



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
www.labor.hawaii.gov

April 5, 2022

To: The Honorable Donovan M. Dela Cruz, Chair,
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Tuesday, April 5, 2022
Time: 10:15 a.m.
Place: Conference Room 211 & Videoconference

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

Re: H.B. 2510 H.D.2 S.D.1 RELATING TO INCOME

I. OVERVIEW OF PROPOSED LEGISLATION

HB2510 HD2 SD1 proposes to amend Section 387-2, Hawaii Revised Statutes (HRS), by incrementally increasing the minimum wage from \$10.10 to \$18.00 beginning on October 1, 2022, to January 1, 2026, and incrementally decreasing the tip credit from 75 cents to 35 cents beginning on October 1, 2022, and to 0 cents beginning January 1, 2026.

The DLIR supports this proposal.

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

April 4, 2022

TO: The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways & Means

FROM: Cathy Betts, Director

SUBJECT: **HB 2510 HD2 SD1 - RELATING TO INCOME.**

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

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the increase in the minimum wage, provides comments, and defers to the Department of Taxation.

PURPOSE: The purpose of the bill is to increase the State's minimum wage incrementally to \$12.00 per hour beginning October 1, 2022; \$15.00 per hour beginning January 1, 2024; and \$18.00 per hour beginning January 1, 2026. Reduces the tip credit to 35 cents per hour beginning October 1, 2022, and zero cents per hour beginning January 1, 2026.
(SD1)

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 SD1 amended the measure by:

- (1) Deleting the purpose section;
- (2) Deleting section 2 relating to the earned income tax credit;
- (3) Replacing the schedule of the minimum wage increase with the schedule provided in S.B. No. 2018 (Regular Session of 2022);
- (4) Reducing the tip credit to 35 cents per hour beginning October 1, 2022, and zero cents per hour beginning January 1, 2026; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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.

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 WAYS AND MEANS
ON
HOUSE BILL NO. 2510, H.D. 2, S.D. 1

April 5, 2022
10:15 a.m.
Room 211 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, S.D. 1, amends Section 387-2, HRS, to increase the minimum wage incrementally to \$12.00 per hour beginning October 1, 2023; \$15.00 per hour beginning January 1, 2024; and \$18.00 per hour beginning January 1, 2028, and decrease the tip credit to \$0.35 per hour beginning October 1, 2022, and \$0.00 per hour beginning January 1, 2026.

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 4.66%, regular State employee wage levels should exceed these minimum wage amounts.

Thank you for your consideration of our comments.

Attachment

HB 2510, HD2 SD1 - Estimated Impact on State Casual Employee Cost

Department	Full-Time Equivalents < \$18.00/hr	Cost					Total
		FY 23	FY 24	FY 25	FY 26	FY 27	
Attorney General	1.00	1,794	5,512	8,632	11,752	14,872	42,562
Bus. Economic Dev. & Tourism	0.49	875	2,690	4,212	5,735	7,258	20,770
Defense	51.00	3,191	7,613	10,972	79,108	147,245	248,128
Education	1,304.00	1,067,877	3,900,562	6,377,289	10,754,544	15,131,799	37,232,071
Human Service	10.50	33,503	79,937	115,203	150,469	185,735	564,846
Health	1.48	4,043	10,231	15,072	19,913	24,753	74,012
Libraries	11.00	32,604	77,792	112,112	146,432	180,752	549,692
Transportation	3.00	6,552	18,096	27,456	36,816	46,176	135,096
University of Hawaii	*	2,166,151	5,168,361	7,448,520	9,728,680	12,008,839	36,520,552
Total	1,382.46	3,316,590	9,270,794	14,119,468	20,933,448	27,747,429	75,387,729

Notes:

All Departments except UH - bring up to minimum wage.

UH - raise all student employment by the same percentage to bring bottom of schedule to minimum + \$0.50/hr per policy.

Need to request UH counts.

Increases to from \$10.10/hr to \$12.00/hr Oct. 2022 (3/4 FY 23); \$15.00/hr Jan. 2024 (1/2 FY 24); \$18.00 Jan. 2026 (1/2 FY 26).

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

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

April 4, 2022

Honorable Donovan M. Dela Cruz, Chair
Honorable Gilbert S.C. Keith-Agaran, Vice Chair
Committee on Ways and Means
Conference Room 211 & Videoconference

Re: H.B. No. 2510 HD2 SD1– Relating to Income

Honorable Chair Dela Cruz and Vice Chair Keith-Agaran:

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 SD1 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.

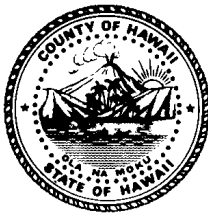
Mahalo a nui loa for your favorable consideration.

Very truly yours,

Maile David

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

REBECCA VILLEGAS
Council Member
District 7, Central Kona



PHONE: (808) 323-4267
FAX: (808) 323-4786
EMAIL: 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*

April 4, 2022

TESTIMONY OF REBECCA VILLEGAS
COUNCIL MEMBER, HAWAI'I COUNTY COUNCIL
ON HB 2510 HD2 SD1, RELATING TO INCOME
Committee on Ways and Means
Tuesday, April 5, 2022 10:15 a.m.

Aloha Chair Dela Cruz and Members of the Committee:

I thank you for the opportunity to testify in SUPPORT of HB 2510 HD2 SD1. 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 Ways and Means 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

LATE



Testimony of the

Hawai'i State Association of Counties

on

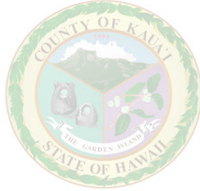
H.B. No. 2510, H.D.2

Relating to Income.

Committee on Ways and Means

Tuesday, April 5, 2022, 10:15 a.m.

Conference Room 211



The Hawai'i State Association of Counties (HSAC) **supports** the intent of H.B. 2510, H.D.2 S.D.1, 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 Hawai'i State Association of Counties strongly supports any measure that establishes a living wage and requests your favorable consideration of this measure.



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: April 1, 2022

To: Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Committee Ways and Means

From: Victor Lim, Legislative Lead

Subj: HB 2510, HD 2, SD1 Relating to Income

The Hawaii Restaurant Association representing 3,400 restaurants here in Hawaii has serious concerns on HB 2510, HD 2, SD1 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 to recover. 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 lowered 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.





Randy Perreira
President

HAWAII STATE AFL-CIO

888 Mililani Street, Suite 501 • Honolulu, Hawaii 96813

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

The Thirty-First Legislature, State of Hawai'i
Hawai'i State Senate
Committee on Ways and Means

Testimony by
Hawai'i State AFL-CIO
April 5, 2022

H.B. 2510 H.D. 2, S.D. 1 – RELATING TO
INCOME

The Hawai'i State AFL-CIO is a state federation of 74 affiliate local unions and councils with over 68,000 members across both public and private sectors. We appreciate the opportunity to testify in **support** of H.B. 2510 H.D. 2, S.D.1 **with comments**.

Hawai'i's most economically vulnerable workers are suffering from a living wage shortage, and it is time to raise the wage floor for all workers. This measure moves Hawai'i's low-wage earners in the right direction towards a wage that dignifies their labor.

We support this measure's purpose and intent to address the wage shortage issue by increasing the minimum wage and by reducing, then eventually eliminating the tip credit. We also maintain our position that a raise to the minimum wage should at least match today's community-driven wage of \$15 per hour.

We appreciate your favorable consideration of our testimony with comments on H.B. 2510 H.D. 2, S.D.1.

Respectfully submitted,

Randy Perreira
President



To: Senate Committee on Ways and Means
Hearing Date/Time: April 5, 2022 10:05AM
Re: Testimony in STRONG SUPPORT of HB2510 HD2 SD1

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and the Members of Committee, Members of AAUW of Hawaii thank you for this opportunity to testify in strong support of HB2510 HD2 SD1 which would increase the minimum wage to \$18 per hour and reduce the tip credit to zero cents per hour by 2026.

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

Minimum wage should be adjusted automatically to keep pace with the rising cost of living, and adjusted automatically with the Consumer Price Index. We request that you amend HB2510 as such.

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

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

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

Sincerely,



A handwritten signature in grey ink, appearing to be "Y. Overly".

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



**Testimony to the Senate Committee on Ways and Means
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair
April 5, 2022, 10:15 a.m.
Via Videoconference; Conf. Room 211
HB 2510, HD2, SD1, Relating to Income**

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the WAM Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations (HANO), I would like to express our support for **HB 2510, HD2, SD1, Relating to Income**.

HANO is a statewide, sector-wide professional association of nonprofits. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Our member organizations provide essential services to every community in the state.

HANO polled its nonprofit members on the topic of minimum wage, and nearly 91% of respondents said HANO should support minimum wage increase legislation. Respondents represented a diverse cross section of nonprofits, varying in organization/budget size, island and mission. HANO recognizes that to effectively carry out its missions, nonprofit organizations must pay its employees a livable wage. As one respondent simply stated, "It's a matter of prioritizing people first. Without them the organization would not be able to accomplish our strategic goals."

Furthermore, the nonprofit sector shares the goal of improving our broader community. Many of our nonprofit organizations service people with needs stemming from poverty and systemic inequity. Living wages are necessary to ensure Hawaii's families can thrive and lessen the need for publicly funded services.

For these reasons, HANO supports efforts to increase the minimum wage.

We note that some State contracts with nonprofits for the provision of services to the community have not kept up with increasing wage costs over the years. Similar to ensuring a livable wage for residents, we hope that funders of nonprofit services, in both the executive and legislative branches, acknowledge the need to reflect realistic labor costs in contracts and payments so that nonprofit providers can continue to deliver the same level of quality services.

Thank you for the opportunity to provide written testimony.

Mahalo,

Lisa Maruyama
President and CEO

HB-2510-SD-1

Submitted on: 4/1/2022 9:25:46 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Mike Golojuch, Sr.	Testifying for Rainbow Family 808	Support	Written Testimony Only

Comments:

Rainbow Family 808 supports HB2510. Please pass this bill. Thanks.

Mike Golojuch, Sr., Secretary/Board Member, Rainbow Family 808

**STONEWALL
CAUCUS**

FORMED IN 2001



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

April 2, 2022

Senate's Committee on Ways and Means
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Hearing: Tuesday, April 5, 2022 – 10:15 a.m.

RE: **STRONG Support for House Bill 2510 HD 2 SD 1**

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and fellow committee members,

I am writing in strong support on behalf of the Stonewall Caucus of the Democratic Party of Hawaii (formerly the LGBT Caucus) regarding House Bill 2510 HD 2 SD 1. HB 2510 will increase the State's minimum wage incrementally to \$12.00 per hour beginning October 1, 2022; \$15.00 per hour beginning January 1, 2024; and \$18.00 per hour beginning January 1, 2026. Reduces the tip credit to 35 cents per hour beginning October 1, 2022, and zero cents per hour beginning January 1, 2026.

Hawaii's working poor need the support and assistance that this bill provides.

We hope that each and every one of you will support the bill and advocate fiercely to ensure that Hawaii's workers get the raise that they deserve and need to just survive.

Mahalo nui loa,

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



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

April 2, 2022

Senate's Committee on Ways and Means
Hawai'i State Capitol
415 South Beretania Street
Honolulu, HI 96813

Hearing: Tuesday, April 5, 2022 – 10:15 a.m.

RE: FULL Support with for House Bill 2510 HD 2 SD 1

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, 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 fully supports HB 2510 HD 2 SD 1 in its current form. HB 2510 will Increase the State's minimum wage incrementally to \$12.00 per hour beginning October 1, 2022; \$15.00 per hour beginning January 1, 2024; and \$18.00 per hour beginning January 1, 2026. Reduces the tip credit to 35 cents per hour beginning October 1, 2022, and zero cents per hour beginning January 1, 2026.

We are so happy that this version of the bill will work to eliminate the “tip credit” since tipping is one of the many remaining relics of slavery in our country. As tipping was a way for businesses to “hire” freed slaves without having to pay them as to not get those that support(ed) slavery mad at them.¹ With the “tip credit” in place it makes almost impossible for tipped workers to ever take a vacation or a sick day, if their employer evens offer them. Because if the worker does they are making below minimum wage.

Pride at Work – Hawai'i humbly asks that you join us and fully support HB 2510 HD 2 SD 1 to support the working class.

In solidarity,

Pride at Work – Hawai'i

<https://www.fordfoundation.org/news-and-stories/stories/posts/american-tipping-is-rooted-in-slavery-and-it-still-hurts-workers-today/>



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Hawai'i Civil Rights Commission

Trina Orimoto
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Derrick Kiyabu
Hawai'i Island Resident

Philip Garboden
Assistant Professor,
University of Hawai'i at Mānoa

HACBED Staff

Brent N. Kakesako
Executive Director

Merri Keli'ikuli
Office Manager & Program Support

Corin Thornberg
Community-Based Economic Development Project Associate

Date: April 2, 2022
To: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice-Chair, and members of the Committee on Ways & Means
From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic Development (HACBED)
Re: Support for HB 2510 HD 2 SD 1

Aloha e Chair Dela Cruz, Vice-Chair Keith-Agaran, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) supports HB 2510 HD 2 SD 1, which increases the State's minimum wage incrementally to \$12.00 per hour beginning October 1, 2022; \$15.00 per hour beginning January 1, 2024; and \$18.00 per hour beginning January 1, 2026; and reduces the tip credit to 35 cents per hour beginning October 1, 2022, and zero cents per hour beginning January 1, 2026.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development and asset building strategies. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED played a facilitating role in the State Asset Policy Task Force and was a key contributor to the State Asset Policy Road Map. HACBED also facilitated the Family & Individual Self-Sufficiency Program (FISSP), which administers the Internal Revenues Services' Volunteer Income Tax Assistance (VITA) program as a part of its larger asset building and financial education initiatives for families in Hawai'i. As such, HACBED supports the proposed bill as it would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026 and phase out the harmful state tip penalty – both of which will have a positive impact on our local economy.

Through HACBED's efforts with providing VITA services, we have heard countless stories of the importance that a stable wage provides. As such, we support HB 2510 HD 2 SD 1 as it would increase our state's minimum wage to \$18 and remove the harmful tip credit by 2026.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director
Hawai'i Alliance for Community-Based Economic Development

HB-2510-SD-1

Submitted on: 4/2/2022 9:47:26 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
John Witeck	Testifying for Hawaii Workers Center	Support	Written Testimony Only

Comments:

The Hawaii Workers Center wholeheartedly supports HB2510 SD1 because it will raise the state minimum wage 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, Our Center strongly agrees with the Senate Labor Committee's recommended timeline. Ideally, the minimum wage should reach \$25 within the next several years, although \$18 is a good step forward from the current \$10.10 minimum wage. But given Hawaii's high cost-of-living, much more is needed.

This hike in the minimum wage to \$18 would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right now. We believe the overall economy will do better if low-wage workers can purchase more of what they and their families need.

The Center believes that the harmful state tip penalty should be removed. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs through customer tipping. The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

All business owners should be required to pay *all* their workers a living wage—enough for them to not just survive, but thrive on, and not have to work 2 or 3 jobs or rely on receiving tips for their service.

We support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families.

We urge our legislators to support this bill. It will have a significant and beneficial impact for Hawai'i's low-wage workers and their families.

April 2, 2022

Chair Donovan M. Dela Cruz
Vice-Chair Gilbert S.C. Keith-Agaran
Senate Committee on Ways & Means
Tuesday, April 5, 2022
10:15 AM
Conference Room 221



RE: **Strong Support of HD2510 HD2 SD2 - Raising Minimum Wage**

Dear Chair Dela Cruz, Vice Chair Keith-Agaran & Committee Members,

The Chamber of Sustainable Commerce, representing business owners from across the state who believe we can strengthen our economy without hurting employees, communities and the environment, supports HD2510 HD2 SD1, which will gradually raise the state minimum wage to \$18/hour and remove the tip-penalty by 2026.

According to the April 4, 2016, Washington Post article titled, "Leaked Documents Show Strong Business Support For Raising The Minimum Wage", a survey of 1000 business owners conducted by a republican pollster showed that "80 percent of respondents said they supported raising their state's minimum wage, while only eight percent opposed it." These data points countered the misrepresentations made to lawmakers across the country by Chamber of Commerce leaders opposing efforts to raise the minimum wage.

Economists have long debunked the Reagan-era, "trickle-down" theory that these misguided Chamber leaders continue to peddle to lawmakers. In contrast, more recently, we all witnessed the Trump administration successfully deploying "trickle-up" economics by giving an additional \$600 to Hawaii's unemployed, which contributed to the current billion dollar surplus in our state budget.

Whether we give the unemployed a universal basic income or allow our state's lowest-wage workers an opportunity to earn something more than poverty-wages, the health of our Hawaii's general-excise-tax economy relies on people spending on local goods and services. Minimum-wage earners do a better job circulating money locally than those who profit off paying workers poverty-wages.

Kauai employer Joell Edwards explains, "I already pay substantially above the minimum-wage, this would force the national box stores like Walmart to pay local workers more; the more workers earn the more discretionary spending they have to support my business and a lot of other small businesses in our community."

Today, Walmart in Sunnyvale, California, is already required to pay a minimum-wage of \$17.10/hour. When these national corporations are allowed to pay Hawaii workers poverty-wages of \$10.10/hour, causing working families to slip into homelessness, Hawaii taxpayers end up funding the social safety nets these families rely on. We are basically subsidizing the profit margins of these large, national corporations. This is not fair; we can do better - for workers, locally-owned businesses and our state's economy.

Hawaii Legislative Council	Kim Coco Iwamoto AQuA Rentals, LLC Honolulu	Elle Cochran Maui Surfboards Maui	Russel Ruderman Island Naturals Hilo / Kona	Joell Edwards Wainiha Country Market Kauai	Maile Meyer Na Mea Hawaii Honolulu
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Committee on Ways and Means
Chair Dela Cruz, Vice Chair Keith-Agaran

Tuesday, April 5, 2022, 10:15 AM Room 211 and Videoconference
HB2510 HD2 SD1 — RELATING TO INCOME

TESTIMONY

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

Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members:

The League of Women Voters of Hawaii strongly supports HB2510 HD1 SD2 which increases the minimum wage by increments to \$18 by 2026, reduces the tip credit in 2022 and eliminates it in 2026.

The League of Women Voters supports economic, fiscal and social policies which meet basic human needs. With Hawaii's high cost of living, and the decreased value of our minimum wage 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.

Decreasing and ultimately eliminating the tip credit is a step toward economic justice. The tip credit allows some business owners to pay their workers a sub-minimum wage while customers subsidize business labor costs.

