

Honolulu, Hawaii

Feb 16, 2007

RE: H.B. No. 1379

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1379 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYMENT SECURITY LAW,"

begs leave to report as follows:

The purpose of this bill is to conform State Unemployment Insurance (UI) law to federal law by:

- (1) Excluding services by certain temporary migrant agricultural workers who are residents of foreign countries from the employment security law; and
- (2) Treating Indian tribes similarly to government and nonprofit groups in providing coverage under the employment security law.

The Department of Labor and Industrial Relations (DLIR), Hilo County Farm Bureau, and a concerned individual testified in support of this bill.

Hawaii is currently experiencing a worker shortage, and many businesses, especially agricultural industries, have been forced to hire employees from foreign countries on a temporary basis. Under current law, these businesses are required to pay state unemployment taxes on these individuals even though they will never qualify to collect unemployment benefits. This measure attempts to remedy this situation.



Your Committee received testimony from DLIR, stating that failure to enact language conforming state law to federal law with regards to Indian tribes will result in the loss of certification for tax credits for all employers liable for Federal Unemployment Tax Act taxes and that passage of this measure is necessary to avoid this loss.

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. 1379 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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



ALEX M. SONSON, Chair



