

JAN 28 2026

A BILL FOR AN ACT

RELATING TO THE MINIMUM WAGE.

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

1 SECTION 1. The legislature finds that one job should be
2 enough to meet a person's basic needs. According to the
3 department of business, economic development, and tourism, a
4 single adult requires an income of \$62,234 to achieve self-
5 sufficiency in Hawaii, while a single parent with one child
6 requires an income of \$107,682. Yet, at the current statewide
7 minimum wage rate of \$16.00 per hour, a full-time minimum wage
8 employee earns only \$33,280 annually. Moreover, as of 2025, the
9 National Low Income Housing Coalition estimates that a minimum
10 wage worker would have to work one hundred seven hours per week
11 to afford a one-bedroom rental home at local fair market rent.

12 The legislature further finds that increasing the State's
13 minimum wage will help Hawaii's economy by giving low-wage
14 workers greater purchasing power. According to the department
15 of labor and industrial relations, in 2018, following four
16 consecutive years of minimum wage increases, the state
17 unemployment level reached an all-time low of two per cent,



1 demonstrating that increasing the minimum wage rate does not
2 adversely impact statewide employment.

3 The legislature additionally finds that research shows
4 minimum wage increases have not harmed small businesses. A 2023
5 University of California, Berkely study found that small
6 businesses generally do not cut jobs after minimum wage hikes,
7 but instead benefit from lower worker turnover and easier
8 hiring. Economists have also found that the employment effects
9 of raising the minimum wage were outpaced by wage gains,
10 indicating that higher minimum wages strengthen workers' incomes
11 without broadly undermining small business viability.

12 Accordingly, the purpose of this Act is to uplift the
13 financial well-being of working families in Hawaii by:

- 14 (1) Amending the minimum monthly guaranteed compensation
15 an individual must earn to be exempt from certain wage
16 and hour requirements;
- 17 (2) Requiring the minimum wage to increase to \$18.00 per
18 hour beginning January 1, 2027, instead of January 1,
19 2028;
- 20 (3) Increasing the minimum wage on January 1 of 2028,
21 2029, and 2030;



7 SECTION 2. Section 387-1, Hawaii Revised Statutes, is
8 amended by amending the definition of "employee" to read as
9 follows:

10 ""Employee" includes any individual employed by an
11 employer, but shall not include any individual employed:
12 (1) At a guaranteed compensation totaling ~~[\$4,000]~~
13 \$ _____ or more a month, whether paid weekly,
14 biweekly, or monthly;
15 (2) In agriculture for any workweek in which the employer
16 of the individual employs less than twenty employees
17 or in agriculture for any workweek in which the
18 individual is engaged in coffee harvesting;
19 (3) In or about the home of the individual's employer:
20 (A) In domestic service on a casual basis; or



1 (B) Providing companionship services for the aged or
2 infirm;

3 (4) As a house parent in or about any home or shelter
4 maintained for child welfare purposes by a charitable
5 organization exempt from income tax under section 501
6 of the federal Internal Revenue Code;

7 (5) By the individual's sibling, sibling-in-law, child,
8 spouse, parent, or parent-in-law;

9 (6) In a bona fide executive, administrative, supervisory,
10 or professional capacity or in the capacity of outside
11 salesperson or as an outside collector;

12 (7) In the propagating, catching, taking, harvesting,
13 cultivating, or farming of any kind of fish,
14 shellfish, crustacean, sponge, seaweed, or other
15 aquatic forms of animal or vegetable life, including
16 the going to and returning from work and the loading
17 and unloading of those products before first
18 processing;

19 (8) On a ship or vessel and who has a Merchant Mariners
20 Document issued by the United States Coast Guard;



1 (9) As a driver of a vehicle carrying passengers for hire
2 operated solely on call from a fixed stand;

3 (10) As a golf caddy;

4 (11) By a nonprofit school during the time that the
5 individual is a student attending the school;