We urge this committee to reinstate the original Section 4 of HB2510. We regret that the Committee on Finance removed this Section which provided for annually modifying the minimum wage by the average 3-year increase to the statewide median hourly wage for all occupations. Without it we again begin the gradual depletion of the value of the minimum wage and the poverty to which minimum wage workers are condemned.

Thank you for the opportunity to submit testimony.

League of Women Voters of Hawaii
P.O. Box 235026 ♦ Honolulu, HI 96823
Voicemail 808.377.6727 ♦ my.lwv.org/hawaii ♦ voters@lwvhi.org

League of Women Voters of Hawaii
P.O. Box 235026 ♦ Honolulu, HI 96823
Voicemail 808.377.6727 ♦ my.lwv.org/hawaii ♦ voters@lwvhi.org

HB-2510-SD-1

Submitted on: 4/2/2022 4:55:19 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Alec Marentic	Testifying for Hawaii Association of School Psychologists	Support	Written Testimony Only

Comments:

The Hawaii Association of School Psychologists supports this legislation.

IATSE LOCAL 665

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INTERNATIONAL ALLIANCE OF THEATRICAL STAGE EMPLOYEES, MOVING PICTURE TECHNICIANS, ARTISTS AND ALLIED CRAFTS
OF THE UNITED STATES, ITS TERRITORIES AND CANADA, AFL-CIO, CLC

The Thirty-First Legislature, State of Hawai'i
Hawai'i State Senate
Committee on Ways and Means

Testimony by
IATSE Local 665
April 2nd, 2022

H.B. 2510 HD 2 SD 1 - MINIMUM WAGE

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee,

My name is Tuia'ana Scanlan, President of IATSE Local 665. Local 665 represents Entertainment Technicians in Stagecraft, Tradeshow & Conventions, and Film/TV industries across the State of Hawaii. **We submit this testimony in strong support of H.B. 2510 HD 2 SD 1.**

Minimum wage was *always* intended to be a living wage. When it was signed into law by President Franklin Deleanor Roosevelt, he is quoted as saying *"In my Inaugural I laid down the simple proposition that nobody is going to starve in this country. It seems to me to be equally plain that no business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By "business" I mean the whole of commerce as well as the whole of industry; by workers I mean all workers, the white collar class as well as the men in overalls; and by living wages I mean more than a bare subsistence level - I mean the wages of decent living."* His words were no less true then than they are now. Raising the minimum wage would result in a reduction of public assistance expenditures. By increasing the purchasing power of minimum wage earners, the reliance upon SNAP benefits would be drastically reduced.

Businesses depend on customers who make enough to afford their services. This boost to consumer spending power would immediately be fueled back into the local economy, as minimum wage earners are too busy trying to keep their heads above water to hoard their money. The economic impact of raising Hawai'i's minimum wage to a living wage would be unparalleled.

We strongly support increasing the minimum wage to \$18/hour by January 1st, 2026. We applaud the Senate for the foresight and courage in amending the language of this bill to eliminate the tip credit by that same date. Tipped employees are often from underrepresented communities who already struggle to overcome the systemic barriers to economic stability -

Women, Native Hawaiians, our LGBTQ ohana, and BIPOC communities. Workers should have the right to earn the same minimum wage, regardless of the industry in which they work.

Local working families deserve the dignity that a living wage provides. Raising the minimum wage is a housing issue, a mental health issue, a substance abuse issue, a pay equity issue, a public safety issue, and a public health issue. It is imperative that HB 2510 HD 2 SD 1 is passed in its current form. It is for these reasons that **we strongly support H.B. 2510 HD 2 SD 1**. Thank you for this opportunity to testify.

Respectfully,

A handwritten signature in black ink, appearing to read 'Tuia'ana Scanlan', written in a cursive style.

Tuia'ana Scanlan
President, IATSE Local 665
he/him/his



Before the Senate Committee on Ways and Means

DATE: April 5, 2022

TIME: 10:15 a.m.

PLACE: VIA VIDEOCONFERENCE

Re: HB 2510, HD2, SD1, Relating to Income

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the committee:

We are testifying on behalf of the National Federation of Independent Business (NFIB) in opposition to HB 2510, HD2, SD1, 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.



TO: Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

Members of the Committee Ways and Means

Opposition of Proposed Minimum Wage increase **without an equal or greater increase in the Tip Credit.**

From: Mattson Davis- President Magics Beach Grill – Kailua-Kona, Hawaii
Former CEO Kona Brewing Company

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
- 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. KEEP THAT!

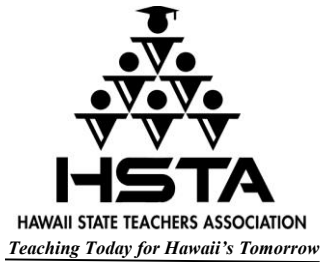
ONE SIZE DOES NOT FIT ALL! – Our restaurant tipped staff make \$25-\$65/hr. Kitchen staff are \$20-\$27/hr. – We need a bill that supports wage parity – we need to reward the skills needed to prepare GREAT food.

Do Not Kill The Goose That Lays the Golden Eggs by over pricing Hawaii AND creating more wage INEQUALITY!!

Do you want to be blamed for the creation of automated service?

- Decreased employment
- Poor quality premade food from the mainland
- Ruining the Agriculture Market in Hawaii-

Without WAGE PARITY IN THE RESTAURANT INDUSTRY THROUGH A LARGER TIP CREDIT- THERE WILL BE NO FARM TO TABLE.



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

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Wilbert Holck
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

RE: HB 2510 HD2 SD1 - RELATING TO MINIMUM WAGE

TUESDAY, APRIL 5, 2022

OSA TUI, JR., PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz and Members of the Committee:

The Hawaii State Teachers Association **supports HB 2510, HD2, SD1**, relating to minimum wage. HSTA applauds the legislature for taking on as a goal to raise minimum wage this legislative session. Our minimum wage workers earn only \$21,000 a year (working full time at \$10.10 per hour) while facing the highest cost of living in the nation. For example, a minimum wage worker in Hawai'i in 2019 would have to work 109 hours per week just to pay rent for a 1-bedroom apartment. **As you can imagine, rent is even higher now in 2022.**

The working families in Hawai'i are in need of a rapid and bold wage increase to keep them from slipping through the many widening cracks in our economic system that many have already slipped through.

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

We also support the phase-out of the harmful tip credit that allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off with customer tips. This practice needs to end, so we agree to phase it out.

Lastly, we support the Earned Income Tax Credit, and would agree to its re-inclusion to become a permanent and refundable EITC component in this bill, putting more money into the pockets of working families and strengthening our consumer economy.

To provide a living wage to all workers in Hawai'i, the Hawaii State Teachers Association asks your committee to **support this bill.**



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 Ways and Means

Re: **HB 2510, HD2, SD1 - Relating to Income**

Hawai'i State Capitol, Conference Room 211 & Videoconference

April 5, 2022, 10:15 AM

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, 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, SD1 relating to income. This bill would incrementally increase the state minimum wage to \$18 by 2026 as well as eliminate the employer tip credit to zero by 2026.

We strongly support the increase in the minimum wage as well as the elimination of the subminimum wage for tipped workers that are contained in this bill, which are what working parents need to afford to live the state with the highest cost of living in the nation.¹

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.² In other words, Hawai'i's inadequate minimum wage contributes to the struggles of working families not just now, but also in the future.

Raising the minimum wage to \$18 by 2026 would get our state closer to having a living wage. 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 2022.³ 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.

In comparison, 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 \$12.⁴ 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.

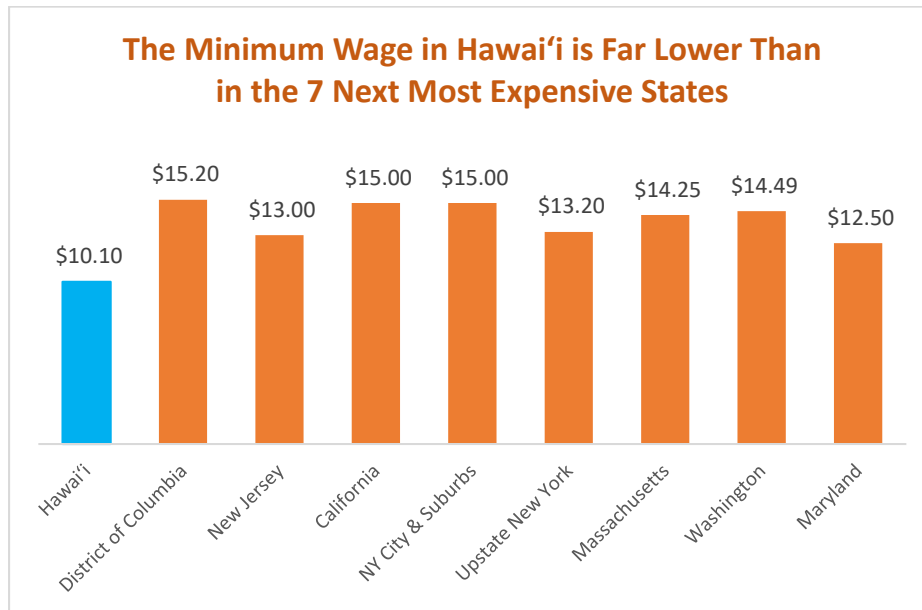
The removal of the tip credit that allows employers to pay tipped workers less than the minimum wage would also help workers afford to live here. In doing so, Hawai'i would be following the example of other states, such as California, Oregon, Washington, and Nevada, that have been paying tipped workers the full minimum wage for years, while their restaurant industries have thrived.

¹ Bureau of Economic Analysis, <https://www.bea.gov/data/prices-inflation/regional-price-parities-state-and-metro-area>

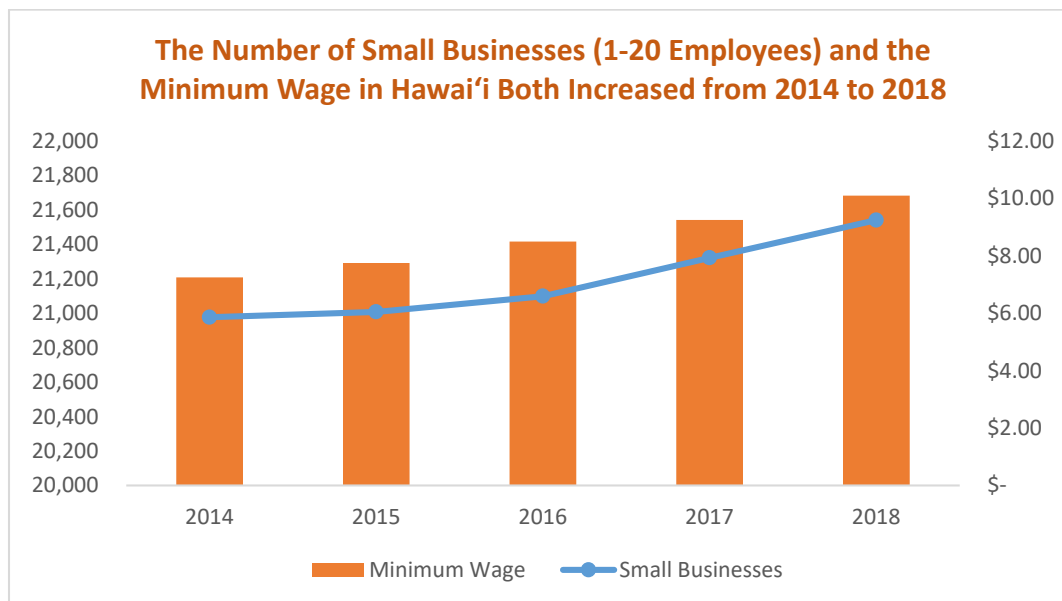
² American Psychological Association, <https://www.apa.org/pi/ses/resources/indicator/2014/06/childhood-poverty>

³ Hawai'i Department of Business, Economic Development, and Tourism
<https://files.hawaii.gov/dbedt/annuals/2021/2021-read-self-sufficiency.pdf>

⁴ Economic Policy Institute, <https://www.epi.org/minimum-wage-tracker/>



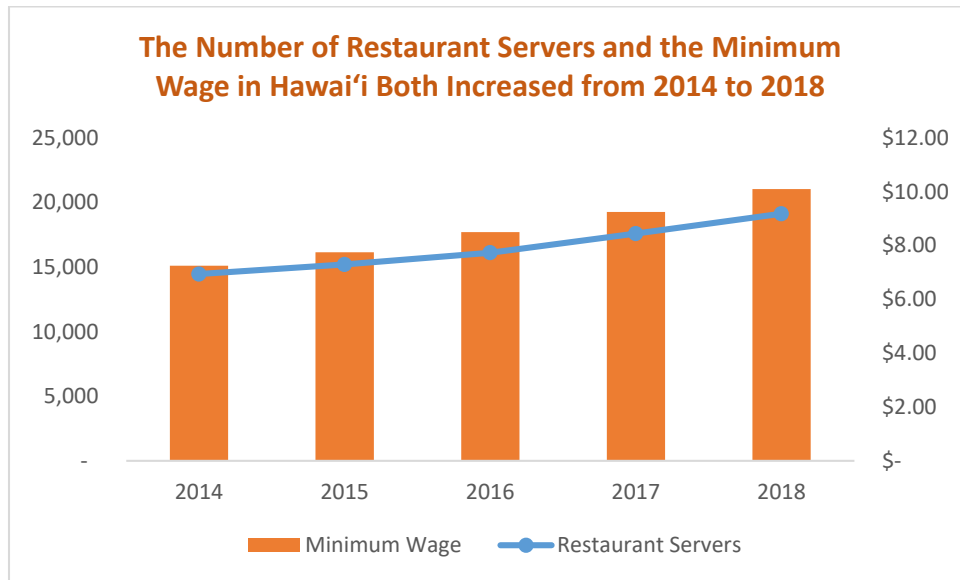
The last time Hawai'i's minimum wage increased, each year from 2015 to 2018, our state's small businesses grew, while the unemployment rate dropped to record lows. In fact, the number of Hawai'i small businesses with up to 20 employees increased along with the minimum wage, from 20,977 in 2014 to 21,541 in 2018. ⁵



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. ⁶

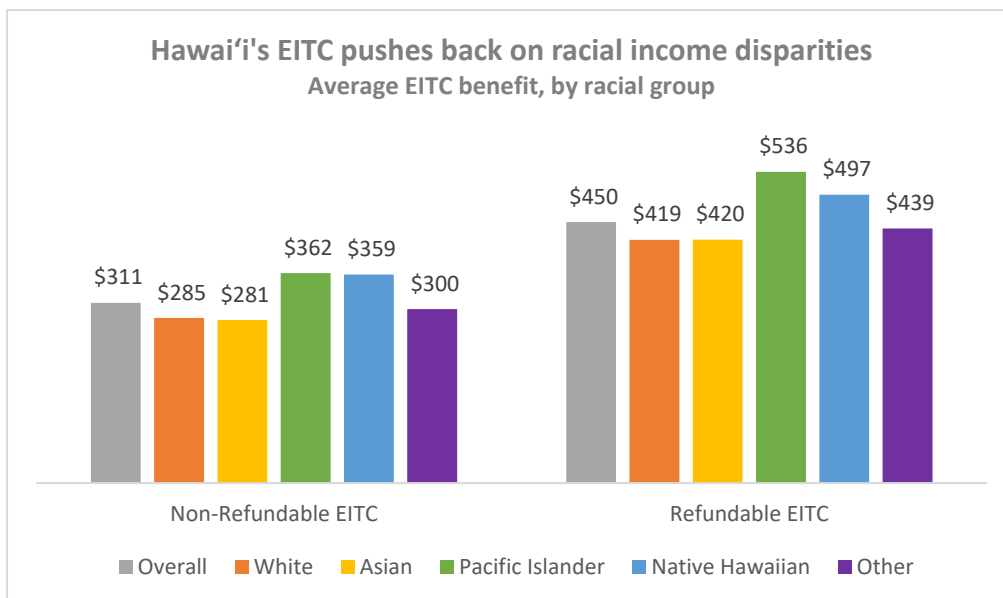
⁵ U.S. Small Business Association, <https://advocacy.sba.gov/category/research/state-profiles/>

⁶ U.S. Bureau of Labor Statistics, <https://www.bls.gov/oes/#data>



We respectfully request that the section of this bill that would improve the Hawai'i's Earned Income Tax Credit (EITC) be restored to this bill. The EITC improvements in prior versions of this bill would prevent it from expiring at the end of 2022 and enable the lowest-income families to get the FULL amount of the credit that they qualify for.

Making the EITC refundable, 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.⁷



⁷ 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 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.⁸

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.**⁹

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 rule¹⁰ 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.¹¹

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 will be significantly higher than in FY 2019.¹²

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

⁸ Institute on Taxation and Economic Policy, <https://itep.org/whopays/hawaii/>

⁹ Institute on Taxation and Economic Policy, <https://itep.org/state-level-eitc-victories-in-2021/>

¹⁰ Internal Revenue Service, <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

¹¹ Institute on Taxation and Economic Policy, <https://itep.org/state-level-eitc-victories-in-2021/>

¹² Council on Revenues, https://tax.hawaii.gov/useful/a9_1cor/



Senate Committee on Ways and Means
April 5, 2022 at 10:15 a.m.
State Capitol Conference Room 211 and Videoconference

SUPPORTING HB 2510 HD 2 SD 1

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 minimum wage correlates with an increase in the gross state product, a reduction in the unemployment rate, and an expansion of the small business sector.

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.



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

Executive Officers

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Eddie Asato, Pint Size Hawaii, *Vice Chair*
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Lauren Zirbel, HFIA, *Executive Director*
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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 Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: April 5, 2022
TIME: 10:15 A.M
PLACE: Via Videoconference

RE: HB2510 HD2 SD1 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. A previous version of this measure included sections to make the earned income tax credit refundable and permanent and to increase the refundable food excise tax credit. We support both of these efforts.

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 the current version 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.



**TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
APRIL 5, 2022
Re: HB 2510 HD2 SD1 RELATING TO INCOME**

Good morning, Chairperson Dela Cruz and members of the Senate Committee on Ways and Means. 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 SD1 Relating to Income, we prefer the HD1 minimum wage schedule over the SD1 version. This measure as currently written increases the State's minimum wage incrementally to \$12.00 per hour beginning October 1, 2022; \$15.00 per hour beginning January 1, 2024; and \$18.00 per hour beginning January 1, 2026. Reduces the tip credit to 35 cents per hour beginning October 1, 2022, and zero cents per hour beginning January 1, 2026.

