
A BILL FOR AN ACT

RELATING TO EMPLOYMENT SECURITY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the current balance
2 in the unemployment compensation fund allows for adjustment to
3 contributions and benefits. The current balance was created
4 over the past few years by an upswing in the economy, the
5 contributions paid by employers, and the limited changes to
6 statutory language for benefits paid to the unemployed.

7 The legislature further finds that since both employees and
8 employers have contributed to the present balance of the fund,
9 adjustments that will benefit both the employer and employees
10 are appropriate and equitable.

11 The purpose of this Act is to provide an adjustment in 2007
12 to the calculation of contributions paid for by employers. The
13 adjustment should provide some relief to employers without
14 unnecessarily depleting the fund. The purpose of this Act is
15 also to adjust certain areas of benefits paid to the unemployed
16 who have gone without substantial changes to the statutory
17 language on benefits for many years. The Act also clarifies



1 that ineligibility for benefits arises from willful or wanton
2 misconduct of an employee.

3 SECTION 2. Section 383-22, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

5 "(b) In the case of an individual whose benefit year
6 begins prior to January 5, 1992, the individual's weekly benefit
7 amount shall be, except as otherwise provided in this section,
8 an amount equal to one twenty-fifth of the individual's total
9 wages for insured work paid during the calendar quarter of the
10 individual's base period in which such total wages were highest.
11 In the case of an individual whose benefit year begins after
12 January 4, 1992, the individual's weekly benefit amount shall
13 be, except as otherwise provided in this section, an amount
14 equal to one twenty-first of the individual's total wages for
15 insured work paid during the calendar quarter of the
16 individual's base period in which such total wages were highest.
17 The weekly benefit amount, if not a multiple of \$1, shall be
18 computed to the next higher multiple of \$1. If an individual's
19 weekly benefit amount is less than \$5, it shall be \$5. The
20 maximum weekly benefit amount shall be determined annually as
21 follows: On or before November 30 of each year the total
22 remuneration paid by employers, as reported on contribution



1 January 1, 2007, and thereafter, eighty per cent of the average
2 weekly wage shall constitute the maximum weekly benefit amount
3 and shall apply to all claims for benefits filed by an
4 individual qualifying for payment at the maximum weekly benefit
5 amount in the benefit year commencing on or after the first day
6 of the calendar year immediately following the determination of
7 the maximum weekly benefit amount. For benefit years beginning
8 January 1, 2012, and thereafter, ninety per cent of the average
9 weekly wage shall constitute the maximum weekly benefit amount
10 and shall apply to all claims for benefits filed by an
11 individual qualifying for payment at the maximum weekly benefit
12 amount in the benefit year commencing on or after the first day
13 of the calendar year immediately following the determination of
14 the maximum weekly benefit amount. The maximum weekly benefit
15 amount, if not a multiple of \$1, shall be computed to the next
16 higher multiple of \$1.

	(Column A)	(Column B)	(Column C)	(Column D)
17	High	Basic	Minimum	Maximum
18	Quarter	Weekly	Qualifying	Total Benefits
19	Wages	Benefit	Wages	in Benefit Year
20				
21	\$ 37.50 - 125.00	\$ 5.00	\$ 150.00	\$ 130.00
22	125.01 - 150.00	6.00	180.00	156.00



