

STAND. COM. REP. NO.

567

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 963
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 963 entitled:

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

begs leave to report as follows:

The purpose of this measure is to provide temporary tax relief to employers by lowering the maximum taxable wage base for calendar years 2008 and 2009, and to increase unemployment benefits for eligible individuals. The measure excludes the payment of benefits to individuals terminated from employment for wilful or wanton misconduct.

Your Committee received testimony in support of this bill from the ILWU, Hawaii State AFL-CIO, and the Hawai'i State Democratic Party. Those in opposition were the State Department of Labor and Industrial Relations, Retail Merchants of Hawaii, the Chamber of Commerce of Hawaii, the Society for Human Resource Management - Hawaii Chapter, and the Hawaii Business League.

Those opposing the measure cited the bill's lack of relief for employers contributing to an estimated \$470 million unemployment trust fund. Your Committee has amended the bill to give the employers some relief from contributing to a well funded trust fund.



The bill was amended by the following:

1. Decreased the original proposal of eighty percent to seventy-five percent of the average weekly wage;
2. Amended Section 383-63, Hawai'i Revised Statutes by redefining the term "adequate reserve fund" for calendar year 2008 by reducing the number of years that determines the highest benefit cost rate from a ten year period to a six year period; and
3. Amended Section 383-66, Hawai'i Revised Statutes by reducing the employer contribution rate to sixty-five per cent of the amount from July 1, 2007 to June 30, 2008 and to seventy-five per cent of that amount from July 1, 2008 and thereafter.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 963, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 963, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