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. For those departments that are eliminated, not all will be replaced by local third party companies. Local businesses will seek the most cost-effective solution and that often means outsourcing to the mainland or internationally where it is cheaper.
- **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. On the mainland we are already seeing cashier less stores where you swipe your credit card upon entry pick out your items and leave. As you leave, your items are scanned and your credit card is charged.
- **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 locally owned 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.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

April 5, 2022

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

**TESTIMONY ON HB 2510, HD2, SD1
RELATING TO INCOME**

Conference Room 211 & Videoconference
10:15 AM

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, 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, SD1**, which increases the State's minimum wage incrementally to \$12.00 per hour beginning October 1, 2022; \$15.00 per hour beginning January 1, 2024; and \$18.00 per hour beginning January 1, 2026 and reduces the tip credit to 35 cents per hour beginning October 1, 2022, and zero cents per hour beginning January 1, 2026

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.

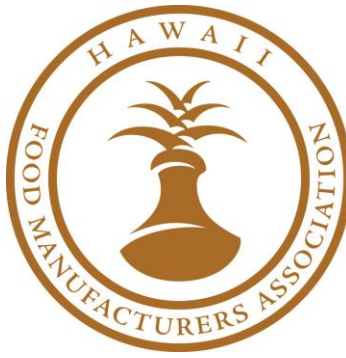
Rural areas, where many of our farms and ranches are located, face significant challenges due to their distance from population centers. Distance to markets, input transportation costs, access to labor are the many issues facing our members. Small agriculture businesses are especially vulnerable to any 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 \$12 in October of this year and the \$18 mark by 2026. We prefer the HD1 version of HB 2510.

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.



**Testimony to the Senate Committee on Ways and Means
Tuesday, April 5, 2022, at 10:15 A.M.
Conference Room 211 & Via Videoconference**

RE: HB 2510 HD2, SD1 RELATING TO INCOME

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

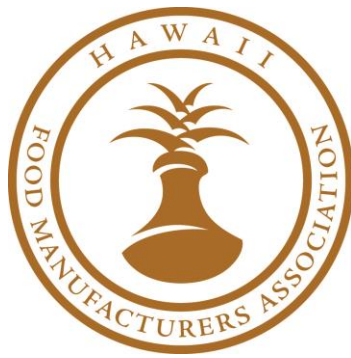
The Hawaii Food Manufacturers Association (HFMA) respectfully opposes HB 2510 HD2, SD1

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 \$12 by 2022 and \$18 by 2026 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.



Senate Committee on Ways & Means

Tuesday, April 5th 2022, 10:15a.m. Conference Room 211

Hawai'i Alliance for Progressive Action Strongly Supports: HB2510 HD2 SD1

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee,

On behalf of the Hawai'i Alliance for Progressive Action (HAPA) I am submitting testimony in **strong support of HB2510 HD2 SD1**. HAPA is a member of the Hawai'i Tax Fairness Coalition.

HAPA strongly supports raising the state minimum wage to \$18 by 2026. We believe that all business owners should be required to pay all their workers a living wage—enough for them to not just survive, but thrive on.

It costs more than \$19 an hour for a single adult with no children to just barely make ends meet in Hawai'i today, so I strongly agree with the Senate Labor Committee's recommended timeline. This policy would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, we strongly support the proposed phase-out of the harmful state tip penalty included in HB2510 HD2 SD1. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping. The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

HAPA supports the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added

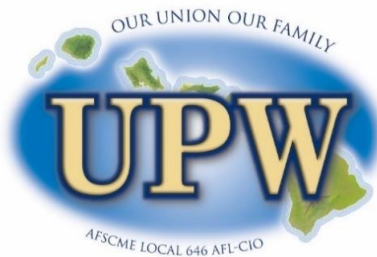
way to put more money into the pockets of working families, and to further strengthen our consumer economy.

Please pass HB2510 HD2 SD1 and support Hawaii's workers and families.

Mahalo for your consideration,

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

Anne Frederick
Executive Director



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

Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

Tuesday, April 5, 2022, 10:15AM
Conference Room 211 and via Videoconference

Re: Testimony in SUPPORT of HB2510, HD2, SD1 – RELATING TO INCOME

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

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

UPW **supports** HB2510, HD2, SD1, which increases the State’s minimum wage incrementally to \$12.00 per hour beginning on October 1, 2022; \$15.00 per hour beginning on January 1, 2024; and \$18.00 per hour beginning on January 1, 2026. Additionally, this bill would reduce the tip credit to 35 cents per hour on October 1, 2022 and zero cents per hour on January 1, 2026.

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 recent Department of Business, Economic Development, and Tourism (DBEDT) “Self-Sufficiency Income Standard” report released in December 2021 – 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 about \$18.09.

We stand with the State AFL-CIO in supporting their efforts to advocate for all of Hawaii’s workers to earn a living wage and appreciate that this bill tries to address this issue in a holistic approach to help Hawaii’s working families.

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

We appreciate the opportunity to provide testimony in support of this bill.

Sincerely,

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

Kalani Werner
State Director



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

April 5, 2022

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

HOUSE BILL 2510, HD2 - RELATING TO INCOME

SENATE COMMITTEE ON WAYS AND MEANS
The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair

Tuesday, April 5, 2022, 10:15 AM
Conference Room 211 & Videoconference

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, 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 and operate convenience stores across the Hawaiian Islands.

House Bill 2510 HD2 SD1 adjusts the State's minimum wage incrementally to \$12.00 per hour beginning October 1, 2022, \$15.00 per hour beginning January 1, 2024, and \$18.00 per hour beginning January 1, 2026.

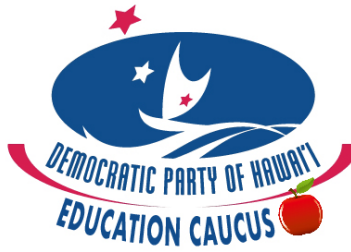
HPMA appreciates and supports the intent of a minimum wage increase but have serious concerns on the increase up to \$18.00.

Any change in the wage hourly wage will have a cascading effect on increasing cost in benefits as well as wages across all employee positions, not just those in frontline retail positions. We support fair wages for our employees but caution that increases be reasonable for many small businesses and consumers to absorb.

It is also important to note that 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.

Most local businesses are struggling to sustain and only begun to recover from revenue losses caused by the pandemic. We respectfully ask the committee reconsider mandating such steep increases at this time.

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



HOUSE BILL 2510, HD2, SD 1, RELATING TO INCOME

APRIL 5, 2022 · SENATE WAYS AND MEANS
COMMITTEE · CHAIR SEN. DONOVAN DELA CRUZ

POSITION: Strong support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus **strongly supports** HB 2510, HD1, SD 1, relating to income, which increases the state's minimum wage incrementally to \$12.00 per hour beginning October 1, 2022; \$15.00 per hour beginning January 1, 2024; and \$18.00 per hour beginning January 1, 2026; and reduces the tip credit to 35 cents per hour beginning October 1, 2022, and zero cents per hour beginning January 1, 2026.

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 support this measure's elimination of 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



April 4, 2022

Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair
Senate Ways and Means Committee
Hawaii State Legislature

Comments on HB2510 HD2 SD1 Relating to Income

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Senate Ways and Means Committee,

Thank you for the opportunity to comment on HB2510 HD2 SD1. We are in support of raising the minimum wage in the measured way proposed in this bill, but do not believe that the tip credit should be removed. Employees working in tipped positions at our resorts, hotels and restaurants typically earn more than \$40/hour in wages and tips. Some of our top restaurant servers earn more than \$100,000 annually. We believe the intent of this bill was to address employees earning the minimum wage, and therefore, kindly request that the proposed changes to the tip credit in version SD1 be removed from this bill.

The Kohala Coast Resort Association's members employ 5,000 people, supporting 20,000 residents, at their hotels, timeshares, restaurants, retail shops, golf courses and spas along the Kohala Coast. Additionally, in 2022, KCRA members will pay an estimated \$60 million in state and county TAT, and \$40 million in state and county GET.

Sincerely,

A handwritten signature in black ink that reads "Stephanie P. Donoho". The signature is written in a cursive, flowing style.

Stephanie Donoho, Administrative Director

PO Box 6991, Kamuela, HI 96743 * (808) 747-5762 * kohalacoastresortasn@gmail.com * www.kohalacoastresorts.com

Musicians' Association of Hawai'i

LOCAL No. 677, American Federation of Musicians

JAMES F. MOFFITT
President

STEVE FLANTER
Vice-President

ROBERT SHINODA
Secretary-Treasurer



April 5, 2022

The Thirty-First Legislature, State of Hawai'i
Hawai'i State Senate

Committee on Ways and Means

Honorable Donovan M. Dela Cruz, *Chair*

Honorable Gilbert S.C. Keith-Agaran, *Vice-Chair*

Honorable Members of the Senate Committee on Ways and Means

H.B. 2510 H.D. 2, S.D. 1 – Relating To Income

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee,

Musicians' Association of Hawai'i, Local 677 of the American Federation of Musicians, **supports** H.B. 2510 H.D. 2, S.D. 1 to increase the minimum wage to \$18 per hour by January 2026.

Musicians know all too well the financial burden that comes from a low minimum wage. Many musicians wear multiple hats, moonlighting as bartenders, baristas, and servers in food and beverage service to supplement their income as gigging musicians. There is also the very familiar 'work for exposure' type of compensation, or more accurately lack thereof, that is pervasive in the gig economy and negatively affects musicians and all creatives. Bottom line, musicians know low wages. We are experts on the subject.

We all suffer when the most vulnerable of the labor workforce, those receiving minimum wage, are not compensated enough to cover the cost of living in our state of Hawai'i. There is no such thing as unskilled labor. All workers deserve to make a living wage and that is why we support H.B. 2510 H.D. 2, S.D. 1.

Thank you for your consideration of our testimony on H.B. 2510 H.D. 2, S.D. 1.

Respectfully,

Christopher Cabrera
Member of Local 677 Board of Directors



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 2510, HD2, SD1: RELATING TO INCOME

TO: Senate Committee on Ways & Means
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i
Hearing: **Tuesday, 4/5/22; 10:15 am; via videoconference**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members, Committee on Ways and Means:

Thank you for the opportunity to provide testimony **in Support of HB 2510, HD2, SD1**, which incrementally increases the minimum wage beginning on 1/1/2023 to \$18/hour beginning 1/1/26, and reduces the tip credit. 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 **supports raising the minimum wage incrementally in SD1, which brings the minimum wage up to \$18/hour, as of January 1, 2026**. We strongly agree with the Senate Labor Committee's amendments in SD1 for the minimum wage, and the recommended timeline.

Our state's high cost of living, and now the rising 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. Minimum wage earners should be able to survive without having to constantly rely on public benefits to survive.

Catholic Charities Hawai'i also **strongly urges you to re-insert language from the HD2 draft for the Earned Income Tax Credit (EITC), making it permanent and refundable.**

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. An amazing 45% of residents are considering leaving Hawaii, mainly due to the cost of living. This amendment for the EITC would put money back into the pockets of working families. The EITC would help workers overcome emergencies that often happen which could put them on the edge of homelessness. This amendment would tell Hawaii's struggling workers, including the working ALICE families that the State is creating initiatives to improve living conditions for Hawai'i residents.

Both raising the minimum wage to \$18 by 2026 and making the EITC permanent and refundable would give much needed financial boosts to Hawaii's working families. We urge your support for this bill, with the suggested amendment. Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or alohabettylou@hotmail.com if you have any questions.





HB 2510, HD 2, SD 1, RELATING TO INCOME

APRIL 5, 2022 · SENATE WAYS AND MEANS
COMMITTEE · CHAIR SEN. DONOVAN DELA CRUZ

POSITION: Strong support.

RATIONALE: Imua Alliance **strongly supports** HB 2510, HD2, SD 1, relating to income, which increases the state's minimum wage incrementally to \$12.00 per hour beginning October 1, 2022; \$15.00 per hour beginning January 1, 2024; and \$18.00 per hour beginning January 1, 2026; and reduces the tip credit to 35 cents per hour beginning October 1, 2022, and zero cents per hour beginning January 1, 2026.

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 support this measure's elimination of 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.

Imua Alliance · (808) 679-7454 · www.imuaalliance.org



TESTIMONY on HB 2510 SD1 – Strong Support

TO: Chair Dela Cruz, Vice Chair Keith-Agaran , & Committee Members – Senate
Committee on Ways and Means

FROM: Trisha Kajimura
Deputy Director - Community

DATE: April 5, 2022 at 10:15 AM

Hawai'i Health & Harm Reduction Center (HHHRC) **supports HB 2510 SD1**, which increases the minimum wage for certain employees incrementally to \$18.00 per hour by 2026 and phases out the tip credit. Low-wage earners have to be able to survive and should not be forced to rely on public benefits to make ends meet for their families. This proposed minimum wage increase will help people in jobs paying minimum wage attain a better standard of living, which will have a positive effect on the rest of the state.

HHHRC also supports the Earned Income Tax Credit as an important anti-poverty measure that should be permanent and refundable. This will further strengthen our consumer economy. The EITC improves the health, education, and economic stability of children and families. Every \$1 in EITC creates \$1.24 in local economic activity.

HHHRC's mission is to reduce harm, promote health, create wellness, and fight stigma in Hawai'i and the Pacific. We work with many individuals who are impacted by poverty, housing instability, and other social determinants of health. Many of our program participants are unable to afford housing despite working full-time because their wages are too low to pay for their basic needs. Living in poverty negatively impacts individuals' ability to address their health needs and results in higher costs of care and suffering.

Thank you for the opportunity to testify on this measure.



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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: April 4, 2022

To: Senator Donovan Dela Cruz, Chair
Senator Gilbert S.C. Keith Agaran, Vice Chair
Members of the Committee on Ways and Means

Re: Support with Amendments for HB 2510, HD2, SD1, Relating
to Income

Hrg: April 5, 2022 at 10:15 AM in Conference Room 211 and via
Videoconference

The Hawai'i Public Health Instituteⁱ supports HB 2510, HD2, SD1 and offers an amendment. HB 2510 would gradually increase the minimum wage to \$18/hour and phase out the tip credit by 2026. We respectfully request the committee amends the bill and re-inserts language that would make the Earned Income Tax Credit (EITC) refundable and permanent (in the HD2 draft).

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

We also strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

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 childrenⁱⁱ.

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.

To further improve health outcomes for minimum wage workers, we respectfully request that the bill be amended to make the EITC refundable and permanent.

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 at the end.

Amanda Fernandes, JD
Policy and Advocacy Director

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

ⁱⁱ 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>.

IRON WORKERS STABILIZATION FUND

Chair Donovan Dela Cruz
Committee on Ways and Means
State Senate
State Capitol

Dear Chair Dela Cruz, Vice-Chair Keith-Agaran & Members of the Committee:

Re: HB 2510, H.D.2, S.D.1 - Minimum Wage

The Hawaii Ironworkers Stabilization Fund strongly supports H.B. 2510, H.D.2, S.D.1 which increases the state's minimum wage to \$12.00 per hour beginning October 1, 2022; \$15.00 per hour beginning January 1, 2024; and \$18.00 per hour beginning January 1, 2026 and reduces the tip credit to 35 cents per hour beginning October 1, 2022, and zero cents per hour beginning January 1, 2026.

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. We are appreciative this bill reaches \$18 an hour in 2026 and phases out the tip-penalty which negatively impacts thousands of tipped workers in Hawaii.

As you may know, we believe the tip penalty 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.

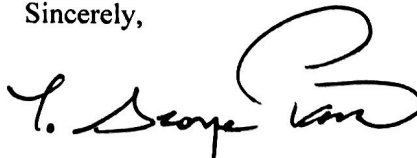
We strongly encourage eliminating the tip penalty so workers, especially women have the financial freedom to report bad customers committing illegal and bad behavior. All workers should be earning the same minimum wage regardless of their profession and no worker should be earning a subminimum wage.

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.

We hope the committee recognizes the urgency to help workers in Hawaii by passing out H.B 2510, H.D.2, S.D.1 unamended. Working families in Hawaii need relief.

Mahalo for the opportunity to testify.

Sincerely,



T. George Paris
Managing Director



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
HB 2510 HD2 SD1 – Relating to the Minimum Wage
Senate Committee on Ways and Means
Tuesday, April 5, 2022, at 10:15 AM

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to provide testimony on HB 2510 HD2 SD1, which would increase our state's minimum wage. **We urge you to either add the Earned Income Tax Credit (EITC) component back into the bill or schedule a hearing for HB1507.** If you do not take action to make the EITC permanent, it will expire this year and you will be hurting the very same struggling working families that you intend to help with this bill's passage.

For reasons detailed below, increasing the minimum wage in the manner set out in HB 2510 HD2 SD1, coupled with extending and expanding the EITC, will have the potential to significantly improve circumstances for Hawai'i's people and economy.

Making the EITC Permanent and Refundable Will Help Struggling Working Families

When HB 2510 HD2 SD1 was amended to eliminate the EITC in the Senate Committee on Labor, Culture and the Arts, Chair Tanaguchi explained that he was doing so only because a separate bill to expand and extend the EITC, HB 1507, would be considered in Ways and Means. We are concerned because, with few days remaining for HB 1507 to pass out of committee, the bill has yet to be scheduled for hearing.

The EITC is an important complement to the minimum wage to help ensure that low-income working families can meet their basic needs. Its loss would be a huge step backwards for residents who are struggling to survive in Hawai'i.

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.ⁱ In Hawaii, nearly 90,000 households claimed the federal EITC in 2020, with the average size of the credit being \$2,138 per household.ⁱⁱ

In 2017, the state of Hawaii enacted its own EITC, which provides 20% of the value of the federal EITC to qualifying households. The EITC was set to sunset after five years—at the end of 2022—so the legislature would have an opportunity to consider the impact of the credit. It has proven itself to be effective at getting resources to low-income working families, providing nearly \$20 million in wage supplements to help bridge what they earn with what they need to make ends meet. If you allow the credit to expire, families will slide back into poverty, losing ground in their ongoing battle against increasing cost of living and low wages. A minimum wage increase alone is not enough for these families. The families that receive the EITC need the extra boost to meet their basic needs.

The Hawai'i Appleseed Center for Law and Economic Justice is committed to a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.

