

JAN 26 2009

A BILL FOR AN ACT

RELATING TO UNEMPLOYMENT INSURANCE.

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

1 SECTION 1. Section 383-22, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 (b) In the case of an individual whose benefit year begins
4 prior to January 5, 1992, the individual's weekly benefit amount
5 shall be, except as otherwise provided in this section, an
6 amount equal to one twenty-fifth of the individual's total wages
7 for insured work paid during the calendar quarter of the
8 individual's base period in which such total wages were highest.

9 In the case of an individual whose benefit year begins after
10 January 4, 1992, the individual's weekly benefit amount shall
11 be, except as otherwise provided in this section, an amount
12 equal to one twenty-first of the individual's total wages for
13 insured work paid during the calendar quarter of the
14 individual's base period in which such total wages were highest.

15 The weekly benefit amount, if not a multiple of \$1, shall be
16 computed to the next higher multiple of \$1. If an individual's
17 weekly benefit amount is less than \$5, it shall be \$5. The
18 maximum weekly benefit amount shall be determined annually as

1 follows: On or before November 30 of each year the total
2 remuneration paid by employers, as reported on contribution
3 reports submitted on or before such date, with respect to all
4 employment during the four consecutive calendar quarters ending
5 on June 30 of the year shall be divided by the average monthly
6 number of individuals performing services in the employment
7 during the same four calendar quarters as reported on the
8 contribution reports. The amount thus obtained shall be divided
9 by fifty-two and the average weekly wage (rounded to the nearest
10 cent) thus determined. For benefit years beginning prior to
11 January 1, 1992, two-thirds of the average weekly wage shall
12 constitute the maximum weekly benefit amount and shall apply to
13 all claims for benefits filed by an individual qualifying for
14 payment at the maximum weekly benefit amount in the benefit year
15 commencing on or after the first day of the calendar year
16 immediately following the determination of the maximum weekly
17 benefit amount. For benefit years beginning January 1, 1992,
18 but prior to January 1, 2008, [~~and beginning again on January 1,~~
19 ~~2011,~~] seventy per cent of the average weekly wage shall
20 constitute the maximum weekly benefit amount and shall apply to
21 all claims for benefits filed by an individual qualifying for
22 payment at the maximum weekly benefit amount in the benefit year

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1 commencing on or after the first day of the calendar year
2 immediately following the determination of the maximum weekly
3 benefit amount. For benefit years beginning January 1, 2008,
4 [~~and ending December 31, 2010,~~] seventy-five per cent of the
5 average weekly wage shall constitute the maximum weekly benefit
6 amount and shall apply to all claims for benefits filed by an
7 individual qualifying for payment at the maximum weekly benefit
8 amount in the benefit year commencing on or after the first day
9 of the calendar year immediately following the determination of
10 the maximum weekly benefit amount. The maximum weekly benefit
11 amount, if not a multiple of \$1, shall be computed to the next
12 higher multiple of \$1.

	(Column A)	(Column B)	(Column C)	(Column D)
	High	Basic	Minimum	Maximum
	Quarter	Weekly	Qualifying	Total Benefits
	Wages	Benefit	Wages	in Benefit Year
13	\$ 37.50 - 125.00	\$ 5.00	\$ 150.00	\$ 130.00
14	125.01 - 150.00	6.00	180.00	156.00
15	150.01 - 175.00	7.00	210.00	182.00
16	175.01 - 200.00	8.00	240.00	208.00
17	200.01 - 225.00	9.00	270.00	234.00
18	225.01 - 250.00	10.00	300.00	260.00
19	250.01 - 275.00	11.00	330.00	286.00
20	275.01 - 300.00	12.00	360.00	312.00
21	300.01 - 325.00	13.00	390.00	338.00
22	325.01 - 350.00	14.00	420.00	364.00
23	350.01 - 375.00	15.00	450.00	390.00
24	375.01 - 400.00	16.00	480.00	416.00
25	400.01 - 425.00	17.00	510.00	442.00
26	425.01 - 450.00	18.00	540.00	468.00
27	450.01 - 475.00	19.00	570.00	494.00

