloha,

Joan P White

**HB-2510-HD-2**

Submitted on: 3/20/2022 4:58:06 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Greg Puppione       | Individual          | Comments                  | Written Testimony<br>Only |

Comments:

This is a good start. Please amend it to include the following changes:

1. No expansion of the Tip Penalty
2. Incremental increases that reach \$18 by 2026

Thank you.

**HB-2510-HD-2**

Submitted on: 3/20/2022 6:52:14 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Kathy Shimata       | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Aloha,

I write to support our workforce. They face ever-increasing costs while their pay falls behind. This bill is a step in the right direction but should be stronger.

1. No expansion of the Tip Penalty
2. Incremental increases that reach \$18 by 2026

Mahalo for considering my views.

Kathy Shimata

Honolulu 96822

**HB-2510-HD-2**

Submitted on: 3/20/2022 7:00:33 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|---------------------|---------------------------|------------------------|
| Renee Rabb          | Individual          | Comments                  | Written Testimony Only |

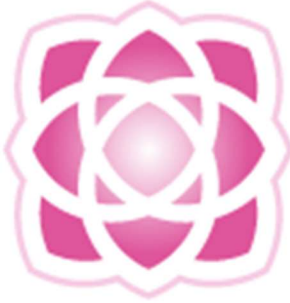
Comments:

I very much support raising the minimum wage in Hawaii to \$18 per hour. I am grateful to Speaker Saki for recognizing the importance of increasing available resources to the most needy working individuals and families. As we all know, Hawaii is not an inexpensive place to live. While HB2510 is a step in the right direction, I believe that it should be amended to be much more in tune with the timeline of SB2018 which has already passed the Senate. I would like to see the phase-in advanced even more with an increase to \$15 per hour beginning in January 2023 and advanced by a dollar each subsequent year until wage equity is reached. I am also in support of the provisions that allow for a refundable earned income tax credit and a refundable food/excise tax credit. The changes to the household and dependent care tax credit are also a positive move forward. Thank you again for this opportunity to share my views. I know that we all want to improve the standard of living for all the residents of Hawaii. Let us make 2022 the year that we provide for meaningful economic change.

Mahalo,

Renee Rabb

Keaau, HI 96749



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON  
FINANCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308  
TUESDAY, March 1, 2022 AT 11:00 A.M.

To The Honorable Sylvia Luke, Chair  
The Honorable Kyle T. Yamashita, Vice Chair  
Members of the committee on Finance

## COMMENTS ON HB2510 HD1 RELATING TO INCOME

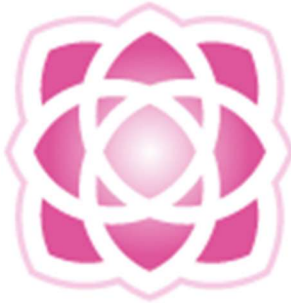
The Maui Chamber of Commerce would like to share our **comments on HB2510 HD1** which makes the state earned income tax credit refundable and permanent; provides for carryforward of nonrefundable credits previously claimed; increases and amends the refundable food/excise tax credit; increases minimum wage rate incrementally each year until 1/1/2028; amends the household and dependent care tax credit to apply to expenses paid for the care of a qualifying individual, regardless of age and specify that a qualified individual is, among other things, a recipient or eligible to be a recipient of Social Security disability insurance.

While the tax credits are commendable, it is imperative that you hear the voice of businesses on this bill's minimum wage rate increases. 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."

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 HB2510 RELATING TO MINIMUM WAGE PAGE 2.

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. However, we do appreciate the staggered approach and think any increase should be staggered.

The Chamber of Commerce Hawaii conducted a recent survey amongst its members regarding raising the minimum wage. Based on the responses to the survey, if the minimum wage was raised as listed in the current draft (HD2) 50% of the respondents said that they would have to reduce staff to keep up with the wages. These are hardworking people who would not have their jobs because of the wage increase.

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.

Mahalo for the opportunity to comment on HB2510 HD1.

