

PEA Committee

From: Amber Coutsos <execasst@mauichamber.com>
Sent: Friday, September 15, 2017 3:56 PM
To: PEA Committee
Subject: Testimony for Monday 9/18/17
Attachments: Testimony-PEA-4(1) Maui Leg Pkg- Minimum Wage 091817.pdf

Importance: High

Aloha,

Please see the attached testimony from Pamela Tumpap on the proposed bill on increasing the State minimum wage to be included in the Maui County Legislative Package for the PEA Committee meeting on Monday.

Mahalo,

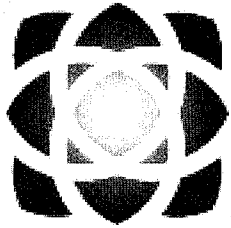


MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

Amber Coutsos
Executive Assistant to Pamela Tumpap
execasst@mauichamber.com
Maui Chamber of Commerce
95 Mahalani St RM 22A
Wailuku, HI 96793
Phone: 808-244-0081
Fax: 808-244-0083
<http://www.mauichamber.com>

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Testimony on PEA-4(1)
Re: Maui County 2018 Legislative Package
Inclusion of a State Bill to Increase State Minimum Wage
Monday, September 18, 2017

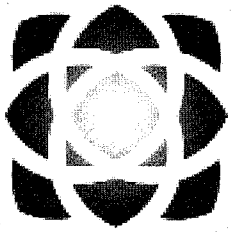
Dear Chair Sugimura, Vice Chair Crivello &
Members of the Committee,

Aloha and Mahalo for the opportunity to ring in on the proposed bill on minimum wage to be included in the Maui County Legislative Package.

We oppose the inclusion of the Resolution to Increase the State Minimum Wage to \$15.00 Per Hour For Employers with 26 Employees or More Beginning January 1, 2021 and For Employers with 25 Employees or Less Beginning January 1, 2023. The premise of this bill is based on a national model, but Hawaii is very different than our mainland counterparts and by national standards, in Maui County many of the businesses we are dealing with are not small businesses, but micro businesses. Business costs in Hawaii are already significantly higher than the rest of the nation, creating an unfair playing field with healthcare costs and other regulatory burdens and even then, many businesses are already paying their employees beyond the minimum wage. These vast differences have not been considered in the creation of this proposed bill.

Further, this proposed bill is a very complicated piece of legislation with two different levels of businesses who are required to pay different minimum wage amounts each year. This could lead to further complications on interpreting the bill if a business's employee count changes throughout a year, as an example. There is also a lack of language on whether the employee count is based on full time equivalent employees. To simplify this proposed bill, rather than having various levels, we believe the bill should just state that small businesses with 25 or less full time equivalent employees are exempt.

Additionally, the increases proposed each year are too high. Businesses have already seen their costs increase, not just in new hires, but all hires as a wage compression is created every time there is a minimum wage increase. Please note the initial wage increase was \$.50 and the amount and frequency has only been increasing over the past ten years. In the last three years, businesses have just undergone a series of substantial increases. Randomly applying other models to Maui County and state businesses without understanding the impacts of this legislation is harmful and creates negative unintended consequences.



MAUI

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Testimony on PEA-4(1)
Monday, September 18, 2017
Page 2.

Before further increases are proposed, we feel you should conduct research on and report to the public the on the current minimum wage increase's impact on businesses, particularly small businesses, the impacts on internships and senior hiring, possible work hour reduction to accommodate the additional cost that could result in loss of healthcare benefits for employees, the inflationary costs to all businesses the wage compression will cause, and the amounts that the costs of goods and services have risen as a result of the increase in minimum wage.

We would certainly hope that before proposing such an increase both our County would do the needed homework before including it in the State Legislative Package. We would far rather see the County proposing funding to study this before arbitrarily trying to enact legislation that could create many harmful impacts to businesses and the community. The business community is paying attention to this issue and we have been contacted by numerous members who have asked how the Council can think this is a good time for this legislation.

Therefore, we cannot support this bill as written at this time.

We appreciate the opportunity to testify on this important matter.

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.