Additionally, to reach the working families who are struggling the most, we urge you to expand the EITC as originally proposed by HB 2510. 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 income 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.ⁱⁱⁱ 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.^{iv}

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.^v

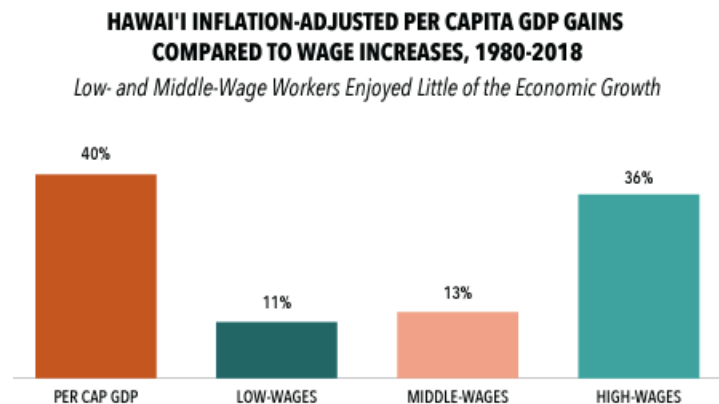
An extra few hundred dollars every year at tax time can make a significant difference in the lives of Hawaii’s working families. That increased refund can help to relieve financial pressure that working families face every day, as our cost of living continues to rise. The COVID-19 pandemic has only exacerbated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

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. The minimum wage increase proposed by HB 2510 HD2 SD1 will help Hawai‘i get closer to that mark.

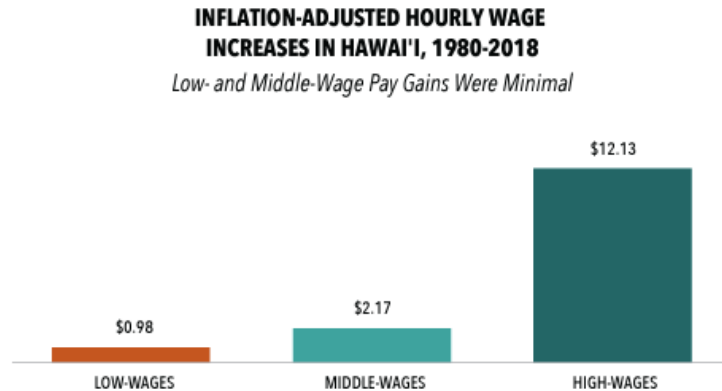
Our current minimum wage—which is around half of what people need to earn to fulfill basic needs—is harming families who are strained from working multiple jobs, perpetuating generational cycles of poverty. It is weakening our society as people lack the time and resources to meaningful participate in 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.

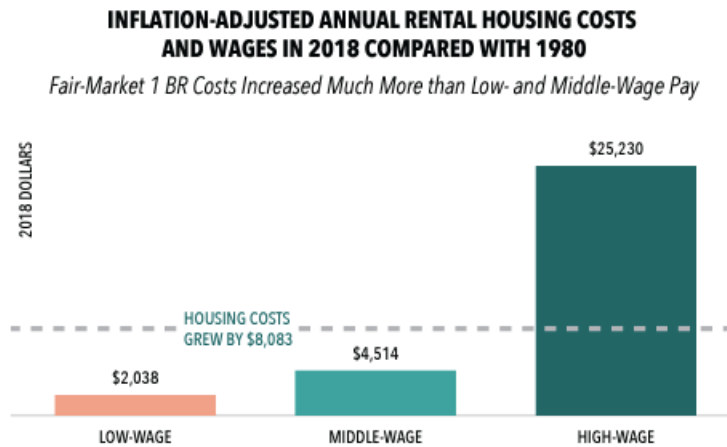


Over the past 40 years, we’ve had large gains in productivity which have not translated to higher wages for Hawai‘i’s low and middle-income workers. A 40 percent increase in GDP accompanied a 36 percent in high-earner wages, but only a 11 percent increase in low-earner wages.

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.^{vi}



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.^{vii} While the exact of 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.^{viii} 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.^{ix} 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,^x 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.^{xi}

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.”^{xii}

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.^{xiii}

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.^{xiv}

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.^{xv}

To make up lost ground and begin to bridge the gap between wages and cost of living, HB 2510 HD2 SD1'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. 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 SD1's elimination of the tip credit will help 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 SD1 should be amended to restore indexing of the minimum wage to the median wage

The HD2 and SD1 versions 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.^{xvi} 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.

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.

ⁱ 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>

ⁱⁱ Hawaii Budget and Policy Center “Refunding Hawaii,” https://static1.squarespace.com/static/5ef66d594879125d04f91774/t/61f207dc896d102d30606d6f/1643251680283/EITC+Report_REV3_FINAL.pdf

ⁱⁱⁱ 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

^{iv} Hawaii Budget and Policy Center “Refunding Hawaii,” https://static1.squarespace.com/static/5ef66d594879125d04f91774/t/61f207dc896d102d30606d6f/1643251680283/EITC+Report_REV3_FINAL.pdf

^v Ibid.

^{vi} Primary sources cited in *HAWAI‘I 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>).

^{vii} 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>).

^{viii} <https://www.civilbeat.org/2022/01/hawaiis-population-drain-outpaces-most-states-again>

^{ix} Federal Reserve Bank of St. Louis. “Shares of Gross Domestic Product: Personal Consumption Expenditures.” Accessed January 23, 2022. (<https://fred.stlouisfed.org/series/DPCERE1Q156NBEA>)

^x <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/>

^{xi} <https://www.civilbeat.org/2020/03/minimum-wage-hikes-have-had-little-long-lasting-effect-on-business/>

^{xii} *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)

^{xiii} <https://tinyurl.com/RUHquickfacts2020>

^{xiv} www.epi.org/minimum-wage-tracker

^{xv} 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/>).

^{xvi} 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/>.

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS & MEANS

RE: HB 2510 HD2 SD1 - RELATING TO INCOME

TUESDAY, APRIL 5, 2022

JOSH FROST, CHAIR
DEMOCRATIC PARTY OF HAWAII LABOR CAUCUS

Chair Dela Cruz and Members of the Committee:

The Democratic Party of Hawaii Labor Caucus **supports HB2510 HD2 SD1 Relating to Income**, which increases the State's minimum wage to \$18 by 2026 and reduces the tip credit to zero by 2026.

We are thrilled to see these changes to the minimum wage and tip credit language made by the prior committee and hope you will pass this bill out unamended.

The minimum wage provisions are a huge step in the right direction toward getting Hawaii to a truly "living" minimum wage. **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.**

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 reduces the tip credit, which allows customers to subsidize employees' wages, down to zero by 2026. The tip credit can find its historic roots in racism and misogyny. Is that really the legacy this committee wishes to perpetuate? We hope not. The elimination of the tip credit in this draft is a welcome amendment and we hope to see it remain in the bill.

Mahalo for the opportunity to submit testimony today.



Testimony to the Senate Committee on Ways and Means
Tuesday, April 5th, 2022 at 10:15am

Conference Room 211, State Capitol
RE: HB2510 Relating to Income

Position: Strong Support

Members of the Labor Committee:

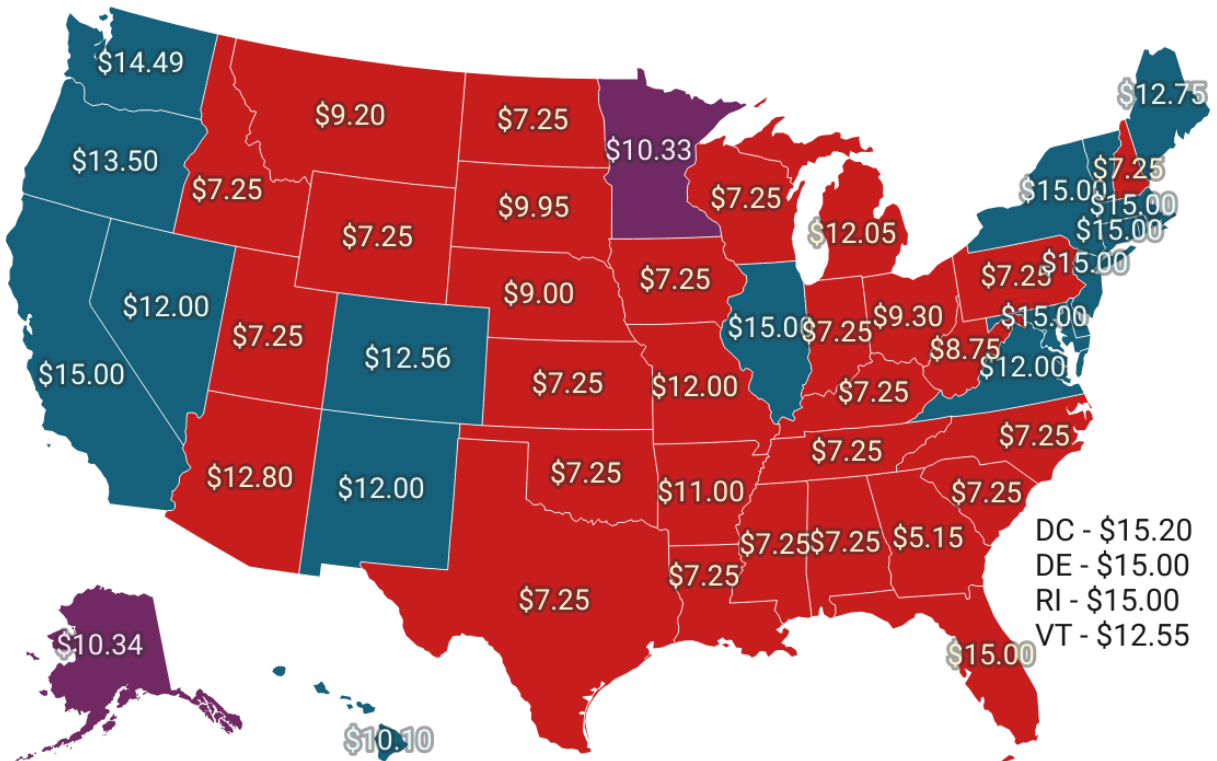
Hawaii's Minimum Wage Falls Short

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. This bill has 201 cosponsors. Hawaii can also increase the wage by nearly \$8 to help deal with our high cost of living.

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.



**Testimony to the Senate Committee on Ways and Means
Tuesday, April 5, 2022, at 10:15 A.M.
Conference Room 211 & Via Videoconference**

RE: HB 2510 HD2, SD1 RELATING TO INCOME

Chair Dela Cruz, Vice Chair Keith-Agaran, 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, SD1, specifically about how fast the level jumps to by October 1st, 2022, and the level the minimum wage goes up to by 2026. 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 2nd 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 \$12 by 2022, and the \$18 mark by 2026. The Chamber supports the original 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 Ways and Means

Senator Dela Cruz, Chair
Senator Keith-Agaran, Vice Chair
Tuesday, April 5, 2022 at 10:15 A.M.

RE: HB 2510 HD2 SD1, RELATING TO INCOME

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Society of Human Resource Management (SHRM) Hawaii respectfully opposes HB 2510 HD2, SD1 that increases the State's minimum wage incrementally to \$12.00 per hour beginning October 1, 2022; \$15.00 per hour beginning January 1, 2024; and \$18.00 per hour beginning January 1, 2026. Reduces the tip credit to 35 cents per hour beginning October 1, 2022, and zero cents per hour beginning January 1, 2026.

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 \$12 by 2022 and \$18 by 2026 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



April 5, 2022
10:15 a.m.
Hawaii State Capitol
Conference Room 211 & Videoconference

To: Senate Committee on Ways and Means
Sen. Donovan M. Dela Cruz, Chair
Sen Gilbert S.C. Keith-Agaran, Vice Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

Re: HB2510 HD2 SD1 — 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 HD2 SD1](#) that proposes increasing Hawaii's mandatory minimum wage to \$18 an hour by 2026 while reducing the tip credit to zero over the same period.

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 an almost 80% increase in the minimum wage in less than four 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.¹ Recent years have seen a glut of research demonstrating that far from helping low-wage employees, minimum-wage hikes are more likely

¹ Jensen Ahokovi, "[Five myths about the minimum wage.](#)" Grassroot Institute of Hawaii, March 16, 2022.

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.²

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.

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%.³

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.”⁴

Examining the idea that higher minimum wages will reduce poverty, those same researchers found that the opposite was true. While some low-wage workers do make more money, the gains are offset by loss of employment or hours for other workers. The researchers [found](#) that a minimum-wage hike increases the proportion of poor families by simply redistributing wealth among low-income earners.⁵

² 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.

³ 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.

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

⁵ 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.

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."⁶

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 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.

⁶ 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).

In contrast, this proposed minimum-wage bill, HB2510 HD2 SD1, 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



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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

LATE

The Thirty-First Legislature, State of Hawaii
The Senate
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association

April 5, 2022

H.B. 2510, H.D. 2, S.D. 1 – RELATING TO MINIMUM WAGE

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 2510, H.D. 2, S.D. 1 which increases the minimum wage incrementally to \$18 per hour beginning January 1, 2026 and reduces the tip credit. Although not contained in this measure, we strongly support indexing the minimum wage to the consumer price index.

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.

We appreciate the prior Committee's amendments to reduce and eliminate the tip credit. While not contained in this specific measure, we continue to support subsequent indexing the minimum wage to the consumer price index for years beyond 2026.

Passage of this measure 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, S.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director



LATE



TO: Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means

FROM: Catholic Charities Hawaii, Child & Family Service, Goodwill Hawaii, Lanakila Pacific, Parents And Children Together, Partners In Development Foundation, Susannah Wesley Community Center, and YMCA of Honolulu

DATE/LOCATION: April 5 2022; 10:15 a.m., Conference Room 211/Video Conference

RE: COMMENTS REGARDING HB 2510 HD2 SD1 – RELATING TO INCOME

We would like to provide comments on HB 2510 HD2 SD1, which increases the minimum wage incrementally to \$12.00 per hour beginning 10/1/2022, \$15.00 per hour beginning 1/1/2024, and \$18.00 per hour beginning 1/1/26.

As non-profit leaders in Hawaii, we need to ensure you have heard our perspectives on this issue. We are committed to the dignity of our working families in providing living wages that support a sustainable and thriving community. We know that increasing the minimum wage will help so many move closer towards that reality.

Collectively, our organizations touch over 200,000 individuals across the State of Hawaii each year. We also employ over 3,000 employees stretching across the islands. Each of our organizations serve many under-resourced individuals, many whose incomes challenge their day-to-day survival. We recognize the importance of caring for our communities and especially our people - it lies at the heart of each of our organizations' missions. Indeed, improving financial and economic stability for individuals and families is core to many of the programs we provide, in addition to the safety net services necessary to support the very fabric of our local communities.

Increasing the minimum wage helps address systemic inequities in our state and it is our hope that our organizations can also provide living wages to the many dedicated employees providing much-needed services to bolster our communities. The staff in our organizations work tirelessly to provide supports for families throughout Hawai'i and also deserve the same opportunity to earn livable wages. Also, as nonprofit employers focused on recruitment and retention in a tough market, we are constantly challenged by what we can afford to pay employees.

We note that some State contracts with nonprofits for the provision of services to the community have not kept up with increasing wage costs or other increases due to inflation over the years or are written in ways that fail to recognize rising costs of delivery. As the state works to ensure a livable wage for residents, it is imperative that the state include provisions in resources and contracts to ensure funds for service contracts in both the executive and legislative branches that

reflect realistic labor costs, including livable wage rates, so that nonprofit providers can continue to deliver the same level of quality services for the people of Hawai'i.

Thank you for the opportunity to testify regarding **HB 2510 HD2 SD1** and for your support.

April 4, 2022

Re: Opposition to HB 2510 HD2 SD1: Relating to Income.

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and the Senate Ways and Means Committee,

The Kona-Kohala Chamber of Commerce strives to enhance the quality of life for our community through a strong, sustainable economy on Hawai'i Island. With 425 member businesses and organizations, we exist to provide leadership and advocacy for a successful business environment in West Hawai'i.

We know that Hawai'i's high cost of living adversely impacts our local residents and understand that minimum wage legislation is introduced as a way to address this issue. However, we must also examine the cost of doing business and how this legislation impacts businesses that pay wages and provide jobs.

Businesses are struggling with multiple issues now and into the foreseeable future such as:

- Increased employee costs
- Supply chain disruptions
- Labor shortages at all levels

We ask that legislators make amendments to HB 2510 HD2 SD1 that will provide a more reasonable approach to minimum wage increases. For example, \$11 per hour starting January 1, 2023, \$12 per hour on January 1, 2024, \$13 per hour on January 1, 2025, \$14 per hour on January 1, 2026 and stopping at \$15 per hour on January 1, 2027. We strongly oppose an increase to \$18 per hour.

Mahalo for this opportunity to testify.

Sincerely,



Wendy J. Laros, President and CEO
Kona-Kohala Chamber of Commerce

LATE



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
TUESDAY, APRIL 5, 2022 AT 10:15AM**

To The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Committee on Ways and Means,

COMMENTS ON HB2510 HD2 SD1 RELATING TO INCOME

The Maui Chamber of Commerce would like to share our **comments on HB2510 HD2 SD1** which increases the state's minimum wage incrementally to \$12.00 per hour on October 1, 2022; \$15.00 per hour on January 1, 2024; and \$18.00 per hour on January 1, 2026. Reduces the tip credit to 35 cents per hour on October 1, 2022, and zero cents per hour on January 1, 2026.

We are very concerned with the changes made by the Labor, Culture, and the Arts Committee on March 21st to insert language from SB2018 that increases the minimum wage rate at a much faster and higher rate than the original version of HB2510 and reduces the tip credit. We have shared that the original version of HB2510 was far more favorable and attainable for small businesses than SB2018.

The Chamber of Commerce Hawaii conducted a statewide survey of businesses, that we shared with our members to reflect Maui business voices. In the survey, when asked about the increase in SB2018 (\$12 in 2022, reaching \$18 in 2026), 50% of businesses reported that they would have to reduce their staff by 10-50% if this bill were to pass. Specifically, 34% of businesses stated they would have to reduce their staff by 25-50%. When asked about the increase in HB2510 (\$11 in 2023, reaching \$18 by 2030), 43% of businesses reported they would have to reduce their staff by 10-50% if this bill were to pass. What is most significant about the shift from SB2018 rates to HB2510 rates is that now only 20% of businesses stated they would have to reduce their staff by 25-50%, down from 34% with the SB2018 rates. Lastly, when asked if their business would survive if the minimum wage were increased, 10% more businesses stated they would be able to survive if the HB2510 rates were enacted versus the SB2018 rates.

It is imperative that you hear the voices of businesses on this bill's minimum wage rate increases and amend the bill to return to the rates in the original version of HB2510 (\$11 by 2023, reaching \$18 by 2030).

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 HD2 SD1 RELATING TO MINIMUM WAGE PAGE 2.

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, many businesses were initially able to cover increased wages above the minimum wage through federal assistance with COVID-related funds. However, most businesses in Hawaii expected that with reopening, many employees would come back at prior wage levels and the market has now driven significant wage increases.