1	150.01 - 175.00	7.00	210.00	182.00
2	175.01 - 200.00	8.00	240.00	208.00
3	200.01 - 225.00	9.00	270.00	234.00
4	225.01 - 250.00	10.00	300.00	260.00
5	250.01 - 275.00	11.00	330.00	286.00
6	275.01 - 300.00	12.00	360.00	312.00
7	300.01 - 325.00	13.00	390.00	338.00
8	325.01 - 350.00	14.00	420.00	364.00
9	350.01 - 375.00	15.00	450.00	390.00
10	375.01 - 400.00	16.00	480.00	416.00
11	400.01 - 425.00	17.00	510.00	442.00
12	425.01 - 450.00	18.00	540.00	468.00
13	450.01 - 475.00	19.00	570.00	494.00
14	475.01 - 500.00	20.00	600.00	520.00
15	500.01 - 525.00	21.00	630.00	546.00
16	525.01 - 550.00	22.00	660.00	572.00
17	550.01 - 575.00	23.00	690.00	598.00
18	575.01 - 600.00	24.00	720.00	624.00
19	600.01 - 625.00	25.00	750.00	650.00
20	625.01 - 650.00	26.00	780.00	676.00
21	650.01 - 675.00	27.00	810.00	702.00
22	675.01 - 700.00	28.00	840.00	728.00



1	700.01 - 725.00	29.00	870.00	754.00
2	725.01 - 750.00	30.00	900.00	780.00
3	750.01 - 775.00	31.00	930.00	806.00
4	775.01 - 800.00	32.00	960.00	832.00
5	800.01 - 825.00	33.00	990.00	858.00
6	825.01 - 850.00	34.00	1020.00	884.00
7	850.01 - 875.00	35.00	1050.00	910.00
8	875.01 - 900.00	36.00	1080.00	936.00
9	900.01 - 925.00	37.00	1110.00	962.00
10	925.01 - 950.00	38.00	1140.00	988.00
11	950.01 - 975.00	39.00	1170.00	1014.00
12	975.01 -1000.00	40.00	1200.00	1040.00
13	1000.01 -1025.00	41.00	1230.00	1066.00
14	1025.01 -1050.00	42.00	1260.00	1092.00
15	1050.01 -1075.00	43.00	1290.00	1118.00
16	1075.01 -1100.00	44.00	1320.00	1144.00
17	1100.01 -1125.00	45.00	1350.00	1170.00
18	1125.01 -1150.00	46.00	1380.00	1196.00
19	1150.01 -1175.00	47.00	1410.00	1222.00
20	1175.01 -1200.00	48.00	1440.00	1248.00
21	1200.01 -1225.00	49.00	1470.00	1274.00
22	1225.01 -1250.00	50.00	1500.00	1300.00



1	1250.01 -1275.00	51.00	1530.00	1326.00
2	1275.01 -1300.00	52.00	1560.00	1352.00
3	1300.01 -1325.00	53.00	1590.00	1378.00
4	1325.01 -1350.00	54.00	1620.00	1404.00
5	1350.01 and over	55.00	1650.00	1430.00 "

6 SECTION 3. Section 383-23, Hawaii Revised Statutes, is
7 amended to read as follows:

8 **"§383-23 Weekly benefit for unemployment.** For weeks
9 beginning prior to January 5, 1992, each eligible individual who
10 is unemployed, as defined in section 383-1, in any week shall be
11 paid with respect to that week a benefit in an amount equal to
12 the individual's weekly benefit amount less that part of the
13 wages (if any) payable to the individual with respect to that
14 week which is in excess of \$2. Effective for weeks beginning
15 January 5, 1992, and thereafter, each eligible individual who is
16 unemployed, as defined in section 383-1, in any week shall be
17 paid with respect to that week a benefit in an amount equal to
18 the individual's weekly benefit amount less that part of the
19 wages (if any) payable to the individual with respect to that
20 week which is in excess of [~~\$50.~~] \$150. The benefit, if not a
21 multiple of \$1, shall be computed to the next higher multiple of
22 \$1."



1 SECTION 4. Section 383-24, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§383-24 Maximum potential benefits.** The maximum
4 potential benefits of an eligible individual in a benefit year
5 shall be [~~twenty-six~~] thirty times the eligible individual's
6 weekly benefit amount."