1	475.01 - 500.00	20.00	600.00	520.00
2	500.01 - 525.00	21.00	630.00	546.00
3	525.01 - 550.00	22.00	660.00	572.00
4	550.01 - 575.00	23.00	690.00	598.00
5	575.01 - 600.00	24.00	720.00	624.00
6	600.01 - 625.00	25.00	750.00	650.00
7	625.01 - 650.00	26.00	780.00	676.00
8	650.01 - 675.00	27.00	810.00	702.00
9	675.01 - 700.00	28.00	840.00	728.00
10	700.01 - 725.00	29.00	870.00	754.00
11	725.01 - 750.00	30.00	900.00	780.00
12	750.01 - 775.00	31.00	930.00	806.00
13	775.01 - 800.00	32.00	960.00	832.00
14	800.01 - 825.00	33.00	990.00	858.00
15	825.01 - 850.00	34.00	1020.00	884.00
16	850.01 - 875.00	35.00	1050.00	910.00
17	875.01 - 900.00	36.00	1080.00	936.00
18	900.01 - 925.00	37.00	1110.00	962.00
19	925.01 - 950.00	38.00	1140.00	988.00
20	950.01 - 975.00	39.00	1170.00	1014.00
21	975.01 -1000.00	40.00	1200.00	1040.00
22	1000.01 -1025.00	41.00	1230.00	1066.00
23	1025.01 -1050.00	42.00	1260.00	1092.00
24	1050.01 -1075.00	43.00	1290.00	1118.00
25	1075.01 -1100.00	44.00	1320.00	1144.00
26	1100.01 -1125.00	45.00	1350.00	1170.00
27	1125.01 -1150.00	46.00	1380.00	1196.00
28	1150.01 -1175.00	47.00	1410.00	1222.00
29	1175.01 -1200.00	48.00	1440.00	1248.00
30	1200.01 -1225.00	49.00	1470.00	1274.00
31	1225.01 -1250.00	50.00	1500.00	1300.00
32	1250.01 -1275.00	51.00	1530.00	1326.00
33	1275.01 -1300.00	52.00	1560.00	1352.00
34	1300.01 -1325.00	53.00	1590.00	1378.00
35	1325.01 -1350.00	54.00	1620.00	1404.00
36	1350.01 and over	55.00	1650.00	1430.00

37 SECTION 2. Section 383-63, Hawaii Revised Statutes, is amended
38 by amending the definition of "adequate reserve fund" to read as
39 follows:

1 "Adequate reserve fund" means an amount that is equal to
2 the amount derived by multiplying the benefit cost rate that is
3 the highest during the ten-year period ending on November 30 of
4 each year by the total remuneration paid by all employers, with
5 respect to all employment for which contributions are payable
6 during the last four calendar quarters ending on June 30 of the
7 same year, as reported on contribution reports filed on or
8 before October 31 of the same year. "Remuneration", as used in
9 this definition, means wages as defined in section 383-10. For
10 the purpose of determining the highest benefit cost rate, the
11 benefit cost rate for the first twelve-consecutive-calendar-
12 month period beginning with the first day of the first month of
13 the ten-year period and for each succeeding twelve-consecutive-
14 calendar-month period beginning with the first day of each
15 subsequent month shall be computed.

16 Effective for the calendar years 1992 through 2007, [and
17 ~~from calendar year 2011 and thereafter,~~] "adequate reserve fund"
18 means an amount that is equal to one and one-half times the
19 amount derived by multiplying the benefit cost rate that is the
20 highest during the ten-year period ending on November 30 of each
21 year by the total remuneration paid by all employers, with
22 respect to all employment for which contributions are payable

1 during the last four calendar quarters ending on June 30 of the
2 same year, as reported on contribution reports filed on or
3 before October 31 of the same year. "Remuneration", as used in
4 this definition, means wages as defined in section 383-10. For
5 the purpose of determining the highest benefit cost rate, the
6 benefit cost rate for the first twelve-consecutive-calendar-
7 month period beginning with the first day of the first month of
8 the ten-year period and for each succeeding twelve-consecutive-
9 calendar-month period beginning with the first day of each
10 subsequent month shall be computed."