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.

**HB-2510-HD-2**

Submitted on: 3/20/2022 9:39:20 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Noreen Dougherty    | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Representatives:

I strongly support HB 2510 HD2

Increasing the minimum wage in Hawai'i to \$18.00 per hour by 2026 without increasing the Tip Penalty will have a hugely positive impact on the lives of all working people. Please represent the people of Hawaii by supporting HB2510 HD2.

Mahalo.

Noreen Dougherty

Kapaa, Hawaii

**HB-2510-HD-2**

Submitted on: 3/20/2022 9:45:23 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Liza Ryan Gill      | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Dear Chairs and Members of the Committee,

I am in **strong support of raising the minimum wage to \$18** but I believe the 2028 is too long to wait. The working families of Hawai'i are struggling now. **Please consider \$18 by 2026.**

As a former restaurant employee I also cannot fathom the extremely reduced wage for tipped employees, over ten years ago when I was serving in Washington state I was making over ten dollars AND tips. Even then it was barely possible to survive.

Please consider adjusting this bill to meet the real needs of working folks in Hawai'i.

Mahalo,

Liza

Tantalus



**HB-2510-HD-2**

Submitted on: 3/20/2022 9:59:20 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Barbara J. Service  | Individual          | Support                   | Written Testimony<br>Only |

Comments:

**Aloha Chair Taniguchi, Vice Chair Ihara and committee members!**

**I reside in SD8, HD19 and I strongly urge you to approve HB2520, to make the EITC refundable and permanent and raise the minimum wage incrementally. Considering how Hawaii's minimum wage compares to other states, given the high cost of living here, I believe that we need to move faster to raise the minimum wage; this is a start.**

**Please pass this bill.**

**Mahalo for the opportunity to testify.**

**Barbara J. Service MSW (ret.)**

**Kupuna Advocate**

To: Hawaii State Legislature – Senate Committee on Culture and the Arts  
Hearing: Date/Time: Monday, 3-21-2022 3:15pm  
Place: Hawaii State Capitol, Room 225 & Videoconference  
Re: Judith Ann Armstrong is in support of HB2510-HD2 (Relating to Income)

Aloha Chair Senator Brian T. Taniguchi and Vice Chair Senator Les Ihara, Jr. and esteemed members of the Committee on Culture and the Arts,

I am writing in support of HB2510-HD2 with amendments.

This bill as written would only get workers to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

In addition, I oppose any increase in the tip penalty. The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. Please delete all language in this bill increasing the "tip credit."

All business owners should be required to pay their workers a living wage—enough for them to not just survive but thrive on.

As far as the Earned Income Tax Credit component, I support this as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

I respectfully request the committee support HB2510-HD2 with amendments detailed above.

Sincerely,  
Judith Ann Armstrong  
jaapfg@twc.com  
Honolulu, HI 96815

**HB-2510-HD-2**

Submitted on: 3/20/2022 10:35:15 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Kelsey Amos         | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Please raise the minimum wage to a LIVING wage in Hawai'i.



TO: Senate Committee on Labor, Culture and the Arts

RE: HB 2520 HD2

POSITION: In Opposition to Rate of Minimum Wage and Tip Credit Increases.

Chair Brian T. Taniguchi, Vice Chair Les Ihara & Committee Members

From: Mattson Davis- President Magics Beach Grill – Kailua-Kona, Hawaii  
Former CEO Kona Brewing Company

The restaurant business is the backbone to the visitor experience in Hawaii and my livelihood. This bill puts a huge amount of added pressure on the visitor industry ON TOP OF A 30% INCREASE IN TAT and 7% INFLATION.

- The COVID Pandemic has been devastating to the local restaurant industry over the past 2 years.
- 15% of the restaurants in Hawaii have closed, many of them well known legacy restaurant.
- The Restaurant Industry has to be one of the hardest hit by the Covid Pandemic and we have yet to recover.

