

HAWAI'I'S MINIMUM WAGE IS INCREASING

How a new law impacts the state minimum wage and "tip penalty"

Hawai'i's minimum wage will rise to \$12 per hour on October 1, 2022—and then will go up by \$2 every other year until it reaches \$18 per hour on January 1, 2028. The schedule below shows the current and upcoming increases to both the minimum wage and the tip penalty.

Date	Minimumm Wage	Tip Penalty
Pre-Oct. 1	\$10.10	\$0.75
Oct. 1, 2022	\$12	\$1.00
Jan. 1, 2024	\$14	\$1.25
Jan. 1, 2026	\$16	\$1.25
Jan. 1, 2028	\$18	\$1.50

WHAT IS THE TIP PENALTY?

The tip penalty (officially called the "tip credit") allows employers to pay less than the full minimum wage to workers who make at least \$20 in tips per month—as long as the worker makes at least **\$7 above the minimum wage** in combined wages and tips per hour after the penalty is calculated.

HOW THE TIP PENALTY WORKS IN PRACTICE

Come October 1, an employer will be able to deduct up to \$1 from the wages of a tipped worker, as long as the penalty does not drop the worker's combined wages and tips below an average of \$19 an hour after the penalty is applied. In other words, a worker who makes an average of at least \$8 an hour in tips in a week could be paid \$1 less than the minimum wage, reducing their wage to \$11 an hour (plus the \$8 in tips for total income of \$19 an hour).

www.raiseuphawaii.org

Note: Employers can deduct a smaller amount if the worker makes between \$7 and \$8 an hour in tips. For example, a tipped worker that makes an average of \$7.50 an hour in tips could have a \$0.50 tip penalty applied to their wage, resulting in a wage of \$11.50 an hour.

The employer is required to:

- 1. Notify all employees in writing at the time of hire if they plan to use the tip penalty.
- 2. Notify employees of any changes in their tip penalty policy—in writing or through a posted notice—prior to the start of the pay period.
- 3. **Report** to employees in writing each time the amount of tip penalty taken changes from the amount per hour taken in the preceding week.
- 4. Maintain time records.

Tipped workers should review their paystubs

regularly to make sure they are making at least \$7 above the minimum wage after the tip penalty is applied. If an employer is improperly applying the tip penalty, contact the Wage Standard Division of the Hawai'i Department of Labor and Industrial Relations:

- Kaua'i: (808) 274-3351
- Oʻahu: (808) 586-8777
- Maui County: (808) 984-2076; (808) 984-2075
- Hilo: (808) 974-6464
- West Hawaiʻi: (808) 322-4808

DID YOU KNOW?

Your employer is required to post the notice **on the reverse side** of this flyer in a visible location that is accessible to employees.

Go to <u>labor.hawaii.gov/wsd/minimum-wage</u> to find the minimum wage notice, a detailed "Tip Credit Notice and Easy Reference Guide," and information about overtime pay. HWHL-1 (Rev. 06/22)



STATE OF HAWAII DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS WAGE STANDARDS DIVISION

NOTICE TO EMPLOYEES

Under the HAWAII WAGE AND HOUR LAW

(Chapter 387, Hawaii Revised Statutes, and Chapter 12-20, Hawaii Administrative Rules)

\$10.10 per hour

effective through September 30, 2022

\$12.00 per hour

effective October 1, 2022 through December 31, 2023

\$14.00 per hour

effective January 1, 2024 through December 31, 2025

\$16.00 per hour

effective January 1, 2026 through December 31, 2027

\$18.00 per hour

effective January 1, 2028

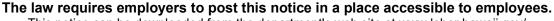
TIP CREDIT - Under certain conditions, "tipped employees" may be paid up to 75 cents less per hour; effective October 1, 2022, up to \$1.00 less per hour; effective January 1, 2024, up to \$1.25 less per hour; and effective January 1, 2028, up to \$1.50 less per hour. See Section 387-2(b), Hawaii Revised Statutes.

Minimum wage under the Hawaii Wage and Hour Law also applies to employment covered by the federal wage and hour law (Fair Labor Standards Act) when Hawaii standards are higher than the federal law. The law also requires employers to maintain time records.

ENFORCEMENT: The Department of Labor and Industrial Relations may recover back wages, either administratively or through court action, for employees who have been underpaid.

FOR MORE INFORMATION contact the nearest Department of Labor office:

Maui 2264 Aupuni Street, Wailuku 96793 (808) 243-532 Hawaii State Building, Room 108, 75 Aupuni Street, Hilo 96720 (808) 974-646 West Hawaii Post Office Building, Room 2087, 81-990 Halekii St., Kealakekua 96750 (808) 322-480



This notice can be downloaded from the department's web site at www.labor.hawaii.gov/