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# A BILL FOR AN ACT

RELATING TO MINIMUM WAGE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the hourly minimum  
2 wage in Hawaii is not a living wage. The cost of living in  
3 Hawaii is the highest in the nation and according to the United  
4 States Census Bureau, Hawaii's poverty rate is the ninth-highest  
5 in the nation with one in six residents living in poverty.  
6 Research shows that many families live in poverty because they  
7 depend on low-wage work as the primary source of income.  
8 Additionally, women are disproportionately affected because over  
9 half of the minimum wage workers in Hawaii and two-thirds of the  
10 tipped workers in the nation are women. Raising Hawaii's  
11 minimum wage to a living wage and repealing Hawaii's tip credit  
12 will assist individuals and families living in poverty.

13           The legislature enacted Act 82, Session Laws of Hawaii  
14 2014, to incrementally increase the minimum wage to \$10.10 per  
15 hour by 2018. However, \$10.10 per hour is not a suitable living  
16 wage for a single adult in Hawaii, much less an adult supporting  
17 children or others. According to data from the Massachusetts



1 Institute of Technology, the living wage for an adult working  
2 full-time in Honolulu is \$14.92. The living wage for that same  
3 adult nearly doubles with the addition of a child. Due to the  
4 large disparity between the current minimum wage and a living  
5 wage, many individuals work two or more jobs to maintain a basic  
6 standard of living for themselves and their families.

7 Hawaii has one of the lowest unemployment rates in the  
8 nation and there is fear that increasing the minimum wage will  
9 increase unemployment. However, numerous research studies found  
10 that higher minimum wages did not adversely affect unemployment  
11 rates, even when the increase was relatively large.

12 In 2016, numerous cities and states enacted legislation  
13 that raised the minimum wage based on the cost of living. In  
14 New York, the gradual increase of the minimum wage to \$15 per  
15 hour will vary across the state based on geographical location  
16 and, in New York City, employer size. California's minimum wage  
17 will incrementally increase until it reaches \$15 per hour in  
18 2022 and each year thereafter, the minimum wage will be adjusted  
19 based on the cost of living in California.

20 The legislature further finds that raising the minimum wage  
21 and allowing the counties to establish higher minimum wages will



1 enhance the standard of living for families and individuals in  
2 Hawaii. The legislature also finds that repealing the tip  
3 credit ensures that tipped workers will receive the minimum wage  
4 before tips, providing a more reliable source of income.

5 The purpose of this Act is to provide Hawaii's minimum wage  
6 workers and tipped workers with a living wage by adjusting the  
7 minimum wage to account for the high cost of living and  
8 repealing the tip credit.

9 SECTION 2. Section 387-1, Hawaii Revised Statutes, is  
10 amended by deleting the definition of "tipped employee".

11 [~~"Tipped employee" means any employee engaged in an  
12 occupation in which the employee customarily and regularly  
13 receives more than \$20 a month in tips."~~]

14 SECTION 3. Section 387-2, Hawaii Revised Statutes, is  
15 amended to read as follows:

16 "**§387-2 Minimum wages.** (a) Except as provided in section  
17 387-9 and this section, every employer shall pay to each  
18 employee employed by the employer, wages at the rate of not less  
19 than:

- 20 (1) \$6.25 per hour beginning January 1, 2003;  
21 (2) \$6.75 per hour beginning January 1, 2006;



- 1 (3) \$7.25 per hour beginning January 1, 2007;
- 2 (4) \$7.75 per hour beginning January 1, 2015;
- 3 (5) \$8.50 per hour beginning January 1, 2016;
- 4 (6) \$9.25 per hour beginning January 1, 2017; [~~and~~]
- 5 (7) [~~10.10~~] \$12.50 per hour beginning January 1, 2018[-];
- 6 (8) \$15 per hour beginning January 1, 2019;
- 7 (9) \$19 per hour beginning January 1, 2020;
- 8 (10) \$21 per hour beginning January 1, 2021; and
- 9 (11) \$22 per hour beginning January 1, 2022.

10 (b) [~~The hourly wage of a tipped employee may be deemed to~~  
11 ~~be increased on account of tips if the employee is paid not less~~  
12 ~~than:~~

- 13 (1) ~~25 cents;~~
  - 14 (2) ~~50 cents per hour beginning January 1, 2015; and~~
  - 15 (3) ~~75 cents per hour beginning January 1, 2016,~~
- 16 ~~below the applicable minimum wage by the employee's employer and~~  
17 ~~the combined amount the employee receives from the employee's~~  
18 ~~employer and in tips is at least 50 cents more than the~~  
19 ~~applicable minimum wage; provided that beginning January 1,~~  
20 ~~2015, the combined amount the employee receives from the~~  
21 ~~employee's employer and in tips is at least \$7.00 more than the~~



1 ~~applicable minimum wage.]~~ On September 30, 2022, and on  
2 September 30 of each year thereafter, the department of labor  
3 and industrial relations shall calculate an adjusted minimum  
4 wage rate. The adjusted minimum wage rate shall be calculated  
5 to the nearest 5 cents using the Honolulu region consumer price  
6 index for urban wage earners and clerical workers, CPI-W, or a  
7 successor index, for the twelve months prior to September 1 of  
8 each year as calculated by the United States Department of  
9 Labor; provided that if in any year the adjustment based on the  
10 Honolulu region CPI-W would result in a lower minimum wage rate,  
11 the minimum wage rate shall not be decreased, and the adjusted  
12 minimum wage rate shall remain at the most recently established  
13 minimum wage rate. Each adjusted minimum wage rate calculated  
14 under this subsection shall take effect on the following January  
15 1.

16 (c) Each county shall have the power to establish wages  
17 for employees employed within the county at rates that are  
18 higher than those established in subsection (a) and, beginning  
19 on January 1, 2023, subsection (b)."

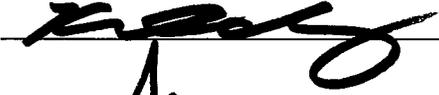
20 SECTION 4. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:


JAN 20 2017



# H.B. NO. 441

**Report Title:**

Labor; Minimum Wage; Tip Credit; Counties

**Description:**

Increases the state minimum wage rate incrementally each year to attain the rate of \$22 per hour beginning 1/1/22. Authorizes the department of labor and industrial relations to annually adjust the minimum hourly wage beginning on 1/1/23 in accord with the Honolulu region consumer price index. Repeals the tip credit.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