The incremental jump this bill introduces are just not sustainable to our local restaurants, consumer acceptance, or manageable menu price inflation- SLOW THE ROLL and INCREASE THE TIP CREDIT.

WITHOUT A RECIPROCAL TIP CREDIT this would also further spread the GAP between Tipped and non-Tipped employees and will drive operators to automation and decreasing employment in Hawaii. Think about it. The Tip Credit provision in the current Minimum Wage Law that employees subject to the Tip Credit must make at least \$7 per hour over the prevailing minimum wage ensures that those employees will earn at minimum what is referred to as a Living Wage.

ONE SIZE DOES NOT FIT ALL! – Our restaurant tipped staff make \$25-\$65/hr. While kitchen staff are \$20-\$27/hr. – We need a bill that supports wage parity – we need to reward the skills needed to prepare GREAT food.

Do Not Kill The Goose That Lays the Golden Eggs by over pricing Hawaii AND creating more wage INEQUALITY!!

Careful- you will price the guests AND residents right out of Hawaii without a plan that raises all ships.

**HB-2510-HD-2**

Submitted on: 3/21/2022 7:07:21 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b> |
|---------------------|---------------------|---------------------------|----------------|
| Ingrid Peterson     | Individual          | Comments                  | In Person      |

Comments:

Dear Senate Committee on Labor, Culture and the Arts,

This bill would only get workers to \$18 by 2028. While this is an improvement over 2030, it's still too slow. It already costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today. Please amend the timeline to \$18 by 2026.

In addition, I oppose any increase in the tip penalty. The tip penalty is an incredibly harmful policy that allows some business owners to pay their workers a sub-minimum wage while subsidizing the labor costs for those business owners off customer tipping.

Tipping not only allows the business owner to exploit their workers, it also exposes those workers to higher rates of sexual harassment and other forms of violence in the work place. Please delete all language in this bill increasing the "tip credit."

All business owners should be required to pay their workers a living wage—enough for them to not just survive, but thrive on.

As far as the Earned Income Tax Credit component, I support this as an added way to put more money into the pockets of working families, further strengthening our consumer economy and alleviating poverty.

Please pass this bill, but only with the suggested amendments above.

Mahalo for the opportunity to testify.

Ingrid Peterson

Senate District 25



P.O. Box 253, Kunia, Hawai'i 96759  
Phone: (808) 848-2074; Fax: (808) 848-1921  
e-mail [info@hfbf.org](mailto:info@hfbf.org); [www.hfbf.org](http://www.hfbf.org)

March 21, 2019

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

**TESTIMONY ON HB 2510, HD2  
RELATING TO INCOME**

Conference Room 329 & Videoconference  
2:00 PM

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

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

Hawai'i Farm Bureau **provides comments on HB 2510, HD2**, which makes the state earned income tax credit refundable and permanent, provides for carryforward of nonrefundable credits previously claimed, and incrementally increases the minimum wage and tip credit beginning on 1/1/2023.

Hawai'i'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 too quickly may force many small farmers to offset higher costs through fewer work hours, fewer pay raises, 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 the ROI on the products they produce. With the difficulty in raising prices, Hawai'i'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.

HFB supports a minimum wage but has concerns about the increase to \$13 next year and the \$18 mark by 2028.

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

Thank you for this opportunity to testify on this important subject.



**HB-2510-HD-2**

Submitted on: 3/21/2022 7:26:26 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| pamela burrell      | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Aloha House members,

I support this bill with the following commises:

No expansion of the Tip Penalty  
Incremental increases that reach \$18 by 2026

Mahalo,

Pamela Burrell

Kalihiwai, Kauai

**HB-2510-HD-2**

Submitted on: 3/21/2022 7:40:52 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| Submitted By | Organization | Testifier Position | Testify                   |
|--------------|--------------|--------------------|---------------------------|
| Barbara Polk | Individual   | Support            | Written Testimony<br>Only |

Comments:

Please amend and pass this bill to move more quickly to \$18/hr minimum wage. That was what the State estimated was necessary in 2019, and with the recent almost 10% increase in prices, it is absolutely necessary to move quickly to, and preferably above, \$18/hr

**THE WEBSITE GLITCHED WHEN I TRIED TO SUBMIT THIS YESTERDAY MORNING AND I WAS UNABLE TO RETRIEVE WHAT I HAD WRITTEN OR ALLOWED TO SUBMIT ANYTHING ELSE!**



**JOSH FROST**

1418 Mokuna Pl.  
Honolulu, HI 96816

T 808.371.9334  
josh.frost@me.com

regardingfrost.com  
peoplesdialectic.com

Monday, March 21, 2022

House Bill 2510 HD2 Relating to Income  
**Testifying in Opposition**

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

I am submitting testimony today in opposition to HB2510 HD2 Relating to Income, which makes the EITC refundable and permanent and increases the minimum wage and tip penalty.

Some provisions of this bill are laudable however, there are nonetheless significant problems with it.

While making the EITC refundable and permanent is a welcome change, this bill would simultaneously eliminate the child care component of the Child and Dependent Care Tax Credit. This makes no sense when the cost of child care continues to increase and families continue to struggle just to get by.

The House Committee on Finance removed the refundable Food/Excise Tax Credit and Household and Dependent Care Tax Credit for reasons that are unclear. I would ask the Committee to restore that language to the bill.

Even with the shortened timeline provided by the House Committee on Finance, the minimum wage provisions don't go nearly far enough fast enough to provide the substantial wage increase minimum wage earners need today. With such a painfully slow move to \$18 an hour (setting aside the substantial tip credit increase), accounting for an average inflation rate, \$18 in 2028 is the equivalent of just \$16 in today's dollars. In today's dollars, DBEDT's Self-Sufficiency report says the hourly minimum wage **in 2020** needed to be \$18.35 for an individual and more than \$20 for a family of four. **This minimum wage proposal doesn't get by the end of the decade where we needed to be two years ago.**

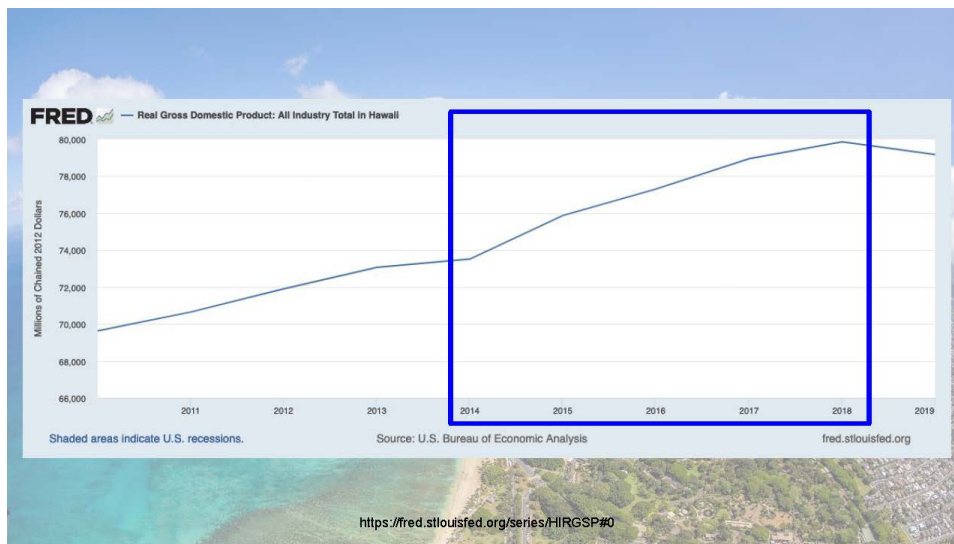
Once again, this minimum wage proposal seems to take into account the concerns of business owners, despite a preponderance of evidence which suggests the majority of those concerns are unfounded. I would strongly urge the members to review this report from the National Employment Law Project: <https://www.nelp.org/wp-content/uploads/2015/03/Consider-The-Source-Minimum-Wage.pdf>

During the period of 2014-2018 when the last minimum wage increases took effect, there was no measurable job loss. In fact, each year during that period, the

unemployment rate dropped. By this measure, it seems the bill strives not to lift minimum wage workers out of poverty, but rather slow the rate at which they fall behind.