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 still in an unprecedented global pandemic that many thought would be over last July, and currently dealing with variant B.A2. While there were good economic periods this past year and we are already projecting more this spring break and summer, there are other lingering economic issues such as worker shortages and supply chain issues keeping businesses from full recovery along with many still having to shore up devastation from 2020 and 2021. This means our economic future is still uncertain.

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.

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.

Again, we urge you to hear the voice of businesses, engage in state programs to bring down Hawaii's high living wage cost, and to employ flexible economic policies in these very challenging times. Therefore, we ask that you amend HB2510 HD2 SD1 to reflect the original version of HB2510.

Mahalo for the opportunity to comment on HB2510 HD2 SD1.

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.



LATE

April 4, 2022

HB2510 SD1 Relating to Income
Testifying in Strong Support

Aloha Chair and members of the committee,

The Pono Hawai'i Initiative (PHI) is offering this testimony in strong support of HB2510 SD1.

Hawai'i minimum wage workers deserve a raise that honors their labor and respects them as people.

Thank you in advance for standing strong with workers and ensuring that they receive the raise they deserve.

Mahalo for the opportunity to testify,

Gary Hooser
Executive Director
Pono Hawai'i Initiative

LATE



**Statement of the Democratic Party of Hawai'i
In STRONG Support of HB2510 HD2 SD1, Relating to Income**

The [Democratic Party of Hawai'i](#) **strongly supports** HB2510 HD2 SD1, Relating to Income, to the extent that it aligns with our Party's [platform](#). The bill would increase the minimum wage for certain employees incrementally to \$12.00 per hour beginning 10/1/2022, \$15.00 per hour beginning 1/1/2024, and \$18.00 per hour beginning 1/1/26.

The Democratic Party of Hawai'i believes that the current minimum wage must be increased to a living wage. No one who works full time should have to raise a family in poverty. We strongly encourage legislation to raise the minimum wage.

By passing a robust minimum wage increase this coming session, workers throughout our economy will have a better chance to succeed here in Hawai'i. All Hawai'i workers should be able to make ends meet with one job, and it's our legislature's responsibility to make that a reality.

Raising the minimum wage for certain employees to \$12.00 per hour later this year is a step in the right direction, and raising the minimum wage to \$18.00 per hour in four years' time is an important goal.

Mahalo nui for the opportunity to provide these comments in **strong support** of this very important bill.

DEMOCRATIC PARTY OF HAWAII

PO Box 2041 • Honolulu, HI 96805 • (808) 596-2980 • www.hawaiiidemocrats.org

LOCAL #1 HI, IUBAC



LATE

International Union of Bricklayers and Allied Craftworkers Local #1 of Hawaii

2251 North School Street, Honolulu, HI 96819

Phone: (808) 841-8822 • Fax: (808) 777-3456

April 5, 2022

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
Committee on Ways and Means
Hawaii State Senate

Statement of Local 1 in Strong Support of HB2510 HD2 SD1, Relating to Income

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members:

The International Union of Bricklayers and Allied Craftworkers Local #1 of Hawaii is in strong support of HB2510 HD2 SD1, Relating to Income. The bill would increase the minimum wage for certain employees incrementally to \$12.00 per hour beginning 10/1/2022, \$15.00 per hour beginning 1/1/2024, and \$18.00 per hour beginning 1/1/26.

We firmly believe that all Hawaii workers deserve to be treated fairly on the job – which means adequate jobsite conditions, proper safety measures and training, and very importantly, wages that are commensurate with their time and labor.

The minimum wage in Hawaii has been far too low for too long, and workers simply cannot get by – much less get ahead – on the current minimum wage. We believe that one job should be enough for someone in Hawaii to take care of their basic needs, and so it is critical for the legislature to act to increase the minimum wage this session. We therefore strongly support HB2510 HD2 SD1's proposal to raise the minimum wage here in the state.

Mahalo for the opportunity to provide these comments.

LATE

HB-2510-SD-1

Submitted on: 4/4/2022 2:14:00 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Lehua Kaulukukui	Testifying for Puakalehua Early Learning Consortium	Support	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

The Puakalehua Early Learning Consortium of North & West Hawaii Island, wholeheartedly supports HB2510 SD1 because it will raise the state minimum wage to \$18 by 2026. We support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

We strongly agree with the Senate Labor Committee's recommended timeline for the minimum wage increases because 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.

This policy would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, we strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

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

Please support this bill. It will make a huge and lasting positive impact on Hawai'i's working families and our economy.

Mahalo for the opportunity to testify.

Lehua Kaulukukui, Chair

Puakalehua Early Learning Consortium

North & West Hawai'i



LATE

To: Sen. Donovan M. Dela Cruz, Chair,
Sen. Gilbert S.C. Keith-Agaran, Vice Chair,
Members of the Ways and Means Committee

From: Michael Miller, Tiki's Grill & Bar
Subject: HB 2510, HD 2, SD1 Relating to Income

Date: April 4, 2022

Please **put the tip credit back** into the Bill. This will help with pay equity, to occur with the front and back of the house members of our time. Wage compression and inflation will be affecting all of our islands.

And we hope you will consider the follow amounts and schedule: \$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.

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.

Locals and visitors alike are already complaining that things are not the same, reduced hours and operations, limited staff, less service, limited products and smaller menus, and higher prices. The prices have to continually be raised due to rising inflation, supply chain shortages, distribution issues, as well as rising utility prices to cover the higher costs for those products and services. These are not discretionary costs, these are costs that restaurant operators have to pay just to stay in business. Restaurants already have low margins, especially in Hawaii, where food and beverage, and labor costs are **much higher than in almost all other states**.

Add in the higher costs to do business with just the basics, rent, utilities, labor plus benefits and business taxes. All of these costs are passed on to customers as part of the cost of products and services.

Customers are spending less or not coming in at all, often blaming restaurants for the higher costs, not understanding the cost burdens and low margins that exist just to stay in business.

Restaurants historically carry slim profit margins, and this is even more challenging in Hawaii, with its existing regulations and cost of living. The implementation of this bill is not free, which at its basic level, reduces the ability of restaurants to provide opportunities by reducing the number of new hires, decreasing the amount that can be spent on current employees, particularly non-tipped employees in the "back of the house."

We urge you put the tip credit back into the bill and consider the rates and schedule listed above.

Mahalo,

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



LATE

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

**Testimony to the Senate Committee on Ways and Means
Tuesday, April 6, 2022, at 10:15 A.M.
Conference Room 211 & Via Videoconference**

RE: HB 2510, RELATING TO INCOME

Chair Dela Cruz Vice Chair Keith-Agaran, and Members of the Committee:

The Hawaiian Chip Company respectfully opposes HB 2510, which would raise the minimum wage. This company and many others have numerous open positions which pay significantly more than the minimum, provided hired employees can follow instructions while showing good attendance and punctuality. The last increase to the minimum wage caused wage compression because paying the unreliable/unexperienced workers more, meant smaller raises for those who actually deserve to earn more. Small businesses that help bolster our middle class economy, will not be able to absorb this added expense. If you truly value your "local favorites" please vote NO on HB 2510 for the following reasons:

- The cost of operating a business in Hawaii are very high and disproportionate to what other businesses pay elsewhere. Lowering these costs and the cost of living would be an actual solution to the problems facing our economy
- Increasing the minimum wage will cause manufacturers like the Hawaiian Chip Company hardship because costs of raw materials have escalated dramatically due to the pandemic.
- Competing with mainland brands of chips made in large automated facilities will become impossible.
- The ongoing labor shortage has already forced the company to increase overall wages which is causing strain on finances.
- Businesses are already struggling to survive due to COVID-19.
- High turnover in the workforce for entry level jobs is another burden businesses are struggling with. Further increasing the cost of hiring entry level employees will force businesses to eliminate these positions.

While opposed to any raise in the minimum wage, the Hawaiian Chip Company does support any earned income tax credits.

Thank you for your consideration.



LATE

HAWAI'I LODGING & TOURISM
ASSOCIATION

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

Senate Committee on Ways & Means
House Bill 2510, HD2, SD1: Relating to Income
April 5, 2022

Chair Dela Cruz, and members of the Committee, mahalo for the opportunity to provide testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's oldest and largest private sector visitor industry organization. Though HLTA supports a measured approach to raising the minimum wage, we do have concerns surrounding the timeline and rate of increase proposed by House Bill 2510, HD2, SD1.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers—appreciates the efforts that our members take to provide fair wages to their workers, and we take immense pride in the fact that the vast majority of our workers are paid well above the current minimum wage.

We are all cognizant of how significantly inflation and the cost of living have outpaced wage increases and know that many local residents are not paid nearly enough to be considered a living wage. While we appreciate the path set forth in this measure, the speed with which the minimum wage increases will disproportionately impact Hawai'i's small businesses. Many of these businesses fought to keep their doors open throughout the pandemic, and many are not in the financial position to increase their wages so quickly. The economic strife caused by further business closures could have overarching impacts on our local economy that will only delay our economic recovery.

Moreover, establishing that the minimum wage will reach \$18 by 2026 while also abolishing the tip credit utilized by Hawai'i employers to lighten wage obligations, will hurt numerous businesses in all sectors and would hinder the economic recovery efforts currently underway around the state.

For these reasons, HLTA opposes House Bill 2510, HD2, SD1.

Mahalo for the opportunity to offer these comments.

LATE

HB-2510-SD-1

Submitted on: 4/4/2022 3:27:02 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Neal Arakaki	Testifying for Hawaiian Candies & Nuts, Ltd.	Oppose	Written Testimony Only

Comments:

We oppose HB2510 based on the reality of the impact that this bill would have on recovering small businesses in Hawaii. While economic recovery seems to be slowly taking place, it must be noted that a large portion of Hawaii's small business community is working through huge amounts of back debt accumulated during the course of the Covid-19 shutdowns. Ongoing logistic and supply problems for manufacturers such myself will not be resolved in the short term, rather, there seems to be evidence that both supply and prices will greatly increase over the next few months for all materials. We fully understand the need to increase the minimum wage for Hawaii's workers but the reality of small businesses trying to absorb this wage increase and it's corresponding payroll taxes during this period is a weight that we can ill afford to bear. Increasing the minimum wage will not increase the worker supply in the work force that is already experiencing severe and critical shortages. Rather, it will only increase payroll expenses for small businesses that will have to deal with the large amount of overtime already being paid to employees due to manpower shortages. We ask that the House consider a reasonable time frame to execute a graduated wage increase and not try to force small business into an even more severe financial situation



KYD, Inc. dba k. yamada distributors
An independent leader in packaging and wholesale distribution
P.O. BOX 29669, Honolulu, Hawaii 96820 Phone: (808) 836-3221 Fax: (808) 833-8995

LATE

TO: Committee on Finance

Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair

FROM: KYD, Inc.
Dexter Yamada, President/CEO

DATE: April 4, 2022

RE: HB2510 HD1 Relating to Income

Position: Comments

KYD, Inc. is a locally owned company that manufactures and distributes food packaging products and certain food items such as salad dressing, sauces, canned goods and have been in business for over 60 years. We have 79 full time employees.

KYD, Inc 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 Part IV of this measure. Increasing minimum wage by nearly 80% 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 want to highlight, 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 and extreme 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 takes 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.



WILL CALL, G&A, AND WAREHOUSE OFFICES: 2949 Koapaka Street, Honolulu, Hawaii 96819-1923 Phone: (808) 836-3221 Fax: (808) 833-8995

MANUFACTURING FACILITIES: 747 Umi Street, Honolulu, Hawaii 96819-2394 Phone: (808) 836-3221 Fax: (808) 845-7754

Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice-Chair
Senate Committee on Ways and Means

Monday, April 4, 2022

Testimony by Ryan Tanaka in strong support of the original House Bill 2510, Relating to Income

Dear Senator Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means, thank you for the opportunity to submit testimony in support of the original HB 2510.

There just is not enough time for the business community to react to this proposed higher minimum wage schedule, nor will a large number of small businesses be able to keep up with the newly proposed minimum wage schedule in HB 2510 HD2, SD1.

Business owners are still focused on addressing the detrimental effects of COVID-19. Many of Hawaii's beloved businesses have already closed, and many more are on the brink of closure due to the last 24 months of interference from a global pandemic that has altered the ordinary course of business. Businesses still face steep cost inflation and a global supply chain disruption.

On top of unbearable lease and expense burdens still piling up, imposing an insurmountable minimum wage increase schedule will result in numerous unintended consequences: lower overall salaries, reduced hours, layoffs, increased work burden on current employees, and adoption of technologies to reduce the number of required employees to name a few.

The entire business community has rallied around a minimum wage schedule of \$1 annual increments from \$11 in 2023 to \$15 in 2027. This is a win-win approach.

Also, it is vital to keep the tip credit included for employers. Hawaii has tens of thousands of tipped employees and the tip credit enables Hawaii business owners to balance higher wages while managing the evolving tip economy.

Thank you for the opportunity to submit testimony and for all of your efforts to serve the people of Hawaii as our elected leaders.

Sincerely,

Ryan Tanaka
President
Island Business Management, LLC
ryan@ibmhawaii.com

LATE

HB-2510-SD-1

Submitted on: 4/4/2022 5:06:14 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Thomas Jones	Testifying for Gyotaku Japanese Restaurants	Oppose	Written Testimony Only

Comments:

Gyotaku Restaurants in Opposition.

Minimum Wage increases are too fast.

Stripping the tip credit is 100% counterproductive to increasing the wages of the restaurant industry's lowest wage earner already making over the current minimum wage.

Detailed testimony attached.

Tom Jones

President

Gyotaku Japanese Restaurants

LATE

HB-2510-SD-1

Submitted on: 4/5/2022 9:13:52 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Dirk Koeppenkastrop	Testifying for IL Gelato Hawaii	Oppose	Written Testimony Only

Comments:

Date: April 5, 2022

To: Senator Donovan M. Dela Cruz, Chair

Senator Gilbert S.C. Keith-Agaran, Vice Chair

Members of the Committee Ways and Means

From: Dirk Koeppenkastrop, Ph.D.

Subj: HB 2510 HD 2, SD 1 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 35. 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.



L & L FRANCHISE, INC.
 L & L HAWAIIAN BARBECUE
 L & L HAWAIIAN GRILL
 L & L HAWAIIAN MIXPLATE

To: Sen. Donovan M. Dela Cruz, Chair,
 Sen. Gilbert S.C. Keith-Agaran, Vice Chair,
 Members of the Ways and Means Committee

From: Andy Huang, L&L Hawaiian Barbecue
 Subject: HB2510, HD 2, SD1 Relating to Income

Date: April 4, 2022

Please consider the following amounts and schedule of the minimum wage increase: \$11/hr on 1/1/23, \$12/hr on 1/1/24, \$13/hr on 1/1/25, \$14/hr and 1/1/26, \$15/hr on 1/1/27.

We have over 60 franchise restaurants in Hawaii and all are mom and pop stores running on very slim margin. As we finally started our recovery stage from the pandemic hit, we're facing significant increase in food cost, if we have to deal with drastic increase in labor cost, that's just adding fuel to fire. Our franchisees will be forced to cut employees and increase our menu prices.

By increasing minimum wage, we would ultimately have to increase wages of our current employees who are already making more than the minimum wage to be fair. Minimum wage is not supposed to be designed as a living wage. It is supposed to be for someone who has no work experience to start their carrier and eventually move up to a higher position or receive merit increase after working for a period of time.

We do support increase in minimum wage, but at a more acceptable pace to give our stores time to adjust. Thank you for this opportunity to share our thoughts.

- ALASKA
- ARIZONA
- CALIFORNIA
- COLORADO
- FLORIDA
- GEORGIA
- HAWAII
- NEVADA
- NEW YORK
- NORTH CAROLINA
- SOUTH CAROLINA
- OREGON
- TEXAS
- UTAH
- VIRGINIA
- WASHINGTON
- JAPAN



HB-2510-SD-1

Submitted on: 4/1/2022 4:29:03 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Barbara L. George	Individual	Support	Written Testimony Only

Comments:

WHOLEHEARTEDLY SUPPORT AND ALSO SUPPORT THE REMOVAL OF THE TIP CREDIT!

HB-2510-SD-1

Submitted on: 4/1/2022 4:42:24 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Laura Gerwitz	Individual	Support	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I wholeheartedly support HB2510 SD1 because it will raise the state minimum wage 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, so I strongly agree with the Senate Labor Committee's recommended timeline.

This policy would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

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

I support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

Please support this bill. It will make a huge and lasting positive impact on Hawai'i's working families and our economy.

Mahalo for the opportunity to testify.

HB-2510-SD-1

Submitted on: 4/1/2022 4:46:19 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Gladys C Baisa	Individual	Support	Written Testimony Only

Comments:

I am in strong support of this bill. Our people need relief asap! Thank you for your work on this very important matter.

HB-2510-SD-1

Submitted on: 4/1/2022 4:47:50 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
irene kloepfer	Individual	Support	Written Testimony Only

Comments:

Aloha. For so many years there is talk how to keep our young people on the island. This is a start, this is long overdue, we are the only industrialized country paying minimum wage that is unlivable. Please pass HB2510. Mahalo. Irene kloepfer

HB-2510-SD-1

Submitted on: 4/1/2022 4:56:17 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Debra	Individual	Support	Written Testimony Only

Comments:

Raising the minimum wage incrementally to \$18 is necessary for working people to continue to live in the state of Hawaii as cost of living races off the charts.

HB-2510-SD-1

Submitted on: 4/1/2022 4:58:27 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Alan Lloyd	Individual	Support	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I wholeheartedly support HB2510 SD1 because it will raise the state minimum wage 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, so I strongly agree with the Senate Labor Committee's recommended timeline.

This policy would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

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

Please support this bill. It will make a hug and lasting positive impact on Hawai'i's working families and our economy.

Mahalo for the opportunity to testify.

Alan LLoyd

Wailuku, HI 96793

HB-2510-SD-1

Submitted on: 4/1/2022 5:01:48 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
ANDREW ISODA	Individual	Support	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I wholeheartedly support HB2510 SD1 because it will raise the state minimum wage 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, so I strongly agree with the Senate Labor Committee's recommended timeline.

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The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

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

I support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

Please support this bill. It will make a huge and lasting positive impact on Hawai'i's working families and our economy.

Mahalo for the opportunity to testify.

Andrew Isoda

Napili, Maui

Will Caron
Pālolo Valley
willcaronforhawaii@gmail.com

April 1, 2022

TO: Senate Committee on Ways & Means
RE: Testimony in Support of HB2510 HD2 SD1

Aloha Committee Members,

I am happy to finally be able to testify in strong support of HB2510. Thanks to the Senate's courage for putting the people of Hawai'i first, the current draft of this bill would represent a huge win for Hawai'i's struggling minimum wage workers, their families, and the entire economy.

