



Before the Senate Committee on Labor, Culture & the Arts

DATE: February 8, 2021

TIME: 3:00 p.m.

PLACE: Conference Room 225

Re: SB 676, Relating to the Minimum Wage

Aloha Chair Taniguchi, Vice Chair Ihara, and members of the committee:

We are testifying on behalf of the National Federation of Independent Business (NFIB) in opposition to SB 676, relating to the minimum wage.

No one has greater incentive, responsibility or ability to lead the economy than Hawaii's small business owners. Small businesses play a major role in the economy, representing 99% of all employer firms, employing about half of private-sector employees and generating 63% to 80% of net new jobs annually. Though 2020 is now behind us, there isn't much joy among small businesses as they strive to stay open and save jobs. Federal stimulus programs were welcomed assistance and overall effective as a "bridge" to economic recovery. And though consumers were given a substantial income boost, regulations and uncertainty kept much of it from being spent. Many small firms depend on foot traffic, which continues to be widely discouraged due to the pandemic or outright prohibited. In short, small business is struggling to survive.

Small business owners know that increasing the minimum wage to \$12 per hour will lead to increased labor costs and tough choices. They must either increase the cost of their product or service or reduce labor costs elsewhere. The reduction in labor costs would be achieved through reduced jobs, reduced hours, or reduced benefits. We respectfully oppose this measure.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents hundreds of small businesses. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business.

Thank you for the opportunity to testify.