

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKA'I

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Statement of
JAMES KUNANE TOKIOKA
Director

Department of Business, Economic Development, and Tourism
before the
Senate Committee on Economic Development and Tourism

Tuesday, February 3, 2026

1:00

State Capitol, Conference Room 229

In consideration of
SB2129

**RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM.**

Chair DeCoite, Vice Chair Wakai, and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) offers comments regarding SB2129, which requires the Research and Economic Analysis Division of DBEDT to study the impacts of the minimum wage increases implemented pursuant to Act 114, Session Laws of Hawai'i 2022, on businesses and other employers.

DBEDT appreciates the intent of this bill and offers comments. DBEDT recently completed a study examining minimum wage.¹ As discussed in the report, analyses of historical minimum wage increases in Hawai'i generally found no negative effects on employment, however, it is difficult to separate the impacts of recent minimum wage increases from the broader effects of post-COVID-19 economic conditions. We would like to offer the following comments regarding SB2129:

- A study of the number of businesses or other employers impacted by the minimum wage increases would require a comprehensive survey to be conducted across the

¹ DBEDT (2025). The Minimum Wage in Hawai'i: 2025 Update.
https://files.hawaii.gov/dbedt/economic/reports/The_Minimum_Wage_in_Hawaii_2025_Update_August_2025.pdf

various industry sectors. We estimate the cost to hire a research firm to conduct this survey and produce a report would be approximately \$250,000.

- It would be difficult to estimate the number of businesses or other employers closed due to increased labor costs. It is possible to get company names and contacts for existing businesses in order to survey the impact of minimum wage increases on their business. However, it would be difficult to conduct a survey of closed businesses requesting they provide the reason for their closure due to the fact that contacts related to the closed businesses may no longer exist.
- The impact of the \$18.00 per hour minimum wage effective January 1, 2028 would not be covered.
- Hiring a research company to conduct a survey and provide a report would require issuing a request for proposal (RFP). The RFP state procurement process could take up to 6 months from drafting of the RFP to contract. Additionally, the research company would need time to conduct the survey, analyze the results, and draft the report. Therefore, we request the submission date be changed to the end of 2027.

Thank you for the opportunity to testify.



Mike Palmer, Chair – Ho'okipa Partners **Andy Huang, Past Chairman** – L&L Hawaiian Barbecue
Tambara Garrick, Treasurer – Hawaii Farm Project **Victor Lim, Government Relations Lead** – McDonald's
Address: 2909 Wai'aleae Avenue #22, Honolulu, HI 96826

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Date: February 2, 2026
To: Sen. Lynn DeCoite, Chair
Sen. Glenn Wakai, Vice Chair
Committee on Economic Development and Tourism
From: Victor Lim, Legislative Lead
Subj: SB 2129 DBEDT Study on Minimum Wage

The Hawaii Restaurant Association representing over 4,000 Eating and Drinking place locations in Hawaii strongly supports having the Department of Business, Economic Development, and Tourism to study the impacts of the incremental minimum wage increases pursuant to Act 114, Session Laws of Hawaii 2022, on businesses and other employers.

We believe that what was passed here as well as AB 1228 in California in 2024 which mandated \$20 minimum wage for fast food workers, will give us very good learnings as we maneuver through future years here in Hawaii.

Thank you very much for this opportunity to share our comments.

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TESTIMONY OF DAVE ERDMAN, PRESIDENT & CEO
RETAIL MERCHANTS OF HAWAII
FEBRUARY 2, 2026

**IN SUPPORT OF SB 2129 - RELATING TO THE DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT, AND TOURISM.**

Aloha Chair DeCoite, Vice Chair Wakai, and Members of the Committee:

My name is Dave Erdman, and I am the Interim President and CEO of Retail Merchants of Hawai'i, a statewide trade association representing retailers, shopping centers, restaurants in retail establishments and in shopping centers, and allied businesses across the islands.

Retail Merchants of Hawai'i supports SB2129.

Minimum wage policy has wide-ranging impacts across Hawai'i's economy, particularly for small and mid-sized employers that operate with narrow margins and face rising costs in labor, rent, utilities, insurance, and supply chains.

Retailers understand the importance of fair wages and supporting workers, while also needing to remain financially viable in an increasingly challenging operating environment.

SB2129 is important because it calls for a "data-driven" review of the incremental minimum wage increases enacted under Act 114, Session Laws of Hawai'i 2022. A comprehensive study by the Department of Business, Economic Development, and Tourism will help policymakers better understand how these increases have affected businesses and employers across sectors, including retail, restaurants, and visitor-serving industries.