7 SECTION 5. Section 383-30, Hawaii Revised Statutes, is
8 amended to read as follows:

9 **"§383-30 Disqualification for benefits.** An individual
10 shall be disqualified for benefits:

11 (1) Voluntary separation. For any week prior to
12 October 1, 1989, in which the individual has left work
13 voluntarily without good cause, and continuing until
14 the individual has, subsequent to the week in which
15 the voluntary separation occurred, been employed for
16 at least five consecutive weeks of employment. For
17 the purposes of this paragraph, "weeks of employment"
18 means all those weeks within each of which the
19 individual has performed services in employment for
20 not less than two days or four hours per week, for one
21 or more employers, whether or not such employers are
22 subject to this chapter. For any week beginning on



1 and after October 1, 1989, in which the individual has
2 left the individual's work voluntarily without good
3 cause, and continuing until the individual has,
4 subsequent to the week in which the voluntary
5 separation occurred, been paid wages in covered
6 employment equal to not less than five times the
7 individual's weekly benefit amount as determined under
8 section 383-22(b).

9 An owner-employee of a corporation who brings
10 about the owner-employee's unemployment by divesting
11 ownership, leasing the business interest, terminating
12 the business, or by other similar actions where the
13 owner-employee is the party initiating termination of
14 the employment relationship, has voluntarily left
15 employment.

- 16 (2) Discharge or suspension for misconduct. For any week
17 prior to October 1, 1989, in which the individual has
18 been discharged for willful and wanton misconduct
19 connected with work, and continuing until the
20 individual has, subsequent to the week in which the
21 discharge occurred, been employed for at least five
22 consecutive weeks of employment. For the week in



1 which the individual has been suspended for willful
2 and wanton misconduct connected with work and for not
3 less than one or more than four consecutive weeks of
4 unemployment which immediately follow such week, as
5 determined in each case in accordance with the
6 seriousness of the willful and wanton misconduct. For
7 the purposes of this paragraph, "weeks of employment"
8 means all those weeks within each of which the
9 individual has performed services in employment for
10 not less than two days or four hours per week, for one
11 or more employers, whether or not such employers are
12 subject to this chapter. For any week beginning on
13 and after October 1, 1989, in which the individual has
14 been discharged for willful and wanton misconduct
15 connected with work, and until the individual has,
16 subsequent to the week in which the discharge
17 occurred, been paid wages in covered employment equal
18 to not less than five times the individual's weekly
19 benefit amount as determined under section 383-22(b).

20 (3) Failure to apply for work, etc. For any week prior to
21 October 1, 1989, in which the individual failed,
22 without good cause, either to apply for available,

1 suitable work when so directed by the employment
2 office or any duly authorized representative of the
3 department of labor and industrial relations, or to
4 accept suitable work when offered and continuing until
5 the individual has, subsequent to the week in which
6 the failure occurred, been employed for at least five
7 consecutive weeks of employment. For the purposes of
8 this paragraph, "weeks of employment" means all those
9 weeks within each of which the individual has
10 performed services in employment for not less than two
11 days or four hours per week, for one or more
12 employers, whether or not such employers are subject
13 to this chapter. For any week beginning on and after
14 October 1, 1989, in which the individual failed,
15 without good cause, either to apply for available,
16 suitable work when so directed by the employment
17 office or any duly authorized representative of the
18 department of labor and industrial relations, or to
19 accept suitable work when offered until the individual
20 has, subsequent to the week in which the failure
21 occurred, been paid wages in covered employment equal



1 to not less than five times the individual's weekly
2 benefit amount as determined under section 383-22(b).

3 (A) In determining whether or not any work is
4 suitable for an individual there shall be
5 considered among other factors and in addition to
6 those enumerated in paragraph (3)(B), the degree
7 of risk involved to the individual's health,
8 safety, and morals, the individual's physical
9 fitness and prior training, the individual's
10 experience and prior earnings, the length of
11 unemployment, the individual's prospects for
12 obtaining work in the individual's customary
13 occupation, the distance of available work from
14 the individual's residence, and prospects for
15 obtaining local work. The same factors so far as
16 applicable shall be considered in determining the
17 existence of good cause for an individual's
18 voluntarily leaving work under paragraph (1).