6 (12) In any capacity if by reason of the employee's
7 employment, in that capacity and during the term
8 thereof, the minimum wage that may be paid to the
9 employee or maximum hours that the employee may work
10 during any workweek without the payment of overtime,
11 are prescribed by the federal Fair Labor Standards Act
12 of 1938, as amended, or as the same may be further
13 amended from time to time; provided that if the
14 minimum wage that may be paid to the employee under
15 the Fair Labor Standards Act for any workweek is less
16 than the minimum wage prescribed by section 387-2,
17 then section 387-2 shall apply in respect to the
18 employee for that workweek; provided further that if
19 the maximum workweek established for the employee
20 under the Fair Labor Standards Act for the purposes of
21 overtime compensation is higher than the maximum



1 workweek established under section 387-3, then section
2 387-3 shall apply in respect to the employee for that
3 workweek; except that the employee's regular rate in
4 that event shall be the employee's regular rate as
5 determined under the Fair Labor Standards Act;

6 (13) As a seasonal youth camp staff member in a resident
7 situation in a youth camp sponsored by charitable,
8 religious, or nonprofit organizations exempt from
9 income tax under section 501 of the federal Internal
10 Revenue Code or in a youth camp accredited by the
11 American Camping Association; or

12 (14) As an automobile salesperson primarily engaged in the
13 selling of automobiles or trucks if employed by an
14 automobile or truck dealer licensed under chapter
15 437."

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

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



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.] 2027;

12 (12) \$20.00 per hour beginning January 1, 2028;

13 (13) \$22.00 per hour beginning January 1, 2029; and

14 (14) \$24.00 per hour beginning January 1, 2030.

15 (b) ~~The hourly wage of a tipped employee may be deemed to~~

16 ~~be increased on account of tips if the employee is paid no less~~

17 ~~than:~~

18 (1) ~~25 cents~~;

19 (2) ~~50 cents per hour beginning January 1, 2015~~;

20 (3) ~~75 cents per hour beginning January 1, 2016~~;

21 (4) ~~\$1.00 per hour beginning October 1, 2022~~;



1 (5) ~~\$1.25 per hour beginning January 1, 2024; and~~
2 (6) ~~\$1.50 per hour beginning January 1, 2028,~~
3 ~~below the applicable minimum wage by the employee's employer and~~
4 ~~the combined amount the employee receives from the employee's~~
5 ~~employer and in tips is at least 50 cents more than the~~
6 ~~applicable minimum wage; provided that beginning January 1,~~
7 ~~2015, the combined amount the employee receives from the~~
8 ~~employee's employer and in tips is at least \$7.00 more than the~~
9 ~~applicable minimum wage.] On September 30, 2030, and on~~
10 September 30 of each year thereafter, the department shall
11 calculate an adjusted minimum wage rate to replace the minimum
12 wage rate established under subsection (a). The adjusted
13 minimum wage rate shall be calculated to the nearest twenty-five
14 cents using the highest calculation produced by adjusting the
15 minimum wage rate according to an annual gross domestic product
16 per capita calculation for the State to be determined by the
17 department of business, economic development, and tourism, or
18 using the United States Bureau of Labor Statistics' consumer
19 price index for urban Hawaii, or a successor index, for the
20 twelve months prior to September 1 of each year as calculated by
21 the United States Department of Labor; provided that if in any



1 year the adjustments based on the gross domestic product per
2 capita calculation would result in a lower minimum wage rate,
3 the adjusted minimum wage rate shall remain the same as the
4 minimum wage rate in effect for the year in which it is
5 calculated."

6 SECTION 4. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

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

9

INTRODUCED BY:

Rashid Farooq



S.B. NO. 3235

Report Title:

Minimum Wage; Increase; Tipped Employees; Department of Labor and Industrial Relations

Description:

Amends the minimum monthly guaranteed compensation an individual must earn to be exempt from certain wage and hour requirements. Requires the minimum wage to increase to \$18.00 per hour beginning 1/1/2027, instead of 1/1/2028. Increases the minimum wage on 1/1/2028, 1/1/2029, and 1/1/2030. Prohibits tipped employees from being paid less than the minimum wage. Beginning on 9/30/2030, and on September 30 of each year thereafter, requires the Department of Labor and Industrial Relations to calculate an adjusted minimum wage rate.

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