11 SECTION 3. Section 383-65, Hawaii Revised Statutes, is
12 amended by amending subsection (a) to read as follows:

13 "(a) Except as otherwise provided in subsection (b),
14 benefits paid to an individual shall be charged against the
15 accounts of the individual's base period employers and the
16 amount of benefits so chargeable against each base period
17 employer's account shall bear the same ratio to the total
18 benefits paid to the individual as the base period wages paid to
19 the individual by the employer bear to the total amount of base
20 period wages paid to the individual by all of the individual's
21 base period employers. Benefits paid shall be charged to
22 employers' accounts in the calendar year in which the benefits

1 are paid[-], and a statement of such charges shall be provided
2 by the department to the employer whose account is charged, on a
3 quarterly basis. In lieu of the quarterly statement of charges,
4 employers may request a monthly statement of benefits charged to
5 their reserve accounts, provided that they reimburse the
6 department for the reasonable costs related to the production of
7 monthly statements. "

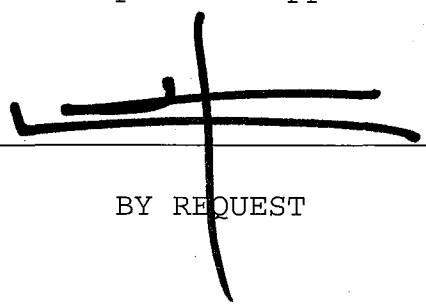
8 SECTION 5. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY:


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13

BY REQUEST

Report Title:

Unemployment Insurance Trust Fund Adjustments; Charges and Non-Charges for Benefits

Description:

Makes permanent the 1.0 adequate reserve ratio, and the 75 percent maximum weekly benefit; allows for both quarterly and monthly charge back statements to employers.

SB 945

JUSTIFICATION SHEET

DEPARTMENT: Labor and Industrial Relations

TITLE: A BILL FOR AN ACT RELATING TO UNEMPLOYMENT INSURANCE.

PURPOSE: The purpose of this bill is to make permanent the adequate reserve ratio of 1.0 for the unemployment insurance trust fund and to permanently increase the maximum weekly benefit amount for unemployment insurance claimants to 75 percent of the average weekly wage. The bill also allows employers to receive quarterly or monthly statements of the charges to their unemployment benefit accounts.

MEANS: Amend sections 383-22(b), 383-63, 383-65, Hawaii Revised Statutes.

JUSTIFICATION: Act 110, enacted in 2007, temporarily reduced the adequate reserve ratio for the unemployment insurance trust from 1.5 to 1.0 times the highest annual payout rate experienced in the last 10 years. Without this legislation, the 1.5 multiplier will be used again beginning with the calendar year 2011. This would result in a tax increase for employers at a time when they can least afford it.

To address this issue, this bill permanently sets the adequate reserve ratio at 1.0 to ensure the cost of doing business in Hawaii is not increased in these difficult economic times.

In addition, this bill will permanently set the maximum weekly benefit at 75 percent of a claimant's average weekly wage. Without this bill, weekly benefits will decrease beginning 2011.

Finally, this bill will give employers more up to date accounting of their unemployment insurance benefit accounts. Currently, employers receive quarterly statements of the

charges to their account. The bill enhances the current practice by allowing employers to request monthly statements.

Impact on the public: The program will permanently decrease the amount of taxes levied on employers and permanently increase the maximum weekly benefit amount for claimants. The bill will also allow for employers to have a more frequent accounting of the benefit charges to their accounts.

Impact on the department and other agencies: No impact to Department of Labor and Industrial Relations, as it makes the current unemployment structure permanent. The Department currently produces quarterly chargeback statements and would have additional administrative costs in producing monthly statements. These costs will be reimbursed by employers.

GENERAL FUND: None.

OTHER FUNDS: None. Possible decrease in unemployment tax revenues.

PPBS PROGRAM
DESIGNATION: LBR-171

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.