Further, there's no evidence that businesses in Hawaii suffered from the last round of increases. Rather, the Federal Reserve Economic Data shows Hawaii's real GDP rose during that period. From this data, one could conclude raising the minimum wage actually helped Hawaii's economy overall.

The minimum wage is not intended to be a "starting wage," but in fact a "living wage".



That the majority of minimum wage workers are teenagers is just false. According to DBEDT, four out of five workers who make less than \$17 an hour are at least 25 years old.

Also, while raising wages would likely result in an increase in prices, the benefit to workers far exceeds the resulting price increases. Raising the wage to \$18 by 2026, as SB2018 does, would result in the following approximate price increases:

### How much could food prices go up if Hawai'i raises the minimum wage to \$18 by 2026?

|                |                |               |              |
|----------------|----------------|---------------|--------------|
| Fast Food Meal | Spam Musubi    | LB of Bananas | Bag of Chips |
| 45 CENTS       | 9 CENTS        | 5 CENTS       | 16 CENTS     |
| Malasada       | Gallon of Milk | Chili Bowl    | Hot Dog Pack |
| 7 CENTS        | 29 CENTS       | 31 CENTS      | 23 CENTS     |

Finally, this bill dramatically increases the tip credit, which allows customers to subsidize employees' wages, while employers essentially steal labor from their workers. What's more, the tip credit can find its historic roots in racism and misogyny. Is that really the legacy this committee wishes to perpetuate?

I implore you to make substantial changes to this bill. Please restore the refundable Food/Excise Tax Credit and Household and Dependent Care Tax Credit. And please replace the minimum wage provisions with the language existing in SB2018. So many working families continue to struggle; show your support for them by making these changes. Short of that, I urge you to defer this bill.

Mahalo for the opportunity to submit testimony today.



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

#### 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 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 21, 2022  
TIME: 3:15pm  
PLACE: Via Videoconference

RE: HB2510 HD2 Relating to Income

Position: Comments

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 is in support of the intent of this measure to help working families succeed. We are in strong support of Part II to make the earned income tax credit refundable and permanent, as well as Part III to increase the refundable food excise tax credit.

We also suggest that one of the most immediate and straightforward ways to help working families succeed is to bring down their cost of living by eliminating the regressive GET on groceries and other essential items.

**We have concerns about some of the specifics of Section 3 of this measure. Increasing minimum wage by nearly 80% in such a short time period is unprecedented. As such, data is not available to help us understand how such an extreme increase might impact labor costs, business costs, prices, and job numbers.**

To reiterate some points that we have made in other testimony and which we believe the legislature is aware of:

- Hawaii is consistently ranked as one of the worst states to do business,
- Minimum wage increases have been tied to price increases,
- The covid-19 pandemic and economic downturn hit our state harder than any other and for those businesses that survived full recovery will take years.

We believe that an increase to \$15 enacted incrementally would accomplish the goals of this measure and has less potential to compromise the economic recovery that our business community is working towards.

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:

\$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

We thank you for putting forward a thoughtful proposal that take a multifaceted approach to helping working families. We appreciate your continued attention to all the consequences of increasing labor costs in our State, and we thank you for the opportunity to provide testimony.

**HB-2510-HD-2**

Submitted on: 3/21/2022 9:14:18 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Gladys C Baisa      | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Please pass with amendments to raise the minimum wage to \$18 per hour by 2026 and eliminate expansion of the tip credit. Thank you.