With an overwhelming 78 percent of the 144 pieces of testimony submitted to the LCA committee at its hearing expressing both strong support of an \$18 by 2026 timeline and strong opposition to the harmful "tip credit" increase in the previous draft, I urge the Ways & Means committee to maintain support for this critical piece of legislation.

Keep the \$18 by 2026 Timeline

A single adult with no children needs to earn more than \$19 an hour just to barely make ends meet in Hawai'i today. That's why the wage increase timeline in this bill's current form is absolutely critical. We must get minimum wage workers to \$18 by 2026.

This increase in the state minimum wage would only 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.

Indeed, the vast majority of economic research on the impacts of minimum wage increases clearly demonstrates the benefits of raising the minimum wage. We can also turn to research—as well as our own lived experience—to very accurately predict what kind of price increases consumers can expect to pay as a result of an \$18 by 2026 minimum wage. As I [wrote in *Civil Beat*](#) back in February, the short answer is "not much."

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.

Keep the Tip Penalty Phase-Out

I wholeheartedly support the proposed phase-out of the so-called “tip credit.” In truth, it’s a tip penalty that allows *some* businesses to pay a sub-minimum wage to their employees if they make over a certain amount of money in tips.

Not only does this penalty against the wage allow the business owner to offload labor costs onto the customer, it’s also routinely misapplied, resulting in [billions of dollars in stolen wages](#) across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to [far higher rates of sexual harassment](#) and other forms of violence in the work place.

The tip credit also exacerbates racial and gender-based inequities in the labor force, as women and people of color make up a [disproportionate share](#) of tipped workers in the U.S. In 2020, women occupied 68 percent of the jobs in key tipped industries, even though they only accounted for 47 percent of the labor force. Likewise, people of color occupied 48 percent of jobs in key tipped industries, while they made up 37 percent of the labor force.

Even in states where the tipped minimum wage is equal to the state minimum wage, tipped workers are still [almost twice as likely](#) to be living in poverty as non-tipped workers.

Some have argued that removing the tip credit leads to job losses and shift reductions. However, between 2011 and 2016, businesses operating in tipped industries within states that do not have a tip credit experienced greater employment growth than their counterparts in states that do have a tip credit.

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.

Add an Automatic Cost of Living Adjustment

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 would prevent the minimum wage from ever falling behind the minimum self-sufficiency level ever again.

This policy would keep workers and their families out of poverty, keep the consumer economy going strong, and allow businesses to plan for much smaller annual increases, instead of requiring large increases to catch workers up after they've already fallen behind and suffered for years.

Add the EITC Back In

Finally, adding the language that was previously contained in the second House Draft of the bill expanding the state's Earned Income Tax Credit (EITC) to make it permanent and refundable would provide targeted tax relief to the exact population of low-income working families the legislature has agreed it must make investments in this legislative session.

The EITC is a proven antipoverty program that has also been shown to generate \$2 in the local economy for every \$1 given out as part of the program.

If the committee wants to ensure the program is paid for, it could add the language from HB1507 HD1 instead of the language from the previous House Draft of HB2510, which includes language increasing the tax rate on long-term capital gains so that it is taxed at the same rate as ordinary working income, a change in the tax code that is estimated to generate \$72.3 million in new revenue per year, significantly more than the estimated cost of making the states EITC fully refundable and permanent (\$41 million in additional costs per year).

On top of that, almost 80 percent of the revenue generated from this proposal would come from households making more than \$400,000 a year, making this a well-targeted tax increase on the wealthy. In fact, the low capital gains tax rate is one of the reasons Hawai'i's overall tax system places a larger share of burden on the lowest-income households and a smaller share of burden on the wealthiest. Eliminating this tax break on capital gains would therefore be in the interest of fairness as well.

Mahalo for the opportunity to testify.

HB-2510-SD-1

Submitted on: 4/1/2022 6:25:54 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Laura Ramirez	Individual	Support	Written Testimony Only

Comments:

Aloha,

Pay the hardworking people of Hawai'i fairly.

Stop stealing tips from service workers.

Mahalo,

Laura Ramirez

Kapa'a, Kaua'i

HB-2510-SD-1

Submitted on: 4/1/2022 6:39:02 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Millicent Cox	Individual	Support	Written Testimony Only

Comments:

I wholeheartedly support HB2510 SD1 because it will raise the state minimum wage to \$18 by 2026. It a single adult with no children to just barely make ends meet in Hawai'i today, so I strongly agree with the recommended timeline.

HB-2510-SD-1

Submitted on: 4/1/2022 7:54:00 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

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

Comments:

Dear Senate Committee on Ways & Means,

I strongly support HB2510 SD1 because it will raise the state minimum wage 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, so I agree with the Senate Labor Committee's recommended timeline.

It's so impressive that this policy would be able to put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And allows new workers to join the labor force and be that much closer to self sufficiency. We know from past experience that when working folks do better, the entire consumer economy does better too, because everyone will be a participant directing their dollars to what they find important.

In addition, I strongly support the phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

The tip "credit", is a penalty to workers, it not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of this fraud, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of abuse in the work place.

All business owners should be required to pay **all** their workers a living wage—enough for them to not just survive, but thrive on. A business that is dependent on their workers qualifying to receive social assistance in order to pay substandard wages, is not adding value to our local economy but draining resources that could be better used for expanding services and infrastructure improvements.

I support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

Please support this bill. It will make a huge and lasting positive impact on Hawai'i's working families and our entire state economy.

Thank you for the opportunity to testify.

Matthew Grover

A 20+ year resident of Waikiki, Senate District 12, House District 22

HB-2510-SD-1

Submitted on: 4/1/2022 9:46:22 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
janice palma-glennie	Individual	Support	Written Testimony Only

Comments:

Aloha,

This version of the original bill would move the minimum wage up to \$18 by 2026 and phases out the tip penalty by the same date. Our state needs to have this kind of victory for our workers who depend upon sub-minimum wages under the current "tip credit" policy.

i supported an earlie date for raising the minimum wage, but hope that we can agree that this bill is overdue and will help protect our people and our economy by lifting all boats.

mahalo and sincerely,

janice palma-glennie

kailua-kona

HB-2510-SD-1

Submitted on: 4/2/2022 7:21:01 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Angela Huntemer	Individual	Support	Written Testimony Only

Comments:

I write in support of community members who work for minimum wage, who do not have the time or resources to write in support of themselves. We all know that there are thousands of Hawaii residents working 2 parttime jobs at minimum wage or a little above.

While we might feel small kine sorry for the "small business owners" who complain about this bill - sorry folks - got to figure it out. Less than subsistence living for people is just not acceptable. Anecdotes and sob stories will not cut it. Research into the overall sound economic sense of not having large segments of the population in poverty has been well proven (largely in other developed countries, as the US has a chronic poverty problem)

Mahalo for supporting this Bill HB2510!

HB-2510-SD-1

Submitted on: 4/2/2022 7:30:32 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Bob Kinsey	Individual	Support	Written Testimony Only

Comments:

This week I went to the Kahului Goodyear for a wheel alignment. The lady who helped me had worked for the company for 10 years. After 10 years she was making \$18 an hour. Sadly, she told me she was leaving Goodyear because she could not support her 2 children and herself on \$18 an hour.

I support this bill but urge you to realize how far behind you are.

Please lead.

Bob Kinsey

Kihei

HB-2510-SD-1

Submitted on: 4/2/2022 7:50:08 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Dan Gardner	Individual	Support	Written Testimony Only

Comments:

Dear Committee on Ways and Means,

I strongly support passage of this bill.

The hardworking people of Hawaii deserve a minimum wage that deals with our State's very high cost of living. Passage of this bill as amended would be a major positive step toward achieving a living wage for these deserving men and women.

HB-2510-SD-1

Submitted on: 4/2/2022 8:13:51 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Shannon Rudolph	Individual	Support	Written Testimony Only

Comments:

Support

The legislature has created the perfect storm of low wages, housing emergency & mental/health care crisis.

Passing HB2510 is THE LEAST you can do now.

HB-2510-SD-1

Submitted on: 4/2/2022 8:25:51 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Marion Poirier	Individual	Support	Written Testimony Only

Comments:

CHAIR AND MEMBERS,

STRONG SUPPORT HB2510 HD2 SD1

My name is Marion Poirier. I am a retired nurse administrator whose career has been focuses in non-profit work. I know the fallout from financial stress for our citizenry.

Please pass this bill. It's the right thing to do for the people of Hawaii.

People need to work one full time job, and have a "work-personal" balance in their life. This will be enormously helpful for bio-psycho-social equilibrium. It will demonstrate "aloha"..

Hearing Date: April 5, 2022, 10:15 am, Room 211 & Videoconference

To: Senate Committee on Ways and Means
Chair, Senator Donovan M. Dela Cruz
Vice Chair, Senator Gilbert S.C. Keith-Agaran

From: Jean Evans, MPH (Individual, jevans9999@yahoo.com,

Re: TESTIMONY IN SUPPORT OF HB 2510, HD2, SD1 Relating to Income

My name is Jean Evans. I retired after 40 years holding executive positions in several Hawaii non-profit agencies.

I am in strong support of HB 2510, HD2, SD1 which will gradually increase the minimum wage in Hawaii to \$18.00 per hour by 2026.

Women in Hawaii make up the majority of minimum wage workers. Many of these women are the single bread winner their family.

- Hawaii's minimum wage is currently \$10.10 an hour, or only \$21,000 a year for full-time work. It will not increase by even one cent without action from our legislature.
- According to our state's Department of Business, Economic Development & Tourism, a single person with no keiki needs to earn \$18 an hour just to meet their basic needs in Hawaii. Various independent national experts have pegged Hawaii's living wage – allowing for basic economic security -- at above \$27 an hour.
- Low-wage workers were disproportionately harmed by Hawaii's economic downturn caused by the COVID-19 pandemic, leaving thousands of working families unable to pay for food, housing, electricity, and other necessities.
- Six in 10 of Hawaii's minimum wage workers are women, as they are overrepresented in low-wage industries like restaurants, food service, and retail.
- Hawaii has the highest cost of living in the nation, but 24 other states have minimum wages higher than ours.
- Minimum wage should be adjusted automatically to keep pace with the rising cost of living, and adjusted automatically with the Consumer Price Index. [If you plan to use this talking point, note that SB2018 doesn't include this. You can request for an amendment to SB2018. Other bills include this.]
- Working people are also customers. Consumer spending makes up about two-thirds of our economy, so putting more dollars in the pockets of local workers means more money being spent at local businesses and supporting our local economy.
- Between 2015 and 2018, when the minimum wage in Hawaii rose from \$7.25 to \$10.10, our state's unemployment rate dropped to the lowest in the nation, and our restaurant sector added jobs.
- Higher pay leads to more productive and loyal employees, which increases profits and reduces businesses' turnover and training costs.

Mahalo for allowing me to submit my testimony today.

HB-2510-SD-1

Submitted on: 4/2/2022 8:56:59 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Rosemarie Muller	Individual	Support	Written Testimony Only

Comments:

My name is Rosemarie Muller and I live in Keaau, Hawaii. I am in support of this bill, HB 2510.

Thank you

HB-2510-SD-1

Submitted on: 4/2/2022 9:18:13 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Deborah G. Nehmad	Individual	Support	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I strongly support HB2510 SD1 because it will raise the state minimum wage to \$18 by 2026. Since 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, the Senate Labor Committee's recommended timeline makes total sense.

This policy would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

I also strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

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

I support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

Please support this bill. It will make an enormous and lasting positive impact on Hawai'i's working families and our economy.

Thank you for considering my comments. It's so important to all of us.

Deborah Nehmad

Hawaii Kai

HB-2510-SD-1

Submitted on: 4/2/2022 10:19:39 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Dylan Ramos	Individual	Support	Written Testimony Only

Comments:

Aloha,

As a worker and lifelong resident of Hawaii, I strongly support this bill. Despite concerns around a pandemic economy and the usual boogeyman arguments against raising the minimum wage, the latest draft of this bill stands as proof that Hawaii understands and is willing to act on behalf of its people. For our workers, our families, our businesses, and our economy, please pass this bill to move us toward a living wage and put more money into the hands of those who will spend it.

Mahalo,

Dylan Ramos

HB-2510-SD-1

Submitted on: 4/2/2022 10:31:30 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Roger Harris	Individual	Support	Written Testimony Only

Comments:

Please support AND PASS this bill without any political hoopla.

Mahalo,

Roger Harris, Kapaa, Kauai

HB-2510-SD-1

Submitted on: 4/2/2022 10:41:04 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathryn Braun	Individual	Support	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I wholeheartedly support HB2510 SD1 because it will raise the state minimum wage 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, so I strongly agree with the Senate Labor Committee's recommended timeline.

This policy would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping. The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

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

I support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

Please support this bill. It will make a hug and lasting positive impact on Hawai'i's working families and our economy.

Mahalo for the opportunity to testify.

Kathryn Braun, Punchbowl

HB-2510-SD-1

Submitted on: 4/2/2022 10:47:17 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Raymond Catania	Testifying for Raise Up Hawaii Kauai	Support	Written Testimony Only

Comments:

Aloha WAM Chairperson and Committee members,

I fully support this bill as amended by Sen. Brian Taniguchi's LCA. Hawaii's poorest workers need economic help now, many of whom are women with small children. To get to \$18 an hr. by 2026 is what the Legislature needs to do. It is imperative that we eliminate the so called "tip credit" which reduces server's wages to a sub-minimum level- this is nothing more than theft that benefits employers who haven't earned it. Any economy will prosper when it's least fortunate consumers have more money to spend on their families.

Mahalo, Raymond Catania, Raise Up Hawaii Kauai

HB-2510-SD-1

Submitted on: 4/2/2022 12:23:40 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Esther Kim	Individual	Support	Written Testimony Only

Comments:

Aloha Senate Committee on Ways & Means,

I write to you in strong support of HB2510 SD1 which will raise the state minimum wage to \$18 by 2026.

I am Esther Kim, a soon-to-be graduate from the UH Manoa Thompson School of Social Work. During my time in the social work school, it has become painfully clear that the many of the issues our clients and populations face need to be addressed on a policy level, and minimum wage is one of them. We have a rapidly growing houseless population and the media and public want to portray the unhoused as those who choose to live on the streets, but the reality is that our high cost of living is unmet with an unlivable wage. \$10.10 is not enough.

I am also in strong support of the removal of the tip credit which allows payment of sub-minimum wages to tipped workers. Working with clientele is difficult enough, and workers have to tolerate inappropriate behavior from clientele when they are relying on them to offset their low hourly wages.

Again, to reiterate the need for better policies for Hawaii's working people, there is also a need for the re-inclusion of a permanent and refundable EITC so that our families can survive the high cost of food, gas, housing, and other necessities. Inclusion of EITC would aid this effort greatly.

There is only so much I and other social workers and service providers can do when it comes to quality of life. If the legislature wants to see clear improvements and our families thrive, then I urge you to pass this bill with all its components.

Mahalo for the opportunity to testify.

Esther Kim

Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
HB2510

DATE: Tuesday, April 5, 2022

TIME: 10:15 AM

PLACE: Conference Room 211

VIA VIDEOCONFERENCE

IN STRONG SUPPORT OF HB2510

My name is Kristine Samonte and I am in strong support of HB2510, SD1 because it will raise the state minimum wage to \$18 by 2026. As somebody who has and currently is working multiple jobs to make ends meet here in Hawaii, I can say without a doubt that passing this bill will change many people's lives for the better. Not only will people not have to take a large portion of their days dedicated to working, but will prioritize other aspects of their lives that make it meaningful to them. Additionally, it already costs more than \$19 an hour for a single adult with no children to make ends meet in Hawai'i today, so I strongly agree with the Senate Labor Committee's recommended timeline. This policy would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling workers today. We know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping. The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, but it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the workplace. *All* business owners should be required to pay *all* their workers a living wage—enough for them to not just survive, but thrive.

I support the Earned Income Tax Credit as well and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families and to further strengthen our consumer economy. Please support HB2510. It will make a huge and lasting positive impact on Hawai'i's working families and our economy.

Thank you for your consideration,
Kristine Samonte

HB-2510-SD-1

Submitted on: 4/2/2022 2:23:10 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Lisa Seikai Darcy	Individual	Support	Written Testimony Only

Comments:

I am in strong support of HB 2510 SD1! I wish it was for 2024!

Mahalo, mahalo, mahalo!

Lisa Darcy

Maui County financially struggling resident

HB-2510-SD-1

Submitted on: 4/2/2022 2:36:06 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Anne Leake	Individual	Support	Written Testimony Only

Comments:

My name is Anne Leake and I am a resident of Kaneohe. All workers in Hawaii deserve a living wage and I support increasing the minimum wage to \$18. I am a nurse practitioner serving homeless people on the windward side of Oahu. Every day I see the impact that living in poverty has on health. I support this bill because:

- Hawaii’s minimum wage is currently \$10.10 an hour, or only \$21,000 a year for full-time work. It will not increase by even one cent without action from our legislature.
- According to our state’s Department of Business, Economic Development & Tourism, a single person with no keiki needs to earn \$18 an hour just to meet their basic needs in Hawaii. Various independent national experts have pegged Hawaii’s living wage – allowing for basic economic security -- at above \$27 an hour.
- Hawaii has the highest cost of living in the nation, but 24 other states have minimum wages higher than ours.

Mahalo for hearing this important bill and please pass it.

HB-2510-SD-1

Submitted on: 4/2/2022 2:39:12 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Elizabeth Nelson	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill in its present form. I know many people who suffer greatly or are moving to the Continent because they cannot afford to live here. We are losing good people. I know many businesses who do not favor this bill, saying it will hurt their business. But I also know some small business owners who feel paying a living wage helps everyone.

Thank you for your support.

Elizabeth Nelson.

Kaneohe

HB-2510-SD-1

Submitted on: 4/2/2022 2:49:58 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Caroline Kunitake	Individual	Support	Written Testimony Only

Comments:

I support HB2510 HD2 SD1.

HB-2510-SD-1

Submitted on: 4/2/2022 2:59:00 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Ruth Robison	Individual	Support	Written Testimony Only

Comments:

Hawai`i has the highest cost of living in the nation, but 24 other states have minimum wages higher than ours.

A bare minimum living standard would currently, in 2021, require a minimum wage of \$18-19 per hour, depending on the source calculating this truly basic standard of living.

Too many working people in Hawai`i remain homeless, food insecure, and/or without health care.

