

Honolulu, Hawaii

February 28, 2014

RE: H.B. No. 2580

H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2580 entitled:

"A BILL FOR AN ACT RELATING TO LABOR,"

begs leave to report as follows:

The purpose of this measure is to update the minimum wage by:

- (1) Increasing the minimum hourly wage annually by a specified amount from January 1, 2015, to January 1, 2017;
- (2) After the January 1, 2017, minimum wage increase, adjusting the minimum wage rate by requiring the Department of Labor and Industrial Relations (Department) to adjust the minimum wage rate in accordance with the Honolulu Region Consumer Price Index; and
- (3) Repealing the tip credit.

The Representative of the First District of the House of Representatives of the Congress of the United States; Department of Labor and Industrial Relations; Department of Human Services; Hawaii State Commission on the Status of Women; Office of Community Services; a councilmember of the City and County of Honolulu, City Council; a councilmember of the Kauai County Council; Hawaii State Teachers Association; Laborers'

HB2580 HD1 HSCR FIN HMS 2014-2405



International Union of North America, Local 368; National Association of Social Workers, Hawaii Chapter; Women's Caucus of the Democratic Party of Hawaii; Planned Parenthood of Hawaii; HealthyPacific.Org; Chamber of Commerce for Persons with Disabilities-Hawaii; Konkokyo Konko Mission of Wahiawa; Hawaii Alliance for Community-Based Economic Development; International Organization of Masters, Mates & Pilots; Marine Engineers' Beneficial Association; Unite Here! Local 5; Hawaii Credit Union League; First Unitarian Church of Honolulu; and several individuals provided testimony in support of this measure. The Chamber of Commerce of Hawaii; Maui Chamber of Commerce; Hawaii Restaurant Association; Big City Restaurants, Inc.; Atlantis Adventures Hawaii; National Federation of Independent Businesses Hawaii; VIP Foodservice; Pioneer Inn Hotel; Times Supermarkets; The Hawaii Business League; Pizza Bob's; Hawaii Food Industry Association; and several individuals provided testimony in opposition to this measure. The Executive Office on Early Learning; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; Sailors' Union of the Pacific; Hawaii State AFL-CIO; Outrigger Enterprises Group; Faith Action for Community Equity; Faith Action for Community Equity, Maui; Pride At Work Hawaii; Partners In Care; Dr. Martin Luther King Jr. Coalition Hawaii; Maui Marshallese Women's Club; Hawaii Gourmet Society, LLC; SAG-AFTRA Hawaii Local; Duke's Canoe Club Waikiki; Plumbers and Fitters United Association, Local 675; Keeki's Paradise; Catholic Charities of Hawaii; United Public Workers, AFSCME, Local 646, AFL-CIO (UPW); League of Women Voters of Hawaii; Progressive Democrats of Hawaii; Democratic Party of Hawaii; ILWU, Local 142; Hawaii Alliance for Retired Americans; Hawaii Appleseed Center for Law and Economic Justice; Kona-Kohala Chamber of Commerce; Hawaii Lodging & tourism Association; Maui Hotel & Lodging Association; PHOCUSED; Araki-Regan & Associates, LLC; Duke's Beach House Maui; Grand Cafe & Bakery; Duke's Canoe Club Kauai; T S Restaurants; Hula Grill Waikiki; Hula Grill; Gyotaku Japanese Restaurants; Japanese Chamber of Commerce & Industry of Hawaii; Hawaii Women's Coalition; Advocates For Consumer Rights; Ritz-Carlton Kapalua; LBD Coffee, LLC; and numerous individuals provided comments on this measure.

Your Committee has amended this measure by:


- (1) Adding a provision increasing the minimum wage to \$10.00 per hour beginning on January 1, 2018;



- (2) Deleting the requirement that tied the minimum wage rate to the Honolulu Region Consumer Price Index beginning after the January 1, 2017, minimum wage increase;
- (3) Reestablishing the tip credit of 25 cents per hour and annually increasing the amount of the tip credit by a specified amount from January 1, 2015, to January 1, 2017;
- (4) Specifying that the tip credit is allowed only when and after the gross amount the employee receives from the employee's employer and in tips in a taxable year is at least 250 percent of the poverty level as determined by the Director of Labor and Industrial Relations (Director);
- (5) Requiring the Director to establish the poverty level to establish the tip credit by October 1 of each year to be used in the following year; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2580, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2580, H.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,

  
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SYLVIA LUKE, Chair