Of particular value is the bill's focus on identifying business closures and distinguishing labor costs from other contributing factors. This type of analysis is essential to understanding real-world impacts and avoiding unintended consequences that may reduce jobs, hours, or access to essential goods and services in local communities.

The comparative review of other states with higher minimum wage rates is also valuable. Learning from outcomes in other jurisdictions can help Hawai'i make informed decisions that balance workforce support with economic sustainability.

Retail Merchants of Hawai'i believes thoughtful analysis, supported by accurate data, will help inform future policy decisions that protect workers while ensuring businesses can continue to operate, invest, and employ local residents.

For these reasons, Retail Merchants of Hawai'i respectfully **supports SB2129**.

Mahalo for the opportunity to provide testimony.

Dave Erdman
Interim President and CEO
Retail Merchants of Hawai'i



Testimony to the Senate Committee on Economic Development and Tourism

Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair

Tuesday, February 3, 2026 at 1:00PM
Conference Room 325 & Videoconference

RE: SB2129 Relating to the Department of Business, Economic Development, and Tourism

Aloha e Chair DeCoite, Vice Chair Wakai, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports Senate Bill 2129 (SB2129), which requires the Department of Business, Economic Development, and Tourism to study the impacts of the incremental minimum wage increases pursuant to Act 114, Session Laws of Hawai'i 2022, on businesses and other employers.

SB2129 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Small Business. This bill promotes careful consideration of the impact the rising minimum wage is having on Hawaii's businesses. In conversations with our small business member organizations, we have heard firsthand how the rising minimum wage is an existential threat to their business. In an economic environment marked by tariffs and inflation, the rising minimum wage is consistently cited as a business's breaking point.

In one conversation with a member organization, they described how are proud to operate in Hawaii and employ Hawaii's people. Though, under current economic pressures, they have been forced to initiate diligence on automation and seriously consider letting staff go. They expressed that if they are to continue operating in Hawaii, and serving its economy, automation is the only way they will be able to afford it, should minimum wage continue to increase. They want to forgo automation for as long as possible; despite recognizing the significant economic comfort labor reductions would afford them. They strongly believe keeping local people employed is the right thing to do.

The Chamber, like our member organizations, believes in fair compensation for the people that are essential to the character and success of a business. Though, should costs keep increasing for businesses, they are increasingly forced to make decisions, like whether to replace labor with automation, relocate to the mainland, or go out of business. All options that result in their current staff no longer being employed.

It is for these reasons the Chamber supports SB2129. A study to measure the impacts of rising minimum wage is the first step towards a rigorous and true solution for all, as it relates to fair wages and business viability. Thank you for the opportunity to testify.



The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.



JOHN CHAMBERS COLLEGE OF
BUSINESS AND ECONOMICS
KNEE REGULATORY RESEARCH CENTER

LATE

Conor Norris

Assistant Professor of General Business at West Virginia University and Director of Labor Policy, Knee Regulatory Research Center

Senate Economic Development and Tourism Committee
February 3, 2026

Chair DeCoite, Vice Chair Wakai, and all distinguished members of the Senate Economic Development and Tourism Committee:

Thank you for allowing me to submit testimony on the minimum wage in the state of Hawaii. I am an Assistant Professor of General Business at West Virginia University and the Director of Labor Policy at the Knee Regulatory Research Center. My comments are not submitted on behalf of any party or interest group.

My research focuses on the effects of labor market regulations, like the minimum wage and occupational licensing. A number of states are considering raising their minimum wage, but SB 2129 would make Hawaii the only to conduct a comprehensive study before considering a reform.

Although there is a substantial research literature on the effects of minimum wage laws, the findings vary across settings and depend heavily on local economic conditions. Hawaii is a unique state in ways relevant to the minimum wage. The role of tourism, location, and cost of living make it difficult to directly apply evidence from other states without careful consideration.

Many states propose raising their minimum wage without conducting a formal analysis of the expected effects. While the reforms may be well-intended, a review can help avoid unintended consequences.

Sunrise reviews are more common for occupational licensing. Sunrise reviews have helped states avoid unnecessary regulation and improve policy design when regulation is warranted. Applying a comparable framework to minimum wage policy would strengthen the legislative process and improve the quality of decision-making.

Conor Norris



COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair

DATE: Tuesday, February 3, 2026
TIME: 1:00 p.m.