The Legislature needs to do what is best for Hawai`i's working families and for the state's economic health. Pass this bill and send HB 2510, HD2, SD1 as written to the governor's desk for signature.

Mahalo for the opportunity to provide comments.

HB-2510-SD-1

Submitted on: 4/2/2022 3:25:42 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Doris Segal Matsunaga	Individual	Support	Written Testimony Only

Comments:

As a retired Public Health professional, mother and grandmother, I strongly supports HB 2510 HD2 SD1.

I am the mother of an adult son who is a DOE teacher who also moonlights as a restaurant server one night each week in order to support his young family on the Big Island, where as you know the cost of gas, food and other services in more expensive than on O'ahu (Gas just reached 5.49 a gallon at the pump in Waimea, Hawaii Island).

So, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping. The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place. *All* business owners should be required to pay *all* their workers a living wage—enough for them to not just survive, but thrive on.

Let's pass this thing! Mahalo.

Doris Segal Matsunaga

Kamuela (aka Waimea), Hawaii

HB-2510-SD-1

Submitted on: 4/2/2022 3:36:50 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Wally Inglis	Individual	Support	Written Testimony Only

Comments:

Senator Donovan Dela Cruz, Chair

Senator Gil Keith-Agaran, Vice-Chair, and

Members of the Committee on Ways and Means

I stand in strong support of HB2510 HD2 SD1. Hawaii's workers have been underpaid for far too long. This bill is an important step in giving our working people something close to a living wage.

Please pass this legislation.

Sincerely,

Wally Inglis

Palolo Valley

HB-2510-SD-1

Submitted on: 4/2/2022 9:03:38 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Elizabeth Hansen	Individual	Support	Written Testimony Only

Comments:

Aloha

This is an essential bill; please pass this bill as it is written.

Mahalo,
Elizabeth Hansen
registered voter
Hakalau HI 96710

HB-2510-SD-1

Submitted on: 4/2/2022 9:19:17 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Rodger Hansen	Individual	Support	Written Testimony Only

Comments:

Please support this essential bill.

Mahalo,

Rodger Hansen

Registered voter,

Hakalau HI 96710

Chair Donovan Dela Cruz
Vice Chair Keith-Agaran

Senate Committee on Ways & Means

Tuesday, April 5, 2022
10:15AM

TESTIMONY IN SUPPORT OF HB2510 HD2 SD1 RELATING TO INCOME

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, Members of the Senate Committee on Ways & Means,

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 **SUPPORT** of **HB2510 HD2 SD1**, Relating to Income. I appreciate that there has been significant progress made by the Senate Labor Committee.

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, the 2026 timeline for the minimum wage increases would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026. **\$18/hr by 2026 is not enough, but it will make the lives of working class families a lot better than remaining on \$10.10/hr, so I support it.**

In addition, I **fully support the abolishment of the tip credit**, although it should be called a tip penalty. The community is picking up the slack for the lack of a living wage. Frankly, some employers 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? It's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. The legislature needs to end the potential for wage theft. 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 as its either that or not have enough money to pay the bills, this is morally wrong.

Also, I **support the Earned Income Tax Credit** as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

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 so that the working class can thrive and actually feel like we are a part of our society, rather than being second class citizens.

Crumbs aren't enough. Please **PASS HB2510 HD2 SD1**. 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

HB-2510-SD-1

Submitted on: 4/3/2022 8:12:35 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Lynn Robinson-Onderko	Individual	Support	Written Testimony Only

Comments:

Aloha Chair and Committee Members,

A minimum wage increase is long overdue. Workers in our state should not have to work three jobs to make ends meet. Wage increases infuse the economy benefitting small businesses. I humbly ask that you do the right thing and vote in favor of this bill.

Mahalo for your time and consideration.

Lynn Robinson-Onderko, Ewa Beach

HB-2510-SD-1

Submitted on: 4/3/2022 11:38:23 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Sherry Pollack	Individual	Support	Written Testimony Only

Comments:

I am in Strong Support of HB2510 SD1 which increases the minimum wage to \$18 per hour by 2026. Please pass this important measure. Mahalo.

HB-2510-SD-1

Submitted on: 4/3/2022 11:52:16 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Ruth C Carlson	Individual	Support	Written Testimony Only

Comments:

I support HB 2510 on Hawaii minimum wage as written. It's the right and fair thing to do.

HB-2510-SD-1

Submitted on: 4/3/2022 1:57:58 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Kim Coco Iwamoto	Individual	Support	Written Testimony Only

Comments:

I am testifying in support of HB2510 HD2 SD1, gradually raising the minimum-wage from \$10.10 to \$18.00 an hour and removing the tip penalty by 2026, as a compromise to raising the minimum-wage to \$22/hour by 2028, which more accurately reflects the true minimum wage full-time workers must earn in order to meet the costs of living in Hawaii.

When I was younger, I was a food-server at two dining establishments in Kakaako: Monterey Bay Canners at Ward Centre and The Chowder House at Ward Warehouse. I worked full-time: 3-hour lunch shifts at one place and 5-hour dinner shifts at the other. I earned the tip-penalty hourly wage, which may have been around \$2/hour — and if I was lucky, I got enough tables during my shifts that I could earn some tips.

The amount in tips earned per shift was not reliable for a number of reasons beyond our performance as a server: too many servers scheduled, senior servers given their quota of tables first, some customers were from cultures that were not accustomed to tipping, and short-staffing in the kitchen during lunch rush led to angry customers - to name a few.

We were required to come in early, before any customers were allowed to be seated, and required to stay late, after our last customers left our tables. Even if we were not technically earning tips during those times, we were still being compensated the tip-penalty wage. The early and late work included “marrying” our ketchup bottles, refilling the shoyu, salt and pepper bottles, rolling the utensils into the napkins, folding napkins, wiping utensils, glasses and tables that were not cleaned well, perking up the salad greens in cold water, among other menial tasks that were saved for the restaurant’s cheapest labor.

Luckily, I was able to live with family. I would not have been able to afford to pay for living expenses like rent, gas, and other bills - thank goodness we did not yet have cell phones or internet connections to pay for.

Today, I am a small business owner and an investor. I review a lot of business plans and financial statements and compare them to industry averages. When you compare expense pie charts between companies in Hawaii and those on the continent, it’s clear how much more the Hawaii businesses expend on land/rent/utilities and how much less they invest in labor costs. Land speculators in Hawaii have driven up the cost of land for everyone. This does not just impact businesses, it also drives up the price of rental housing that our minimum-wage earners must pay for.

Placing the burden of profitability solely on the backs of Hawaii's lowest-wage earners is unsustainable. Hawaii residents have the highest average credit card debt balance in the nation. Most of the interest paid on the outstanding balances leave our local economy, and we lose the GET those funds could have generated and re-generated.

HB-2510-SD-1

Submitted on: 4/3/2022 2:09:24 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Randy Ching	Individual	Support	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I wholeheartedly support HB2510 SD1 because it will raise the state minimum wage 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, so I strongly agree with the Senate Labor Committee's recommended timeline.

This policy would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

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

I support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

Please support this bill. It will make a hug and lasting positive impact on Hawai'i's working families and our economy.

Mahalo for the opportunity to testify.

Randy Ching

Honolulu

HB-2510-SD-1

Submitted on: 4/3/2022 2:11:48 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Elizabeth Scheimer	Individual	Support	Written Testimony Only

Comments:

I am writing **STRONGLY** in support of this bill, and consider it a must-pass for this legislative session. Wages must be raised in Hawaii, given the cost of living and cost of housing, and because we are now in an inflationary period. To be quite frank, the minimum wage ought to have been raised years ago, and this probalby isn't even enough. This is necessary for the health and resiliency of our community. Given the demographics of who is more likely to have a minimum wage and tipped income, **NOT** taking this action would disproptrtionately impact minorities, women, immigrants, and other historically marginalized communities.

HB-2510-SD-1

Submitted on: 4/3/2022 2:37:56 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Rev. Samuel L Domingo	Testifying for Faith Action for Community Equity, Hawaii Workers Center, RaiseUp Hawaii	Support	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I wholeheartedly support HB2510 HD2 SD1 because it will raise the state minimum wage 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, so I strongly agree with the recommended timeline.

This policy would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place. I do not support any continuation of its racist legacy.

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

I support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

Please support this bill. It will make a huge and lasting positive impact on Hawai'i's working families and our economy.

Mahalo for the opportunity to testify.

HB-2510-SD-1

Submitted on: 4/3/2022 3:04:29 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
L Basha	Individual	Support	Written Testimony Only

Comments:

Increasing the minimum wage is the only way we are going to keep talented people living in Hawai'i.

HB-2510-SD-1

Submitted on: 4/3/2022 3:23:04 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Claire Gearen	Individual	Support	Written Testimony Only

Comments:

Dear Chair Donovan M. Deal Cruz, Vice-chair Gilbert S.C. Keith-Agaran, and other members of the Senate Committee on Ways and Means:

I write in strong support of House Bill 2510 HD2 SD1 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 am in support of the phasing out of the tip credit. Customers are not bound by labor laws as employers are, so a tip credit leaves employees vulnerable to discrimination and abuse.

Thank you for hearing this measure.

Sincerely,
Claire Gearen

HB-2510-SD-1

Submitted on: 4/3/2022 4:19:25 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Mary Whispering Wind	Individual	Support	Written Testimony Only

Comments:

Aloha lawmakers,

I SUPPORT this bill, HB2510 HD2 SD1

Mahalo,

Mary Whispering Wind

HB-2510-SD-1

Submitted on: 4/3/2022 4:22:00 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Brian Murphy	Individual	Support	Written Testimony Only

Comments:

Aloha lawmakers,

I **SUPPORT** this bill, HB2510 HD2 SD1

It's too ittle, too late, but better than nothing.

Brian Murphy

HB-2510-SD-1

Submitted on: 4/3/2022 7:54:10 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Nanea Lo	Individual	Support	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I wholeheartedly support HB2510 SD1 because it will raise the state minimum wage 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, so I strongly agree with the Senate Labor Committee's recommended timeline.

This policy would put more than \$16,000 in additional pay in the pockets of Hawai‘i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

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

I support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

Please support this bill. It will make a hug and lasting positive impact on Hawai‘i's working families and our economy.

me ke aloha ‘āina,

Nanea Lo

HB-2510-SD-1

Submitted on: 4/3/2022 9:09:46 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Gerard Silva	Individual	Oppose	Written Testimony Only

Comments:

This will only Heart the Local people and distroy the smaller companys!!!

HB-2510-SD-1

Submitted on: 4/3/2022 9:27:10 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Cheryl Ho	Individual	Support	Written Testimony Only

Comments:

Aloha, Chair Delacruz and Members of the Ways and Means Committee:

My name is Cheryl Ho, and I am a resident of Nu‘uanu, and a retired social worker.

I have been out on the sidewalks, holding my sign for **Raise Up Hawai‘i** since October, because I believe it is unconscionable for Hawai‘i’s hourly wage workers to receive the current wages. I am relieved that a compromise on HB 2510 appears to have been reached regarding the schedule for achieving a level of \$18/hr, and also regarding the elimination of the tip "credit" penalty.

Please pass HB 2510!

Mahalo for reading my testimony.

Cheryl O. Ho, Nu‘uanu

HB-2510-SD-1

Submitted on: 4/3/2022 10:18:04 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Thomas Brandt	Individual	Support	Written Testimony Only

Comments:

Chair Dela Cruz and members of the Senate Committee on Ways and Means:

I strongly support this bill!

Hawaii's middle class has been shrinking for at least the past 30 years, while poverty, inequality, and homelessness reached record highs--before Covid--at the same time the visitor industry was also reaching record-high level numbers of visitors and visitor spending.

Furthermore, the number of Hawaii families classified as "ALICE"--Asset-limited, Income-constrained, Employed--increased from more than 40% to nearly 60% due to the Covid pandemic.

So raising the minimum wage to \$18 per hour by 2026 is the least I think we can do to start reducing the amount of wealth and income generated by the local economy that is either exported out of state, or is too concentrated locally in too few hands.

Thank you for the opportunity to offer these comments.

Thomas Brandt

Foresight and policy analyst, and former planning and economic development specialist

HB-2510-SD-1

Submitted on: 4/3/2022 10:54:14 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Chris Molina	Individual	Support	Written Testimony Only

Comments:

Dear Chair Dela Cruz and members of the Senate Committee on Ways and Means,

I appreciate the changes that were made by Senator Taniguchi and Labor, Culture and the Arts committee. Raising wages for the workers of Hawai'i is important and must be done this session. 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.

I would like to see the tip penalty completely eliminated but I consider the ammendment suggested by Senator Taniguchi and the LCA committee as a step in the right direction. Our working people are the most important economic pillar of our society. Making sure these families have the wages they need to survive ensures both that future generations can stay in these islands for work and set down roots and that they can take their increased earnings and invest them in our local economy.

The time is right for change. Stand with the working people of Hawai'i and pass this bill. I appreciate the efforts of the senate and hope we can see this effort through until our working people get a fair deal. We all can agree that \$10.10 is not enough. We need \$18 by 2026.

I appreciate the opportunity to testify,

Chris Molina

Senate District 8

House District 16

HB-2510-SD-1

Submitted on: 4/3/2022 11:56:24 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Kristen Young	Individual	Support	Written Testimony Only

Comments:

Aloha Senate Committee on Ways & Means,

I wholeheartedly support HB2510 SD1 which will raise Hawai‘i’s minimum wage to \$18 by 2026. The minimum wage must be increased sooner rather than later. It already costs more than \$19 an hour for a single adult to just barely make ends meet in Hawai‘i today, so I strongly agree with the Senate Labor Committee's recommended timeline.

This policy would put more than \$16,000 in additional pay in the pockets of Hawai‘i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, I strongly support the proposed phase-out of the harmful state tip penalty which allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

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

I support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

Please support this bill. It will make a huge and lasting positive impact on Hawai‘i's working families and our economy.

Mahalo for the opportunity to testify.

Kristen Young
Senate District 11

April 4, 2022

TO: Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means

FROM: Christy MacPherson

SUBJECT: Testimony: Relating to Income

Hearing: April 5, 2022 at 10:15 am
CR 211 and Videoconference

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Senate Committee on Ways and Means,

I **STRONGLY SUPPORT** HB2510 HD2 SD1 and all the amendments proposed in SD1.

Although we know that it is still not enough, raising the minimum wage to \$18 by 2026 is a compromise that we support. We also support eliminating the tip credit which would also eliminate 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**. Eliminating the tip credit would mean that we choose to support women and their keiki *over* business profits. They will also be less vulnerable to *sexual harrassment* since they will not have to put up with it to make up for tips lost.



The following comments are on behalf of Raise Up Hawai'i. **The voices of real workers who are *struggling day in and day out* have been missing** and since they are too busy working at their minimum wage jobs to participate in these hearings, we wanted to share their stories for them.

Mahalo nui for taking the time to read about them and for your consideration.

Feedback from Raise Up Hawai'i One-on-Ones with Hawai'i's Low-Wage Workers

- Conducted one-on-ones with business owners and workers from various communities on the island of O'ahu

- Some small businesses like Koko Head Café, Kaimuki Café, Red Pineapple and Hawaiian Seat Covers fully support \$18 by 2026 and Starbucks will be paying \$15 starting this summer; Koko Head Café starts at \$15 and *does not* utilize the tip credit
- The argument that most minimum wage workers are high-schoolers is simply not true- approximately 90% are adults including mothers and fathers, many with several children and others are helping family members to pay for rent, food and other necessities
- Many are working 2 or 3 jobs. For example, a *security guard we met with works 3 jobs to take care of his 2 children and works 18 hours a day, 7 days a week.*
- The argument that workers should “pick themselves up by their bootstraps” and get an education is insulting- many workers have post-high-school education and for those who don’t, who is supposed to pay for their education when they’re earning \$11-12/hr with dependents to feed and house? For example, *one lady we met with from Kalihi Valley works to help her Mom who is disabled.*
- **100% of workers strongly supported \$18 by 2026 and that’s still not enough! One worker stated, “Thank you for fighting. Thank you for listening to us.”**

Descriptions of low-wage workers in Wahiawa, Waipahu, Pearl City, Aiea, Kalihi Valley, Kaka`ako, Kaheka and Kaimuki:

Lives in low-income housing; in recovery; 3 kids; has childcare; had to work her way up to \$17

Helps Mom who is disabled; lives in Kalihi Valley

Helps family out- lives in Kalihi

Wife gets military housing; hard to make it here; has been here for 4 years; earns under \$15 as Assistant Manager

"Saddens him" to see his co-workers struggling; one just quit because she has 3 jobs; earns \$10.10 and only stays because he gets discount on products; he works 2 jobs

Lives in Kalihi; helps out family; earns about \$13

Works 2 jobs; earns \$10.10 as hostess and at elderly residential home

Supports child on this job and earns \$10.10 as a hostess

Heck yeah on raising the wage! Workers are making just slightly above the minimum wage

Totally agrees that wages should be increased

Totally agrees that wages should be increased

Currently being paid \$16/hr including H.S. students

In support of raising the wage

Born and raised in Hawai`i- grew up partially in Kahalu`u; concerned about people in Hawai`i having to leave the islands

Supports an increase; from Oregon and has lived 4 years in Hawai`i

Supports an increase; earns \$10.10/hr. plus tip jar which turns out to be about \$14/hr

Earns \$11/hr starting

Is all for an increase

Earns \$10.75/hr; business has been struggling during the pandemic

Earns \$10.60/hr; plans on getting another job soon; college grad

Student; earns \$13/hr after promotion after 1 year; concerned about the cost of living and young people entering workforce who need to help family

Need to raise the hourly wage; grocery prices are increasing; pay is not enough for rent and food; works 65 hrs/wk and earns \$11/hr; net pay is only about \$500 every paycheck

Hard for people; wife has to work 7 days/week even though she makes decent \$; "never enough"; concerned about prices going up

Earns a decent wage but understands the need to increase wages for others

Earns \$10.10/hr and \$10.60 (supervisor); not enough

Works 1 F/T and 2 P/T jobs; would be good to raise wages

Hard to hire people because fast food establishments, Indeed.com, etc. are paying \$15+

Has a child; makes \$14/hr; rents; only wage-earner in family

Earns \$17 but "still hard"

Earns \$11.60/hr, 8 hrs/day but others are making \$10.10/hr; getting a raise but doesn't know when; lives with sister-in-law

Earn under \$15 but receive commission; agree that we need to raise wages

2 children; works 18 hrs/day, 7 days/wk; earns \$16/hr as security guard (this was increased over the years after training). Has 2 other jobs and \$700/800 left after taxes; renting since 2009

Stock person; earns \$12/hr F/T; has 2 children

Earns \$10.60/hr (starting pay is \$10.25/hr); has 2 jobs (second job is in produce)

Local 5 member (Kaiser Behavioral); Earns \$10.10/hr + tips; concerned about the cost of living and how wages will meet that

Definitely need to raise the wage; lives with family; cannot afford to live on her own; everyone in family chips in; very happy we are working on this

Would definitely help to raise the wage; one worker works to pay for electricity and other expenses but if they were to get a raise, they "wouldn't have to think so hard about how to spend their money." She wishes she had more money to help her family; other worker works 2 jobs

Definitely need to raise the wage; used to make minimum wage (pre-\$10.10) and was lucky her husband had a better job but it still wasn't enough; "I don't know how anyone can make it on \$10.10"

People need to pay bills; could use raise for a truck; "should have been \$13"; has 2 daughters; does landscaping, too; wife works

"Yes, of course everybody needs more money"; she is okay currently unless you raise daily expenses like utilities

Definitely need to raise the wage here; friend in Indiana makes \$15/hr and their cost of living is way lower

Employees recently got a raise to \$15 and she earns \$17/hr; it's okay since her husband is in the military so they get housing allowance

He is okay because he's young but if you were to ask older folks working minimum wage jobs, they would have something very different to say.

