

COUNCIL OF THE COUNTY OF MAUI

GOVERNMENT RELATIONS, ETHICS, AND TRANSPARENCY COMMITTEE

September 1, 2023

**Committee
Report No. _____**

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Government Relations, Ethics, and Transparency Committee, having met on August 1, 2023, and reconvened on August 2, 2023, makes reference to Resolution 23-175, entitled “APPROVING FOR INCLUSION IN THE 2024 HAWAII STATE ASSOCIATION OF COUNTIES LEGISLATIVE PACKAGE A STATE BILL RELATING TO THE MINIMUM WAGE.”

Resolution 23-175’s purpose is to approve for inclusion in the 2024 Hawai‘i State Association of Counties Legislative Package a proposed State bill, attached as Exhibit “A,” entitled “A BILL FOR AN ACT RELATING TO THE MINIMUM WAGE.”

The purpose of the proposed State bill is to ensure counties may appropriately respond to local economic conditions by authorizing counties to establish a minimum wage by ordinance.

Your Committee noted the proposed bill would allow counties to adopt ordinances establishing a minimum wage that is greater than or equal to the minimum wage provided in Section 387-2, Hawai‘i Revised Statutes.

Your Committee also noted many residents work multiple jobs to earn enough money to live in Maui County and should instead be able to make livable wages from one job.

A Deputy Corporation Counsel said Maui County employees’ unions would be unable to raise the minimum wage without the entirety of collective bargaining units in the State of Hawai‘i.

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The Department of Personnel Services further noted the entirety of collective bargaining units would need to agree on the increased minimum-wage amount.

Although your Committee noted raising the minimum wage could have unintended consequences, such as impacting social assistance eligibility and incurring increased labor expense for small businesses, your Committee agreed the proposed bill may be just one potential solution to address the pay versus cost-of-living disparity.

Your Committee voted 6-2 to recommend adoption of Resolution 23-175. Committee Chair U'u-Hodgins, Vice-Chair Paltin, and members Johnson, Lee, Rawlins-Fernandez, and Sinenci voted "aye." Committee members Cook and Kama voted "no." Committee member Sugimura was excused.

Your Government Relations, Ethics, and Transparency Committee RECOMMENDS that Resolution 23-175, attached hereto, entitled "APPROVING FOR INCLUSION IN THE 2024 HAWAII STATE ASSOCIATION OF COUNTIES LEGISLATIVE PACKAGE A STATE BILL RELATING TO THE MINIMUM WAGE," be ADOPTED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



NOHELANI U'U-HODGINS, Chair

Resolution

No. 23-175

APPROVING FOR INCLUSION IN THE 2024
HAWAII STATE ASSOCIATION OF COUNTIES
LEGISLATIVE PACKAGE A STATE BILL
RELATING TO THE MINIMUM WAGE

WHEREAS, there is a significant difference between Hawaii's minimum wage and what is needed to afford basic needs in the State; and

WHEREAS, when adjusted to the State's high cost of living, Hawaii's minimum wage is worth less than the federal minimum wage of \$7.25; and

WHEREAS, in 2021, the Department of Business, Economic Development and Tourism reported that 34.7 percent of adult couples with two children had incomes below the self-sufficiency standard; and

WHEREAS, the Department of Business, Economic Development and Tourism and multiple studies have reported that increasing the minimum wage has no effect on labor market, and would increase employment; and

WHEREAS, the U.S. Census Bureau found that raising the minimum wage benefits a large majority of low-income workers by putting them on the path to higher earnings in the long-term and decreasing income inequality; and

WHEREAS, increasing the minimum wage will boost consumer demand and jobs because minimum wage and low-wage workers spend most, if not all, of their increased wages generating economic activity and contributing to strengthening Hawaii's circular economy; and

WHEREAS, increasing Hawaii's minimum wage will raise the quality of life for Hawaii residents, reduce poverty, increase economic activity in the State, and appropriately address inflation and the resulting cost of living increases in the State; and

WHEREAS, the Council further finds that, according to the Department of Business, Economic Development and Tourism, the income required to achieve self-sufficiency in Hawaii differs in each county; and

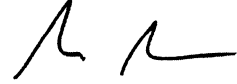
Resolution No. 23-175

WHEREAS, authorizing counties to establish a county minimum wage by ordinance will allow counties to appropriately respond to local economic conditions; now, therefore

BE IT RESOLVED by the Council of the County of Maui:

1. That the proposed State bill attached as Exhibit “A,” relating to the minimum wage, is approved for inclusion in the 2024 Hawaii State Association of Counties Legislative Package; and
2. That certified copies of this Resolution be transmitted to the Hawaii State Association of Counties Executive Committee.