**HB-2510-HD-2**

Submitted on: 3/21/2022 9:41:25 AM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>                  | <b>Testifier Position</b> | <b>Testify</b>         |
|---------------------|--------------------------------------|---------------------------|------------------------|
| John Witeck         | Testifying for Hawaii Workers Center | Comments                  | Written Testimony Only |

Comments:

The Hawaii Workers Center strongly supports raising the very low Hawaii minimum wage of \$10.10 an hour, but HB2510 is not sufficient. Please strengthen HB 2510 to remove tip credit and shorten the period over which the minimum wage is raised to \$18 an hour. Low-wage workers desperately need a boost in their pay, and this would benefit all workers in Hawaii and also help businesses who service the needs of these workers and their families.

Hawaii has an extremely high cost-of-living and the current inflation rate for necessities including gasoline has imposed even greater hardships. Ideally, the Legislature should be proactive and have foresight and raised the minimum wage to \$25 by 2025. That is the position of the Hawaii Workers Center and it is supported by studies which show that even \$18 an hour is not sufficient to support the average family. Most low-wage workers have to work two or three jobs, even in the mainly unionized hotel sector.

Please act to amend HB 2510 to make it more in line with the Senate bill, SB2018. Mahalo for considering our testimony.

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

FROM: Jenn Kagiwada, Hilo

DATE: March 21, 2022

SUBJECT: HB2510 Relating to Income

Aloha Senators,

I am writing to request that you please make the following amendments to HB2510:

- Set 2026 as the date for \$18/hour minimum wage increase
- Do not expand the tip penalty
- Add automatic cost of living adjustments

Thank you for staying in this fight for the people of Hawai'i!

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

RE: HB 2510 HD2 - RELATING TO INCOME

MONDAY, MARCH 21, 2022

JOSH FROST, CHAIR  
DEMOCRATIC PARTY OF HAWAII LABOR CAUCUS

Chair Taniguchi and Members of the Committee:

The Democratic Party of Hawaii Labor Caucus **opposes HB2510 HD2 Relating to Income**, which makes the EITC refundable and permanent, increases the minimum wage to \$18 an hour by 2028, and increases the tip credit.

The refundable and permanent EITC is and we are supportive of it. We are, however, very disappointed the refundable Food/Excise Tax Credit and Household and Dependent Care Tax Credit language was removed. This makes no sense when the cost of child care continues to increase and families continue to struggle just to get by.

The minimum wage provisions don't go nearly far enough fast enough to provide the substantial wage increase minimum wage earners need today. With such a painfully slow move to \$18 an hour (setting aside the substantial tip credit increase), accounting for an average inflation rate, \$18 in 2028 is the equivalent of just \$16 in today's dollars. In today's dollars, DBEDT's Self-Sufficiency report says the hourly minimum wage **in 2020** needed to be \$18.35 for an individual and more than \$20 for a family of four. **This minimum wage proposal doesn't get to by the end of the decade where we needed to be two years ago.**

Once again, this minimum wage proposal seems to take into account the concerns of business owners, despite a preponderance of evidence which suggests the majority of those concerns are unfounded.

During the period of 2014-2018 when the last minimum wage increases took effect, there was no measurable job loss. In fact, each year during that period, the unemployment rate dropped. By this measure, it seems the bill strives not to lift minimum wage workers out of poverty, but rather slow the rate at which they fall behind.

Further, there is no evidence that businesses in Hawaii suffered from the last round of increases. Rather, the Federal Reserve Economic Data shows Hawaii's real GDP rose during that period. From this data, one could conclude that raising the minimum wage actually helped Hawaii's economy overall.

The minimum wage is not intended to be a "starting wage," but in fact a "living wage. That the majority of minimum wage workers are teenagers is just false. According to DBEDT, four out of five workers who make less than \$17 an hour are at least 25 years old.

Also, while raising wages would likely result in an increase in prices, the benefit to workers far exceeds the resulting price increases. We're talking about a matter of cents, not dollars.

Finally, this bill dramatically increases the tip credit, which allows customers to subsidize employees' wages, while employers essentially steal labor from their workers. What's more, the tip credit can find its historic roots in racism and misogyny. Is that really the legacy this committee wishes to perpetuate?