She is okay because she's young but if you ask an older worker, their story would be a lot different

Earns \$20/hr. but it's definitely not enough; people need money- "that's why we have homelessness"; has to live with her daughter because she cannot even afford a cheap place

Earns \$15/hr as a cook but his hours are cut

Starting pay is \$11.25/hr.

3 employees all make \$15+; need to raise the wage

Earns more than \$15/hr but YES, we need to raise the wage! Prices are going up

Earns less than \$15 but she's okay because her husband has 2 retirement funds and still works; it's a "good idea" to raise the wage

HB-2510-SD-1

Submitted on: 4/4/2022 6:58:25 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Carolyn Eaton	Individual	Support	Written Testimony Only

Comments:

Aloha, Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee,

My name is Carolyn Eaton and I am in strong support of this bill. Please consider the lives and well-being of working families and individuals who must rely on our lowest-paid positions to make possible a life in our State. The measure before you will give hope and the return they need for their labor to better survive among us.

Mahalo for weighing my concern and for hearing this important bill.

HB-2510-SD-1

Submitted on: 4/4/2022 8:10:51 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Diane Ware	Individual	Support	Written Testimony Only

Comments:

Dear WAM Chair and Committee Members,

Dear Senate Committee on Ways & Means,

I wholeheartedly support HB2510 SD1 because it will raise the state minimum wage 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, so I strongly agree with the Senate Labor Committee's recommended timeline.

This policy would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

Respectfully,

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



LGF Consulting Hawaii

808.854.9629

lgfconsultinghawaii@gmail.com

April 4, 2022

Hearing: WAM HB2510, Minimum Wage Bill

Aloha,

Dear Senate Committee on Ways & Means,

I wholeheartedly support HB2510 SD1 because it will raise the state minimum wage 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, so I strongly agree with the Senate Labor Committee's recommended timeline.

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In addition, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the work place.

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

I support the Earned Income Tax Credit as well, and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families, and to further strengthen our consumer economy.

Please support this bill. It will make a hug and lasting positive impact on Hawai'i's working families and our economy.

Mahalo for the opportunity to testify.

Lori Ferrin

Waimea

HB-2510-SD-1

Submitted on: 4/4/2022 9:11:52 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Laura Hughes	Individual	Support	Written Testimony Only

Comments:

I support raising the minimum wage as it is necessary to uplift all of Hawai'i, I think it could be raised further to 22-24\$ to account for the cost of living in Hawai'i.

HB-2510-SD-1

Submitted on: 4/4/2022 9:15:41 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Alan R Akana	Individual	Support	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I support HB2510 SD1 because it will raise the state minimum wage to \$18 by 2026. As a pastor, I constantly encounter hard working residents who work full-time, some with more than one job, and constantly struggle to make ends meet for their families. This policy will allow them to make progress in providing adequate food, housing and healthcare, putting more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today.

In addition, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping. *All* business owners should be required to pay *all* their workers a living wage—enough for them to not just survive, but thrive on.

Please support this bill. It will make a huge and lasting positive impact on Hawai'i's working families and our economy.

Mahalo nui loa!

Rev. Dr. Alan R. Akana

Kōloa (Kaua'i)

HB-2510-SD-1

Submitted on: 4/4/2022 9:30:19 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
James Long	Individual	Support	Written Testimony Only

Comments:

Aloha,

I am writing in support of HB2510 HD2 SD1. I believe that is actually past time to increase minimum wage, so now, it would be a great time to fully address a State wide minimum wage and give those (once called essential workers) the wage that will allow them to better support themselves and their families.

Please pass HB2510 HD2 SD1.

Mahalo,

James
Long
ehu

Naal

HB-2510-SD-1

Submitted on: 4/4/2022 9:31:21 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Dawn Morais Webster Ph.D.	Individual	Support	Written Testimony Only

Comments:

Moving the minimum wage closer to a living wage--one that allows people working full time to simply **survive**--is long overdue. PLEASE do not ask struggling workers emerging from a pandemic to wait any longer even as we count on their services to get by. This increase is phased-in and will benefit everyone--workers and the businesses who depend on their labor. The data supports making the minimum wage a living wage, despite assertions to the contrary. After the cascading stories of corruption, acting in the public interest may help restore some faith in the legislature. Thank you for representing the interests of those most in need of policy improvements.



JOSH FROST

1418 Mokuna Pl.
Honolulu, HI 96816

T 808.371.9334
josh.frost@me.com

regardingfrost.com
peoplesdialectic.com

Tuesday, April 5, 2022

House Bill 2510 HD2 SD1 Relating to Income
Testifying in Support

Aloha Chair Dela Curz, Vice Chair Keith-Agaran, and Members of the Committee,

I am submitting testimony today in support of HB2510 HD2 SD1 Relating to Income, which increases the State's minimum wage to \$18 by 2026 and reduces the tip credit to zero by 2026.

While I'm disappointed by the removal of the EITC language in the bill, I am hoping this committee will hear and pass HB1507, which is the only bill still alive that would make the EITC permanent and refundable.

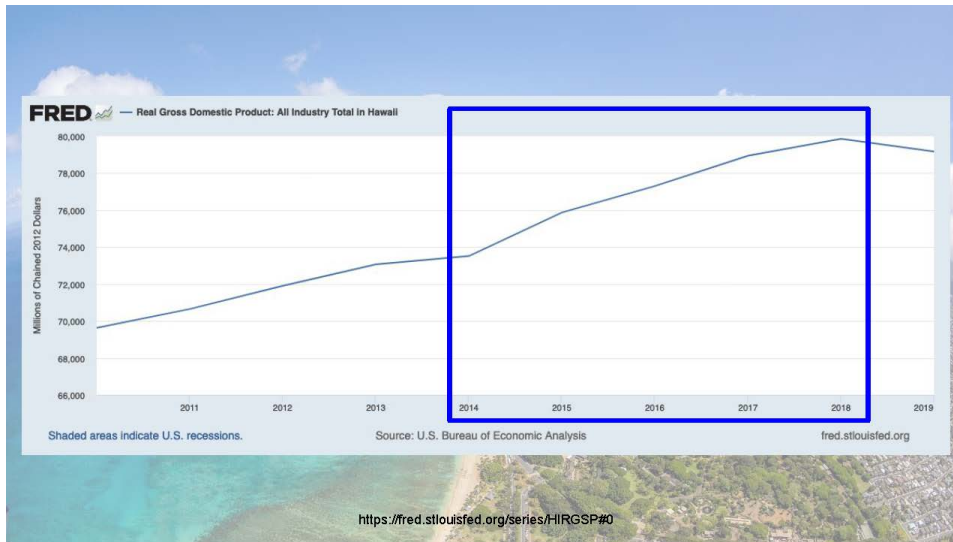
This minimum wage proposal does so much better at getting Hawaii to a living wage faster.

The concerns raised by business owners and their advocates are, quite simply, unfounded in reality. In fact, a preponderance of evidence which suggests exactly the opposite. 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 45 CENTS	Spam Musubi 9 CENTS	LB of Bananas 5 CENTS	Bag of Chips 16 CENTS
Malasada 7 CENTS	Gallon of Milk 29 CENTS	Chili Bowl 31 CENTS	Hot Dog Pack 23 CENTS

Finally, this bill reduces, then eliminates 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. I'm so very glad to see this provision included and hope that it remains so in the final version.

I implore you to pass this bill AS IS and move it quickly to conference. Let's finally give minimum wage workers the substantial raise they deserve.

Mahalo for the opportunity to submit testimony today.

HB-2510-SD-1

Submitted on: 4/4/2022 9:59:54 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Renee Rabb	Individual	Support	Written Testimony Only

Comments:

Please pass HB2510 and let's raise the minimum wage for people of Hawaii this year.

Mahalo,

Renee Rabb

Keaau, HI 96749

HB-2510-SD-1

Submitted on: 4/4/2022 10:02:14 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Jesse Kealiinohomoku	Individual	Support	Written Testimony Only

Comments:

Aloha mai Kākou,

I stand in support of HB2510. This is a measure that should have been implemented a long time ago. Its almost impossible to make a living here in Hawaii with just one job as Prices for homes and living expense has risen dramatically in the last decade. To counterract, raising minimum wage will mitgate the displacemnet of locals to the mainland, retain the very people who hold aloha, increasing the health and wellbeing of the working class and advance a happier Hawaii.

Me ke aloha,

#Fixourfoodsystem

HB-2510-SD-1

Submitted on: 4/4/2022 10:14:57 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Derwin	Testifying for Hawaii Clubhouse Advocacy Coalition	Support	Written Testimony Only

Comments:

To All Concerned:,

My name is Derwin Teranishi, from the Hawaii Clubhouse Advocacy Coalition, and I am in support of HB 2510. As we all know, the cost of living is evident in the increase of gas prices and all other items in our grocery and retail stores. For us to keep up with all of these life essentials for ourselves and our families throughout the state, we need your help for us to receive what is necessary. You know the reasons, just help, please.

Derwin Teranishi

LATE

HB-2510-SD-1

Submitted on: 4/4/2022 10:37:31 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Janet Walker	Individual	Support	Written Testimony Only

Comments:

Workers in Hawaii deserve an increase in the minimum wage. Please support this bill.

LATE

Date: April 4,2022

To: Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Committee Ways and Means

From: Byron "Biff" Graper

Subj: HB 2510, HD 2, SD1 Relating to Income

Is the cost of living in Hawaii HIGH?

Yes

Do Hawaii businesses pass on increased expenses to customers?

Yes

Does HB 2510, HD 2, SD1 increase wages to tipped employees earning \$20.00, \$30.00, \$40.00, \$50.00, and even more per hour?

Yes

Put the tip credit back into HB 2510, HD 2, SD1.

Do not legislate an unnecessary increase in the cost of living for your people in Hawaii.

LATE

HB-2510-SD-1

Submitted on: 4/4/2022 12:59:26 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Ashley Galacgac	Individual	Support	Written Testimony Only

Comments:

Please pass this bill for liveable wage here for workers in Hawai'i. With the rising cost of living in Hawai'i, wages have not increased accordingly. Exploited people have taken the brunt of inequity and their labor is not compensated fairly as others have continuously profited. I ask that the committee take on the government leadership and intervention to ensure that all workers' labor is honored. The health and wellness of our workforce and our communities and families depend on it.

Thank you for the opportunity to testify in strong support of HB2510.

LATE

HB-2510-SD-1

Submitted on: 4/4/2022 1:43:09 PM
Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Mai Hall	Individual	Support	Written Testimony Only

Comments:

I support the people of Hawaii earning better wages. This will support families and children.

LATE

HB-2510-SD-1

Submitted on: 4/4/2022 1:52:07 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Kanani Kai	Individual	Support	Written Testimony Only

Comments:

I support this Bill.

LATE

HB-2510-SD-1

Submitted on: 4/4/2022 1:52:23 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Kenisha Strong	Individual	Support	Written Testimony Only

Comments:

Support

LATE

HB-2510-SD-1

Submitted on: 4/4/2022 1:53:18 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Erica Yamauchi	Individual	Support	Written Testimony Only

Comments:

As a small business owner, I stand in strong support of this bill.

Erica Yamauchi, Kaimukī/Wilhelmina Rise

LATE

HB-2510-SD-1

Submitted on: 4/4/2022 3:12:59 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Ann Eiko Takahashi	Individual	Support	Written Testimony Only

Comments:

I Ann Eiko Takahashi support HB2510 HD2 SD1 as an individual citizen.

Date: April 4,2022



To: Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Committee Ways and Means

From: Highway Inn

Subj: HB 2510, HD 2, SD1 Relating to Income

Raising the minimum wage without expanding the tip credit means that the minimum wage increases will primarily flow to the highest paid tipped employees in Hawaii's restaurants and result in higher consumer prices. This outcome is not the intent of raising the minimum wage. Strengthening the tip credit will ensure that industries with tipped employees can remain a vibrant part of the local economy.

The logic presented by the legislature in a document submitted by the Committee on Labor, Culture and the Arts on March 24, 2022 for eliminating the Tip Credit in Hawaii because it penalizes employees who receive a tip is flawed because restaurant customers tip in the expectation that the tip is shared among **all** employees. And yes, since dining began in America, tips have subsidized restaurant workers' salaries, and those restaurants that have tried to eliminate tips have quickly reversed course. Moreover, it should not require testimony from restaurant owners to Hawaii's legislature to make it aware of this fundamental peculiarity and common knowledge of dining in the United States, that restaurant owners are 'different from all other employers obligated to pay the minimum wage'. To believe otherwise is willfully ignoring recent precedent by the federal government to assist employers via two rounds of PPP loans, the RRF (Restaurant Relief Fund), the ERTC program, & the Hawaii Restaurant Card to name a few of the programs which recently acknowledged restaurants as employers distinct from other businesses.

In our business, waitstaff (who make minimum wage) are the highest paid and most sought-after position. A FTE waitstaff can make \$75k plus a year. \$20k in minimum wage + \$55k in tips. In Hawaii restaurants, the vast majority of non-tipped staff already make above minimum wage. Evidence of the market for labor at work. In the face of such facts, why would the legislature continue down the path of not considering the consequences of raising the minimum wage & eliminating the tip credit – a program designed to address the imbalances caused by American's dining culture to tip restaurant employees.

The minimum wage policy will fail in one of the largest sectors of Hawaii's economy. All business owners will do in response is to increase prices to the consumer because the restaurant industry's competitive nature results in thin profit margins. Increased prices will lead to lower overall employment in this sector and less consumer choice. Lastly, many employees already leave us to get paid off-the-books. This legislation will further non-compliance by unscrupulous employers. Is that what you want?

Mahalo for the opportunity to present the facts and our views.

LATE

HB-2510-SD-1

Submitted on: 4/4/2022 4:17:49 PM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Judith Wilhoite	Individual	Support	Written Testimony Only

Comments:

I support HB2510 SD1 as it will raise the state minimum wage to \$18 by 2026. I also support the Earned Income Tax Credit and ask that it be put back in as a permanent and refundable EITC support for Hawaii's 'Ohana. This is a win-win action as families would fare better as would our economy, for our 'Ohana in the financial bracket that would benefit from this are the ones who spend the little bit of extra they would receive on goods and services in our communities.

Mahalo nui loa for this opportunity to share my support for HB2510.

LATE

HB-2510-SD-1

Submitted on: 4/5/2022 1:42:36 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Evelyn Aczon Hao	Individual	Support	Written Testimony Only

Comments:

Dear legislators,

I strongly support HB2510 SD1 because it will raise the state minimum wage to \$18 by 2026. I also would like to see the re-inclusion of a permanent and refundable Earned Income Tax Credit component. Both the raise and the EITC will give more buying power to working families, thus further strengthening our economy.

The Senate Labor Committee's recommended timeline for the minimum wage increases is realistic. Studies show that a single adult in Hawaii needs at least \$19/hour to have enough for monthly housing and food expenses.

The increase in wages and the EITC can really make a profound difference in the quality of life of our families who are so close to falling off the brink into poverty. We know that living wages not only benefit the wage earners and their families; they also better the entire larger community.

Thank you for your time and attention.

Evelyn Hao

LATE

HB-2510-SD-1

Submitted on: 4/5/2022 7:43:16 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Mona Bomgaars	Individual	Support	Written Testimony Only

Comments:

Dear friends, I strongly support HB2510 because it reaches \$18 an hour in 2026 but I would request that you reinsert the EITC language into the bill. Our communities need all the financial help possible. We must bring economic justice to all and especially vulnerable families.

Mahalo and aloha.

Mona R BomgaarsMD

Hawaii Kai

LATE

HB-2510-SD-1

Submitted on: 4/5/2022 10:11:53 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Loren	Individual	Support	Written Testimony Only

Comments:

I support HB2510 SD1 because it will raise the minimum wage to \$18 by 2026 and will help families and friends I care about.

LATE

HB-2510-SD-1

Submitted on: 4/5/2022 10:31:51 AM

Testimony for WAM on 4/5/2022 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Teri L Skillman	Individual	Support	Written Testimony Only

Comments:

Dear Senate Committee on Ways & Means,

I wholeheartedly support HB2510 SD1 because it will raise the state minimum wage to \$18 by 2026. I support the Earned Income Tax Credit as well and would be happy to see the re-inclusion of a permanent and refundable EITC component in this bill as an added way to put more money into the pockets of working families and to further strengthen our consumer economy.

I strongly agree with the Senate Labor Committee's recommended timeline for the minimum wage increases because 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.

This policy would put more than \$16,000 in additional pay in the pockets of Hawai'i's minimum wage workers by the year 2026, an amount that would be truly transformational for many struggling right on the edge today. And we know from past experience that when working folks do better, the entire consumer economy does better too.

In addition, I strongly support the proposed phase-out of the harmful state tip penalty. The tip penalty allows some business owners to pay their workers a sub-minimum wage while subsidizing their labor costs off customer tipping.

The so-called tip "credit" not only allows the business owner to offload labor costs onto the customer, it's also routinely misapplied, resulting in billions of dollars in stolen wages across the U.S. every year. On top of that, workers that are forced to work for tips to survive are exposed to far higher rates of sexual harassment and other forms of violence in the workplace.

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

Please support this bill. It will make a huge and lasting positive impact on Hawai'i's working families and our economy.

Mahalo for the opportunity to testify.

Teri Skillman

Kalihi Ahapua'a/Senate District 14