

STAND. COM. REP. NO.

3443

Honolulu, Hawaii

MAY 12 2020

RE: H.B. No. 2541  
H.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred H.B. No. 2541, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HELPING WORKING FAMILIES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Make the State earned income tax credit refundable and permanent;
- (2) Increase and amend the refundable food/excise tax credit by basing the credit amount on a taxpayer's Hawaii earned income and federal adjusted gross income; and
- (3) Increase the minimum wage rate annually for four years as follows:
  - (A) \$11.00 per hour beginning on January 1, 2021;
  - (B) \$12.00 per hour beginning on January 1, 2022;
  - (C) \$12.50 per hour beginning on January 1, 2023; and
  - (D) \$13.00 per hour beginning on January 1, 2024.



Your Committee received testimony in support of this measure from the Governor; Department of Labor and Industrial Relations; Department of Human Services; Department of Taxation; Aloha United Way; League of Women Voters Hawaii; Kaua'i Chamber of Commerce; Democratic Party of Hawaii Labor Caucus; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; Chamber of Commerce Hawaii; Hawaii Appleseed Center for Law and Economic Justice; Hawaii Restaurant Association; Americans for Democratic Action; Church of the Crossroads; Aloha Harvest; Hawaiian Community Assets and Hawaii Community Lending; Hawaii Catholic Conference; Common Cause Hawaii; Goodwill Industries of Hawaii, Inc.; Bank of Hawaii; Catholic Charities Hawai'i; Parents and Children Together; Hawai'i Labor Coalition; Hawai'i Children's Action Network Speaks!; Hawaii Petroleum Marketers Association; International Alliance of Theatrical State Employees Mixed Local 665, AFL-CIO; and thirty-eight individuals. Your Committee received testimony in opposition to this measure from the Hawaii Food Manufacturers Association; Hawaiian Chip Company, LLC.; and eleven individuals. Your Committee received comments on this measure from the Pono Hawai'i Initiative; American Association of University Women of Hawaii; Tax Foundation of Hawaii; Hawaii Food Industry Association; IMUAAAlliance; International Longshore and Warehouse Union, Local 142; Democratic Party of Hawai'i Education Caucus; Democratic Party of Hawai'i; Hawai'i Alliance for Community-Based Economic Development; Progressive Democrats of Hawai'i; Wahiawa United Methodist Church; Hawai'i Alliance for Progressive Action; Community Alliance on Prisons; Grassroot Institute of Hawaii; Faith Action for Community Equity; Living Wage Hawaii; Maui Chamber of Commerce; Tamura's Fine Wine & Liquors; Maui Soda & Ice Works, Ltd.; Hawaii Public Health Institute; Hawaii State Teachers Association; Retail Merchants Hawaii; ABC Stores; Zippy's Restaurants; 7-Eleven Hawaii, Inc.; AARP Hawai'i; and one hundred thirty-nine individuals.

Your Committee finds that this measure bolsters the collective efforts by the Governor, Legislature, and community leaders to address income inequality in Hawaii by providing direct support for individuals and families who are struggling. Your Committee further finds that by making positive changes to the earned income and food/excise tax credits, paired with an increased minimum wage, the Legislature takes a sustainable approach to helping working families without placing the entire financial burden on businesses that drive the economy.



Your Committee has heard the concerns of AARP Hawaii that this measure requires the food/excise tax credit only be available to individuals and families who have both earned income and adjusted gross income not exceeding \$30,000. Low- and moderate-income retirees or elderly individuals who subsist on only Social Security benefits have no earned income and would be ineligible for the food/excise tax credit. Your Committee believes that this issue warrants further consideration by the Committee on Ways and Means as this measure progresses.

Your Committee notes that there is overwhelming support to increase the minimum wage. However, your Committee also acknowledges opposition from business groups and numerous individuals who testified that a minimum wage rate of \$13.00 per hour is insufficient to meet the cost of basic needs relative to the high cost of living in Hawaii, and implore that the Legislature give consideration to establishing a targeted increase of \$17.00 per hour. Your Committee finds that these issues raise concerns that also merit further consideration and requests that your Committee on Ways and Means further examine these issues and concerns raised by the testifiers.

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. 2541, H.D. 1, and recommends that it pass Second Reading 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,



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.:*	Committee Referral:	Date:		
<i>HB 2541 HD1</i>	<i>LCA, WAM</i>	<i>3-12-20</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312	<input type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> 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>1</i>	<i>3</i>	<i>0</i>	<i>1</i>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>[Signature]</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes