

UNITE HERE!

LOCAL  HAWAII

Eric Gill, Financial Secretary-Treasurer

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Monday, February 2, 2015

The Honorable Gil Kahele, Chair
and Members
Committee on Tourism & International Affairs
Hawaii State Senate

TESTIMONY submitted on behalf of UNITE HERE! Local 5
Re: SB 1009, Relating to Service Charges

Chair Kahele and members:

UNITE HERE Local 5 is a local labor organization representing 10,000 hotel, health care and food service workers employed throughout our State. We stand in strong support of SB 1009 and ask for your Committee's support in advancing the measure.

SB 1009 is designed to amend HRS 481B-14 relating to hotel or restaurant charges to specifically include "porterage" as an applicable service charge as outlined in the current statute.

In 2000, the Legislature found that service charges for the sale of "food or beverage" services shall be distributed directly to its employees as tip income. SB 1009 would simply treat "porterage" in the same way as it is a service charge passed on to consumers for services rendered by employees.

Porterage, like standard "food or beverage" service charges is a common charge passed on to guests.

We ask for the Committee's support in moving SB 1009 forward.

Thank you.

Thank you.

The Twenty-Eighth Legislature
Regular Session of 2015

THE SENATE

Committee on Tourism and International Affairs

Senator Gilbert Kahele, Chair

Senator J. Kalani English, Vice Chair

State Capitol, Conference Room 225

Wednesday, February 4, 2015; 2:45 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 1009
RELATING TO SERVICE CHARGES**

The ILWU Local 142 supports S.B. 1009, which requires hotels to distribute porterage service charges to employees in full or disclose to customers that the charges are being used for other purposes.

A plain definition of “porterage” is, as stated in the bill, “the act of moving luggage, bags, or parcels between a guest room and a lobby, front desk, or any area with vehicular access at a hotel, hotel-condominium, or condominium-hotel.” However, in a hotel, porterage is generally a service charge assessed by the hotel for each person in a group. Porterage is charged to the organization making reservations for a group movement. In this sense, porterage is very similar to the service charge by hotels and restaurants for group dining services such as a banquet.

Courts have ruled that any service charges assessed for a group function, like a banquet, and paid under contract by a single entity must be provided in full to the servers and other employees who are working at the function—unless management discloses to the entity entering into the contract that the service charge will be used for other purposes. Following the court rulings, hotels and restaurants have, in fact, made such disclosures in order to retain a portion of the service charges for their own use.

Service charges are considered gratuities, or tips, by the general public with the expectation that these service charges will be paid to the workers providing the service. Most consumers do not believe they should provide a gratuity to management, which already charges them a fee for the goods or services provided. If the fee charged by management is insufficient, management may increase the fee accordingly. Retaining the service charge or, in the case of S.B. 1009, the porterage, amounts to assessing an additional fee without the customer’s knowledge.

S.B. 1009 recognizes that most people assume that service charges and porterage fees are paid as gratuities to the employees doing the work—i.e., the waiters and bussers who are tending to their food and beverage needs at the banquet and the bell staff who are transporting luggage to their rooms. S.B. 1009 provides clear guidance that porterage is to be provided in full to the employees providing porterage services. And, similar to service charges for food and beverage services, management may retain a portion of the porterage if a clear disclosure is made to the purchaser of service.

The ILWU urges passage of S.B. 1009. Thank you for the opportunity to provide testimony on this measure.

