

Honolulu, Hawaii

Feb 17, 2006

RE: H.B. No. 2624
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2624 entitled:

"A BILL FOR AN ACT RELATING TO LABOR,"

begs leave to report as follows:

The purpose of this bill is to assist workers in increasing their employment skills and assist businesses in providing employment training by requiring a percentage of unemployment insurance (UI) assessments to be credited to the State's Employment and Training Fund (ETF).

The ILWU Local 142 testified in support of this bill. The Department of Labor and Industrial Relations (DLIR) testified in opposition to this measure. The Department of the Attorney General (AG) submitted comments.

The ETF was established to help Hawaii businesses become more competitive by allowing workers and businesses the means by which workers can be trained to upgrade or increase their job skills, which would create a more efficient and effective workforce. Requiring a percentage of UI assessments to be deposited in the ETF makes sense, especially since the Unemployment Compensation Fund is currently well funded.

However, your Committee recognizes concerns raised by DLIR and the AG as to whether assigning a portion of the UI assessments to the ETF conflicts with federal law. Accordingly, your



Committee has amended this measure by deleting its contents and inserting language that:

- (1) Removes the maximum age restriction on the unemployment insurance contribution exemption for children who are employed by a parent; and
- (2) Lowers the maximum taxable wage base for contributions to the UI Fund to the federal minimum of \$7,000 for the 2006 and 2007 calendar years.

Technical, nonsubstantive amendments have also been made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2624, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2624, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,


KIRK CALDWELL, Chair



