

Minimum Wage Increases and Other Legislation Fall Short

The 30th Legislature of the State of Hawaii adjourned quietly on May 2nd. Following a 2018 legislative session that House and Senate leaders proclaimed as progressive and constructive, it was the Hawaii business community that came together this session to oppose legislation to increase the state minimum wage and other issues.

Working in coordination with the Chamber of Commerce Hawaii, Retail Merchants of Hawaii, Hawaii Food Industry Association, National Federation of Independent Business and many other pro-business groups, HPMA vigorously opposed increases in Hawaii's minimum wage. HPMA's testimony noted the compression on other employees' wages and benefits that results from increasing minimum wage rates, and raised concerns that proponents of the increases are equating the minimum wage to a "living wage."

Business trade organizations dug-in their heels and declined to give an inch on any increase — \$1 an hour or otherwise. In the meantime, House and Senate lawmakers found themselves at a philosophical crossroad as the bills entered the crucial conference committee phase.

The House's position was to increase the minimum wage to \$11 per hour in 2020, and by \$1 per hour more each year until it reached \$15 per hour in 2024. Acknowledging that businesses must comply with Hawaii's Pre-Paid Health Care Act, the House offered a reduced hourly increase of 50 cents each year to an employee who receives health benefits from his/her employer.

The Senate—also in favor of a \$15 per hour minimum wage—felt it should come in two major steps: \$12 per hour in 2020 and \$15 per hour in 2023. The Senate reasoned that small businesses would struggle more to comply than large businesses. Therefore, the Senate's position was to lessen the brunt of the increases by offering businesses with fewer than 50 employees an income tax credit. The Senate also generously offered State government workers a \$17 per hour minimum wage, subject to collective bargaining.

As the session rolled into conference committee, the Senate gutted the House's bill and inserted language from its bill. Not to be outdone, the House amended the Senate's version by inserting its language. House Bill 1191, Senate Draft 2 became the Senate's preferred bill, and Senate Bill 789, House Draft 1 became the House's vehicle. Conferees eventually decided against advancing either bill. These and other similar measures are expected to return next session.

In other legislation, several bills designed to increase fuel taxes all failed. Measures intent on squashing tobacco sales if a retail establishment is located within 750 feet of a school, pre-school or public playground, or prohibiting the sale of flavored tobacco products all died. The lone exception was Senate Bill 1405. It was originally intended to regulate online sales of e-liquid tobacco products, but was amended into a requirement for educators to confiscate e-cigarettes from underage students.

Other measures that are awaiting the Hawaii governor's signature include decriminalizing the possession of three ounces or less of marijuana, conducting voting exclusively via mail, disallowing the dividend-paid deduction for Real Estate Investment Trusts, requiring issuers of gift certificates to refund the remaining value if less than \$5, and restructuring the State Energy Office to be more accountable to the State's energy needs.

HiRUC Making Tracks in Hawaii

Through a grant from the Federal Highway Administration, Hawaii has joined several other states in studying whether the State Fuel Tax can be replaced with a more equitable tax for funding highway maintenance and repairs. Termed the Hawaii Road Usage Charge (HiRUC) study, the state Department of Transportation is already a year into its four-year program to investigate the matter.

Recently, DOT officials held community meetings across the state to allow residents the opportunity to provide input on the concept of a fee on road usage. A groundswell of frustration from members of the public appeared to take the Hawaii DOT by surprise.

Fundamentals about how the current fuel tax works, how a road usage charge would work, and, interestingly, inquiries about the types of "freebies" that EV owners would receive from the new assessment were not clearly understood by audiences. That led to heated diatribes being recited by drivers who pay a lot in fuel taxes due to the type of vehicle they use in their occupation (i.e., pickup trucks),

and the nature of their business (i.e., construction) which takes them to many parts of the island. This was set in stark contrast to the business executive who works in downtown Honolulu and drives just a few miles to and from his/her residence in a Tesla.

After collating input from the public, the DOT plans to seek volunteers who will use mileage counters in their personal vehicles to track the number of miles they travel. In addition, all driving households in the state will begin receiving “mock” statements in the mail showing the estimated amount of miles they travel monthly.

2019 WPMA Scholarship Recipients *Announced*

HPMA sends a hearty congratulations to this year’s WPMA scholarship winners! We are particularly proud of Hawaii’s recipient, Seiko Joseph Keleb, who hails from Waianae on the island of Oahu. Many thanks to Aloha Petroleum, Ltd. for notifying their employees of the WPMA Scholarship opportunity.

Par Hawaii Continues Longtime Support *of United Way*

Employees throughout Par Hawaii’s refining, marketing, logistics and retail segments gave generously once more during the company’s annual Aloha United Way Workplace Giving Campaign. A recent check presentation to Aloha United Way representatives signified the company’s dollar-for-dollar matching amount for donations that were made by employees earlier. Through donations via payroll deduction, food sales and other fundraising activities, Par Hawaii is donating nearly \$117,000 this year to support the community at large through the many agencies that are served by Aloha United Way.

Upcoming HPMA *Golf Tournament*

Register Now to join us on Monday, October 14, at www.wpma.com/hawaii. This year’s golf tournament is on the exclusive Oahu Country Club course in Honolulu. Don’t miss this favorite golf event.