INTRODUCED BY:

A handwritten signature in black ink, consisting of a stylized 'G' followed by a horizontal line and a small upward curve.

GABE JOHNSON

____.B. NO.____

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 inflation and the
2 resulting cost of living increases in the State, combined with
3 stagnant wages, have contributed to an increase in many Hawaii
4 working families struggling financially. While the cost of living
5 continues to increase, the minimum wage has not increased to an
6 appropriate amount necessary to offset the higher cost of living.
7 When adjusted to the State's high cost of living, Hawaii's minimum
8 wage is worth less than the federal minimum wage of \$7.25. The
9 Department of Business, Economic Development and Tourism reported
10 that 34.7 percent of two-adult couples with two children have
11 incomes below the self-sufficiency standard to meet their basic
12 needs without government subsidies.

13 The legislature further finds that an appropriate minimum
14 wage helps Hawaii's workers meet basic needs. The legislature finds
15 that an appropriate minimum wage helps stimulate Hawaii's economy
16 by giving low wage workers more purchasing power in Hawaii's
17 marketplace. The legislature further finds that, according to the

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1 Department of Business, Economic Development and Tourism, the
2 income required to achieve self-sufficiency in Hawaii differs in
3 each county. The Department of Business, Economic Development and
4 Tourism and multiple studies have found that increasing the minimum
5 wage in low-wage occupations revealed no obvious negative effect
6 on employment. The legislature believes that counties can further
7 help working families by increasing the minimum wage as necessary
8 to foster economic stability in Hawaii. The legislature
9 additionally believes that not only is increasing the minimum wage
10 good economics, but it is also the right thing to do morally and
11 ethically.

12 The purpose of this Act is to ensure counties may
13 appropriately respond to local economic conditions by authorizing
14 counties to establish a county minimum wage by ordinance.

15 SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended by
16 adding a new section to be appropriately designated and to read as
17 follows:

18 "§46- County minimum wage. Each county may adopt ordinances
19 establishing a minimum wage rate that is greater than or equal to
20 the minimum wage provided in section 387-2."

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

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1 "**§387-2 Minimum wages.** (a) Except as provided in section
2 387-9 and this section[~~7~~] or when a higher minimum wage is provided
3 by county ordinance, every employer shall pay to each employee
4 employed by the employer, wages at the rate of not less than:

- 5 (1) \$6.25 per hour beginning January 1, 2003;
6 (2) \$6.75 per hour beginning January 1, 2006;
7 (3) \$7.25 per hour beginning January 1, 2007;
8 (4) \$7.75 per hour beginning January 1, 2015;
9 (5) \$8.50 per hour beginning January 1, 2016;
10 (6) \$9.25 per hour beginning January 1, 2017;
11 (7) \$10.10 per hour beginning January 1, 2018;
12 (8) \$12.00 per hour beginning October 1, 2022;
13 (9) \$14.00 per hour beginning January 1, 2024;
14 (10) \$16.00 per hour beginning January 1, 2026; and
15 (11) \$18.00 per hour beginning January 1, 2028.

16 (b) The hourly wage of a tipped employee may be deemed to be
17 increased on account of tips if the employee is paid not less 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;
22 (5) \$1.25 per hour beginning January 1, 2024; and

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1 (6) \$1.50 per hour beginning January 1, 2028,
2 below the applicable minimum wage by the employee's employer and
3 the combined amount the employee receives from the employee's
4 employer and in tips is at least 50 cents more than the applicable
5 minimum wage; provided that beginning January 1, 2015, the combined
6 amount the employee receives from the employee's employer and in
7 tips is at least \$7.00 more than the applicable minimum wage.

8 (c) provided that each county may adopt ordinances
9 establishing a county minimum wage rate pursuant to section 46-
10 that, if higher than the minimum wage rate established by this
11 subsection, shall supersede the applicable minimum wage rate
12 established by this subsection for that county."

13 SECTION 4. Section 387-5, Hawaii Revised Statutes, is amended
14 to read as follows:

15 "**\$387-5 Duty of director; employees, salaries.** The director
16 of labor and industrial relations shall enforce this chapter[.]
17 and any county ordinance establishing a higher minimum wage adopted
18 pursuant to section \$46- . The director may appoint such
19 assistants and such clerical, stenographic, and other help as may
20 be necessary for the proper enforcement of this chapter subject to
21 any civil service act relating to state employees. The salaries of
22 all of the foregoing appointees and employees shall be as fixed by
23 law."

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1 SECTION 5. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 6. This Act shall take effect on July 1, 2024.

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5 INTRODUCED BY: _____

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