Support SB2129

LATE

Aloha Chair DeCoite, Vice Chair Wakai, and committee members,

My name is Antoinette Davis, and it has been my honor to serve as Executive Director of the Activities and Attractions Association of Hawaii (A3H), a not-for-profit 501(c)(6) trade organization, since 1997. A3H supports the minimum wage impact study.

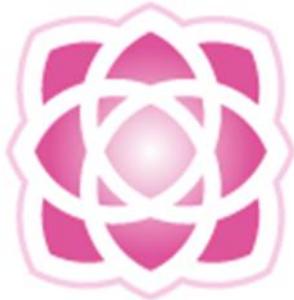
This session, numerous measures address minimum wage and tips. The volume of proposals reflects the significant concern among small businesses about what is currently scheduled to take effect—particularly at a time when employers are already facing substantial operational challenges, including rising labor costs.

A3H supports data-driven policy. We respectfully request that the study explicitly include visitor-facing small businesses, account for seasonality, examine tipped work, and evaluate impacts across all islands—not only O‘ahu.

Mahalo for your time, consideration, and the opportunity to testify.

Toni

Toni Marie Davis
Executive Director
Activities & Attractions Association of Hawaii, Inc.
Statewide 501 (c) (6) not-for-profit Trade Association
PO Box 598, Makawao, Hawaii 96768
(808)871-7947



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

LATE

HEARING BEFORE THE SENATE COMMITTEE ON
ECONOMIC DEVELOPMENT & TOURISM
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 229
Tuesday, February 3, 2026 AT 1:00 P.M.

To The Honorable Senator Lynn DeCoite, Chair
The Honorable Senator Glenn Wakai, Vice Chair
Members of the Committee on Economic Development & Tourism

SUPPORT SB2129 RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

The Maui Chamber of Commerce **STRONGLY SUPPORTS SB2129** that requires the Department of Business, Economic Development & Tourism to study the impacts of the incremental minimum wage increases on businesses and other employers.

The Maui Chamber of Commerce's top priorities are the economy and small business environment, focusing on policies that impact the economic health and sustainability of local employers, particularly small businesses. The proposed study on the impacts of incremental minimum wage increases is directly relevant to our members, many of whom have expressed significant concerns about the rising cost of doing business and who are still experiencing economic challenges.

Incremental increases to the minimum wage, have introduced new financial pressures on businesses already navigating a challenging economic landscape. These increases not only affect base wages but also result in higher payroll taxes, unemployment insurance contributions, and other employment-related costs. For small businesses operating with narrow profit margins, these compounding expenses can threaten job opportunities, workforce stability, and even business viability. A comprehensive, data-driven study is essential to fully understand these impacts and to inform future policy decisions.

We respectfully recommend that the Department of Business, Economic Development, and Tourism ensure the study includes a diverse range of business sizes and industries, with particular attention to the unique challenges faced by small and family-owned enterprises, as well as businesses from all counties across Hawai'i, as neighbor island businesses often face different challenges.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

February 3, 2026

LATE

Senate Committee on Economic Development and Tourism
Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair

Tuesday, February 3, 2026, 1:00 p.m.
Conference Room #229 and via video conference



RE: SB 2129 Relating to the Department of Business, Economic Development and Tourism

Dear Chair DeCoite, Vice Chair Wakai and members of the Committee,

My name is Kiran Polk, and I am the Executive Director & CEO of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region including Waipahu, Kapolei, 'Ewa Beach, Nānākūli, Wai'anae, and Mākaha. We work on behalf of our members and the broader business community to improve the regional and State economic climate and to help West O'ahu businesses thrive.

The Kapolei Chamber of Commerce is in **support for SB 2129**, which requires the Department of Business, Economic Development, and Tourism to study the impacts of the incremental minimum wage increases enacted under Act 114, Session Laws of Hawai'i 2022, on businesses and other employers, and to report its findings to the Legislature.

As Hawai'i continues to implement scheduled minimum wage increases, **it is important to monitor how these changes are affecting employers across the state, particularly small businesses. This is especially relevant in areas experiencing strong growth and new business formation, where employers are balancing startup and expansion costs alongside workforce needs.** We appreciate that this measure seeks to provide a clearer understanding of how wage increases interact with other economic factors. Data that helps distinguish labor costs from broader market pressures will support more informed policy discussions moving forward.

We also find value in the bill's direction to review experiences in other states with higher minimum wage levels. Understanding outcomes in other jurisdictions can provide useful context as Hawai'i works to support its workforce while maintaining the long-term sustainability of local businesses and the communities they serve.

Thank you for the opportunity to submit testimony in support of SB 2129.

Respectfully,

Kiran Polk
Executive Director & CEO