19 (B) Notwithstanding any other provisions of this
20 chapter, no work shall be deemed suitable and
21 benefits shall not be denied under this chapter
22 to any otherwise eligible individual for refusing



1 to accept new work under any of the following
2 conditions:

3 (i) If the position offered is vacant due
4 directly to a strike, lockout, or other
5 labor dispute;

6 (ii) If the wages, hours, or other conditions of
7 the work offered are substantially less
8 favorable to the individual than those
9 prevailing for similar work in the locality;

10 (iii) If as a condition of being employed the
11 individual would be required to join a
12 company union or to resign from or refrain
13 from joining any bona fide labor
14 organization.

15 (4) Labor dispute. For any week with respect to which it
16 is found that unemployment is due to a stoppage of
17 work which exists because of a labor dispute at the
18 factory, establishment, or other premises at which the
19 individual is or was last employed; provided that this
20 paragraph shall not apply if it is shown that:

1 (A) The individual is not participating in or
2 directly interested in the labor dispute which
3 caused the stoppage of work; and

4 (B) The individual does not belong to a grade or
5 class of workers of which, immediately before the
6 commencement of the stoppage, there were members
7 employed at the premises at which the stoppage
8 occurs, any of whom are participating in or
9 directly interested in the dispute; provided that
10 if in any case separate branches of work, which
11 are commonly conducted as separate businesses in
12 separate premises, are conducted in separate
13 departments of the same premises, each such
14 department shall, for the purpose of this
15 paragraph, be deemed to be a separate factory,
16 establishment, or other premises.

17 (5) If the department finds that the individual has within
18 the twenty-four calendar months immediately preceding
19 any week of unemployment made a false statement or
20 representation of a material fact knowing it to be
21 false or knowingly failed to disclose a material fact
22 to obtain any benefits not due under this chapter, the



1 individual shall be disqualified for benefits
2 beginning with the week in which the department makes
3 the determination and for each consecutive week during
4 the current and subsequent twenty-four calendar months
5 immediately following such determination, and such
6 individual shall not be entitled to any benefit under
7 this chapter for the duration of such period; provided
8 that no disqualification shall be imposed if
9 proceedings have been undertaken against the
10 individual under section 383-141.

11 (6) Other unemployment benefits. For any week or part of
12 a week with respect to which the individual has
13 received or is seeking unemployment benefits under any
14 other employment security law, but this paragraph
15 shall not apply (A) if the appropriate agency finally
16 determines that the individual is not entitled to
17 benefits under such other law, or (B) if benefits are
18 payable to the individual under an act of Congress
19 which has as its purpose the supplementation of
20 unemployment benefits under a state law."

21 SECTION 6. Section 383-61, Hawaii Revised Statutes, is
22 amended to read as follows:

1 **"§383-61 Payment of contributions; wages not included.**

2 (a) Contributions with respect to wages for employment shall
3 accrue and become payable by each employer for each calendar
4 year in which the employer is subject to this chapter. The
5 contributions shall become due and be paid by each employer to
6 the director [~~of labor and industrial relations~~] for the fund in
7 accordance with such rules as the department [~~of labor and~~
8 ~~industrial relations~~] may prescribe, and shall not be deducted,
9 in whole or in part, from the wages of individuals in the
10 employer's employ.

11 (b) Except as provided in subsections (c) and (d), the
12 term "wages" does not include remuneration paid with respect to
13 employment to an individual by an employer during any calendar
14 year which exceeds the average annual wage, rounded to the
15 nearest hundred dollars, for the four calendar quarter period
16 ending on June 30 of the preceding year.

