



HAWAII'S MINIMUM WAGE IS INCREASING

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

www.raiseuphawaii.org

Hawaii'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	Minimum 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).

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 Hawaii Department of Labor and Industrial Relations:

- Kaua'i: (808) 274-3351
- O'ahu: (808) 586-8777
- Maui County: (808) 984-2076; (808) 984-2075
- Hilo: (808) 974-6464
- West Hawaii: (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 labor.hawaii.gov/wsd/minimum-wage to find the minimum wage notice, a detailed “Tip Credit Notice and Easy Reference Guide,” and information about overtime pay.



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:

Oahu	830 Punchbowl Street, Room 340, Honolulu 96813	Phone: (808) 586-8777
Kauai	State Building, Room 202, 3060 Eiwa Street, Lihue 96766	(808) 274-3351
Maui	2264 Aupuni Street, Wailuku 96793	(808) 243-5322
Hawaii	State Building, Room 108, 75 Aupuni Street, Hilo 96720	(808) 974-6464
West Hawaii	Post Office Building, Room 2087, 81-990 Halekii St., Kealahou 96750	(808) 322-4808



The law requires employers to post this notice in a place accessible to employees.

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