

STAND. COM. REP. NO.

566

Honolulu, Hawaii

, 2023

FEB 16

RE: H.B. No. 1087
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Labor & Government Operations, to which was referred H.B. No. 1087 entitled:

"A BILL FOR AN ACT RELATING TO THE WAGE AND HOUR LAW,"

begs leave to report as follows:

The purpose of this measure is to expand the coverage of employees and employers under the minimum wage, overtime, and recordkeeping requirements of chapter 387, Hawaii Revised Statutes, by deleting from the definition of "employee" those employees guaranteed a monthly compensation of \$2,000 or more.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations; Rainbow Family 808; International Alliance of the Theatrical, Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States, Its Territories and Canada, AFL-CIO, CLC, Local 665; Democratic Party of Hawaii Labor Caucus; Hawaii Appleseed Center for Law & Economic Justice; Democratic Party of Hawai'i Education Caucus; Imua Alliance; Hawai'i State AFL-CIO; and ten individuals.

Your Committee finds that the Fair Labor Standards Act and Hawaii's wage and hour law were enacted to protect the health, efficiency, and general well-being of workers by prescribing minimum wage and overtime rates as well as employer recordkeeping

2023-1702 HB1087 HD1 HSCR HMSO



provisions. However, Hawaii's law exempts any employee paid at a guaranteed compensation of \$2,000 or more a month. These workers are not protected by minimum wage and overtime rates and their employers are not subject to the recordkeeping provisions of Hawaii's wage and hour law. Effective October 1, 2022, the Legislature increased the minimum wage to \$12.00 per hour and set \$2.00 per hour increases every two years thereafter, beginning January 1, 2024, up through \$18.00 per hour beginning January 1, 2028.

Your Committee finds that the \$2,000 guaranteed compensation would equate to \$11.54 per hour and allow employers to convert hourly workers to salaried positions and pay employees below the current minimum wage. Your Committee believes that this measure should instead realign the guaranteed compensation of \$2,000 or more to a sum that is at least equal to the monthly earnings of an individual who is compensated at the minimum wage rate.

Your Committee has amended this measure by:

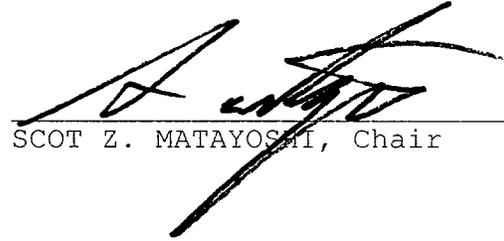
- (1) Retaining the exemption from the definition of "employee" in Hawaii's wage and hour law for individuals earning a guaranteed monthly compensation;
- (2) Realigning the guaranteed compensation of \$2,000 or more to a sum that is at least equal to the monthly earnings of an individual who is compensated at the minimum wage rate;
- (3) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (4) 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 Labor & Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1087, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1087, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.



566

Respectfully submitted on
behalf of the members of the
Committee on Labor & Government
Operations,



A handwritten signature in black ink, appearing to read 'Scot Z. Matayoshi', is written over a horizontal line.

SCOT Z. MATAYOSHI, Chair



