

STAND. COM. REP. NO.

1359

Honolulu, Hawaii

MAR 21 2019

RE: H.B. No. 1191  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred H.B. No. 1191, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Increase minimum wage rates annually from January 1, 2020, through January 1, 2024; and
- (2) Provide lower minimum wage rates for employees who receive employer-sponsored health benefits under the Hawaii Prepaid Health Care Act.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations; Hawai'i State Commission on the Status of Women; LGBT Caucus of the Democratic Party of Hawaii; Hawaii Children's Action Network; IP Xpert of Honolulu LLC; Democratic Party of Hawaii, Hawaiian Affairs Caucus; AAUW of Hawaii; Hawaiian Community Assets; ILWU Local 142; Americans for Democratic Action; PHOCUSED; Young Progressives Demanding Action; Faith Action for Community Equity; Pride at Work Hawaii; League of Women Voters of Hawaii; Rainbow Family 808; Hawaii Appleseed Center for Law and Economic Justice; IMUAlliance; Democratic Party of Hawai'i Education Caucus;



Associated Students of the University of Hawaii; Zonta Club of Hilo; Hawaii State Teachers Association; Democratic Party of Hawaii Labor Caucus; Roman Catholic Church in the State of Hawaii; Living Wage Hawaii; Democratic Party of Hawai'i; Drug Policy Forum of Hawaii; Hawai'i Alliance for Progressive Action; Hawaii Government Employees Association; Hawai'i Public Health Institute; Hawai'i Alliance for Community-Based Economic Development; Hawaii Women's Coalition; over forty individuals; and a form letter submitted by over twenty individuals. Your Committee received testimony in opposition to this measure from Makapueo Farms; Hawaii Restaurant Association; MOJO LLC; Kalaheo Cafe and Coffee Co.; Waikiki Brewing Company; Hawaii Petroleum, LLC; Kona Coffee and Tea Company; Boss Frog's Dive and Surf; Hawaii Food Industry Association; Island Plastic Bags, Inc.; Tanaka of Tokyo Restaurants; Retail Merchants of Hawaii; Chamber of Commerce Hawaii; Il Gelato Hawaii; Kauai Ice Distributors; Hawaiian Chip Company; Anna Miller's Restaurant; Tiki's Grill and Bar; Envisions Entertainment and Productions, Inc.; Magic's Beach Grill; Jean's Warehouse Inc.; ABC Stores; RMA Sales; National Federation of Independent Businesses Hawaii; Hawaii Food Manufacturers Association; Hawai'i Lodging and Tourism Association; Hawai'i Farm Bureau; Hawaii Petroleum Marketers Association; Maui Chamber of Commerce; and eleven individuals. Your Committee received comments on this measure from the Moilili Community Center; Grassroot Institute of Hawaii; Society for Human Resources Management Hawaii; and one individual.

Your Committee finds that a vast majority of rigorous, credible studies conclude that higher minimum wages appreciably boost workers' earnings with little or no effect on employment. In fact, raising the minimum wage increases earnings growth of low-income workers, and increasingly does so over the long-term, all without declines in employment. A recent 2018 study by the U.S. Census Bureau found that raising the minimum wage benefits a large majority of low-income workers by putting them on the path to higher earnings in the long term and decreasing income inequality.

Your Committee further finds that currently, there is a significant difference between the minimum wage and what is needed to afford basic necessities in Hawaii. Indeed, Hawaii has the lowest average wage in the nation when adjusted for the cost of living. This measure will therefore increase the minimum wage



which will raise the quality of life for Hawaii residents, reduce poverty, and increase economic activity.

Your Committee notes that S.B. No 789, S.D. 2 (Regular Session of 2019), which was previously passed by the Senate, is a similar measure that also increased the minimum wage in Hawaii. Your Committee concludes that the language in S.B. 789, S. D. 2 is preferable because it includes a minimum wage tax credit for qualified small businesses to offset the increase in the minimum hourly wage and increases the minimum wage on January 1, 2020, and January 1, 2023, rather than annually, allowing for the minimum wage to increase to \$12.00 and \$15.00 sooner than this measure as currently drafted.

Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents and inserting the contents of S.B. 789, S.D. 2, a similar measure, which:
  - (A) Provides an income tax credit for qualifying small businesses to offset the increase in the minimum hourly wage that employers must pay employees; and
  - (B) Increases the minimum wage to \$12.00 per hour beginning January 1, 2020, and \$15.00 per hour beginning January 1, 2023;
- (2) Removing the requirement that in order for a small business to qualify for the tax credit it make less than an unspecified amount in gross income; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor, Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1191, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1191, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



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



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BRIAN T. TANIGUCHI, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Labor, Culture and the Arts**  
**LCA**

Bill / Resolution No.:* <i>HB1191, HD1</i>	Committee Referral: <i>LCA, WAM</i>	Date: <i>3-14-19</i>
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The Committee is reconsidering its previous decision on this measure.  
If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312     Pass, with amendments 2311     Hold 2310     Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
IHARA, Jr., Les (VC)		✓		
CHANG, Stanley	✓			
GABBARD, Mike				✓
FEVELLA, Kurt		✓		
<b>TOTAL</b>	<i>2</i>	<i>2</i>	<i>0</i>	<i>1</i>

Recommendation:  Adopted     Not Adopted

Chair's or Designee's Signature: 

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\*Only one measure per Record of Votes