17 The average annual wage shall be computed as follows: on
18 or before November 30 of each year the total remuneration paid
19 by employers, as reported on contribution reports on or before
20 [~~such~~] that date, with respect to all employment during the four
21 consecutive calendar quarters ending on June 30 of [~~such~~] that
22 year shall be divided by the average monthly number of



1 individuals performing services in such employment during the
2 same four calendar quarters as reported on [~~such~~] the
3 contribution reports and rounded to the nearest hundred dollars.

4 ~~[(c) For the calendar year 1991 only, the term "wages"~~
5 ~~does not include remuneration in excess of \$7,000 paid with~~
6 ~~respect to employment to an individual by an employer.~~

7 ~~(d) For calendar year 1988 only, the term "wages" as used~~
8 ~~in this part does not include remuneration paid with respect to~~
9 ~~employment to an individual by an employer during the calendar~~
10 ~~year which exceeds:~~

11 ~~(1) One hundred per cent of the average annual wage if the~~
12 ~~most recently computed ratio of the current reserve~~
13 ~~fund to the adequate reserve fund prior to that~~
14 ~~calendar year is equal to or less than .80, or~~

15 ~~(2) Seventy five per cent of the average annual wage if~~
16 ~~the most recently computed ratio of the current~~
17 ~~reserve fund to the adequate reserve fund prior to~~
18 ~~that calendar year is greater than .80 but less than~~
19 ~~1.2, or~~

20 ~~(3) Fifty per cent of the average annual wage if the most~~
21 ~~recently computed ratio of the current reserve fund to~~



1 ~~the adequate reserve fund prior to that calendar year~~
2 ~~is equal to or more than 1.2,~~
3 ~~provided that "wages" with respect to which contributions are~~
4 ~~paid are not less than that part of remuneration which is~~
5 ~~subject to tax in accordance with section 3306(b) of the~~
6 ~~Internal Revenue Code of 1986, as amended.]~~

7 (c) For calendar year 2007 only, the term "wages" as used
8 in this part does not include remuneration in excess of \$10,000
9 paid with respect to employment to an individual by an employer;
10 provided that this subsection shall apply only to the
11 contribution rate paid into the unemployment insurance trust
12 fund.

13 ~~[(e)]~~ (d) If an employer during any calendar year acquires
14 substantially all the property used in a trade or business, or
15 in a separate unit of a trade or business, of another employer,
16 and after the acquisition employs an individual who prior to the
17 acquisition was employed by the predecessor, then for the
18 purpose of determining whether remuneration in excess of the
19 average annual wages has been paid to the individual for
20 employment, remuneration paid to the individual by the
21 predecessor during the calendar year shall be considered as
22 having been paid by the successor employer. For the purposes of



1 this subsection, the term "employment" includes services
2 constituting employment under any employment security law of
3 another state or of the federal government.

4 ~~[(f)]~~ (e) Subsections (b) through ~~[(e)]~~ (d)
5 notwithstanding, for the purposes of this part, the term "wages"
6 shall include at least that amount of remuneration paid in a
7 calendar year to an individual by an employer or the employer's
8 predecessor with respect to employment during any calendar year
9 which is subject to a tax under a federal law imposing a tax
10 against which credit may be taken for contributions required to
11 be paid into a state unemployment fund.

12 ~~[(g)]~~ (f) In accordance with section 303(a)(5) of the
13 Social Security Act, as amended, and section 3304(a)(4) of the
14 Internal Revenue Code of 1986, as amended, any contributions
15 overpaid due to a retroactive reduction in the taxable wage base
16 may be credited against the employer's future contributions upon
17 request by the employer; provided that no employer shall be
18 given a cash refund."

19 SECTION 7. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 8. This Act shall take effect on July 1, 2050.

Report Title:

Employment Security; Unemployment Insurance

Description:

Provides temporary tax relief to employers by lowering the maximum taxable wage base for calendar year 2007. Increases unemployment benefits for eligible individuals. Excludes the payment of benefits to individuals terminated from employment for willful or wanton misconduct. (SD1)

