

JAN 19 2024

A BILL FOR AN ACT

RELATING TO THE TIP CREDIT.

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

1 SECTION 1. The legislature finds that the aloha spirit
2 encourages customers to leave tips to receive good service.
3 However, due to the tip credit, some of that tip amount is
4 received by the employer since the law allows for tipped
5 employees to be paid less than the minimum wage. The tip credit
6 therefore acts as a "tip penalty" that decreases the income of
7 service industry workers.

8 Accordingly, the purpose of this Act is to strengthen the
9 financial security of workers in the service industry by
10 abolishing the tip credit so that all employees, tipped or not,
11 receive at least the State's minimum wage.

12 SECTION 2. Section 387-2, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§387-2 Minimum wages.** [~~a~~] Except as provided in
15 section 387-9 and this section, every employer shall pay to each
16 employee employed by the employer, wages at the rate of not less
17 than:



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- 1 (1) \$6.25 per hour beginning January 1, 2003;
- 2 (2) \$6.75 per hour beginning January 1, 2006;
- 3 (3) \$7.25 per hour beginning January 1, 2007;
- 4 (4) \$7.75 per hour beginning January 1, 2015;
- 5 (5) \$8.50 per hour beginning January 1, 2016;
- 6 (6) \$9.25 per hour beginning January 1, 2017;
- 7 (7) \$10.10 per hour beginning January 1, 2018;
- 8 (8) \$12.00 per hour beginning October 1, 2022;
- 9 (9) \$14.00 per hour beginning January 1, 2024;
- 10 (10) \$16.00 per hour beginning January 1, 2026; and
- 11 (11) \$18.00 per hour beginning January 1, 2028.

12 ~~[(b) The hourly wage of a tipped employee may be deemed to~~
13 ~~be increased on account of tips if the employee is paid no less~~
14 ~~than:~~

- 15 ~~(1) 25 cents;~~
- 16 ~~(2) 50 cents per hour beginning January 1, 2015;~~
- 17 ~~(3) 75 cents per hour beginning January 1, 2016;~~
- 18 ~~(4) \$1.00 per hour beginning October 1, 2022;~~
- 19 ~~(5) \$1.25 per hour beginning January 1, 2024; and~~
- 20 ~~(6) \$1.50 per hour beginning January 1, 2028;~~



1 ~~below the applicable minimum wage by the employee's employer and~~
2 ~~the combined amount the employee receives from the employee's~~
3 ~~employer and in tips is at least 50 cents more than the~~
4 ~~applicable minimum wage; provided that beginning January 1,~~
5 ~~2015, the combined amount the employee receives from the~~
6 ~~employee's employer and in tips is at least \$7.00 more than the~~
7 ~~applicable minimum wage.] "~~

8 SECTION 3. Statutory material to be repealed is bracketed
9 and stricken.

10 SECTION 4. This Act shall take effect on January 1, 2025.

11

INTRODUCED BY:

Kurt Favelle



S.B. NO. 2877

Report Title:

Minimum Wage; Tip Credit

Description:

Abolishes the tip credit. Effective 1/1/25.

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