We implore you to make substantial changes to this bill. Please restore the refundable Food/Excise Tax Credit and Household and Dependent Care Tax Credit language. And please replace the minimum wage provisions with the language existing in SB2018. So many working families continue to struggle; show your support for them by making these changes. Short of that, we urge you to hold this bill.

Mahalo for the opportunity to submit testimony today.

**HB-2510-HD-2**

Submitted on: 3/21/2022 2:15:24 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Laura Ramirez       | Individual          | Support                   | Written Testimony<br>Only |

Comments:

Aloha,

I support HB2510 and urge you to pass it with 2 amendments:

1. Raise Minimum Wage to \$18 by 2026
2. Eliminate any expansion of the tip credit

Mahalo for supporting the hardworking people of Hawai'i struggling to survive!

Laura Ramirez

Kapa'a, Kaua'i

# IRON WORKERS STABILIZATION FUND

Chair Brian Taniguchi  
Committee on Labor, Culture, & the Arts  
Hawaii State Senate  
State Capitol

Dear Chair Taniguchi & Members of the Committee:

Re: HB 2510, H.D.2 - Minimum Wage

The Hawaii Ironworkers Stabilization Fund opposes H.B. 2510, H.D.2 which takes too long to reach \$18 an hour and reduces the minimum wage for tipped workers by up to \$2.75.

To be clear, we strongly support increasing the minimum wage to \$18 an hour or higher to help working families struggling to make ends meet. As we all know, Hawaii's cost of living is the highest in the nation and a single worker in Hawaii needs to earn over \$18 an hour today to simply survive at the most basic level. Unfortunately, H.B. 2510, H.D.2 does not reach \$18 an hour until 2028 and reduces the income of tipped earners by \$2.75 an hour; a significant \$2.00 increase from our current \$0.75 tip penalty.

We believe this is bad public policy. Seven states in the country do not have a tip penalty – they include California, Nevada, Washington, Oregon, Minnesota, Montana and Alaska and the restaurant industry is doing just fine in those states. In fact, California has the most restaurants of all the states and Las Vegas is predominantly a service sector driven economy. In these states and cities, workers earn the same minimum wage regardless of their job and we believe that is the right approach.

The fact is, workers who earn below the minimum wage, which are often women in the restaurant industry, are forced to rely on tips which can be unreliable but are also forced to accept illegal and bad behavior to simply survive. Women are often sexually and verbally harassed and even abused and generally this is not reported because many workers need the tips to survive. Increasing the tip penalty will only make the situation worse. We strongly encourage eliminating the tip credit so workers, especially women have the financial freedom to report bad customers committing illegal and bad behavior. All workers should be earning the same minimum wage regardless of their profession and no worker should be earning a subminimum wage.

Furthermore, H.B 2510, H.D.2, takes a painfully slow 6 years to reach \$18 an hour. This is simply too long as workers will fall further behind and struggle to make ends meet and will continue to need state and federal economic relief. We believe the minimum wage needs to be increased quicker and suggest amending H.B. 2510, H.D.2 to increase the minimum wager to \$14 this year, \$16 in 2024 and \$18 in 2026. If we don't workers will continue to struggle.

Simply put - workers in Hawaii are struggling and quite frankly drowning. We have lost our middle class and essentially only the rich and poor exist in Hawaii today. We need strong economic policies to lift workers out of poverty and one way to help address this dire situation is by moving and passing a strong minimum wage bill. We need a minimum wage bill that gets to \$18 an hour as quickly as possible while also eliminating the tip penalty.

**HB-2510-HD-2**

Submitted on: 3/21/2022 2:42:59 PM

Testimony for LCA on 3/21/2022 3:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Cynthia Maryanoff   | Individual          | Support                   | Written Testimony<br>Only |

Comments:

**Increasing the minimum wage in Hawai'i to \$18 per hour by 2026, without increasing the Tip Penalty, will have a hugely positive impact on the lives of all working people.**