

STAND. COM. REP. NO. 1170

Honolulu, Hawaii

March 25, 2009

RE: S.B. No. 947
S.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 947, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO UNEMPLOYMENT CONTRIBUTION RATES,"

begs leave to report as follows:

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

- (1) Ensuring that the state's experience rating system is applied uniformly to all business transfers, whether total or partial, or mandatory or voluntary; and
- (2) Amending a citation of federal law to reflect the correct section of the Internal Revenue Code, as amended.

The Department of Labor and Industrial Relations testified in support of this bill.

In 2004, Public Law 108-295 (P.L. 108-295) established a nationwide minimum to curb the use of a tax evasion scheme involving the manipulation of an employer's UI tax rate to achieve a lower rate and thereby pay less UI tax. This was accomplished through a variety of means, including business transfers, restructuring, payroll transfers, and shell transactions.

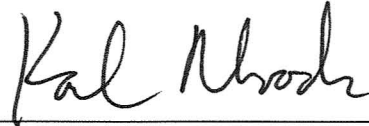
SB947 SD1 HSCR LAB HMS 2009-3262



In 2005, Hawaii passed legislation to conform state UI laws to the new requirements of P.L. 108-295. However, an inconsistency in the time periods used to calculate an employer's UI tax rates under certain conditions still exists, which can result in multiple recalculations within a given year costing the State and employers time and money. This measure corrects this problem.

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 S.B. No. 947, S.D. 1, 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,



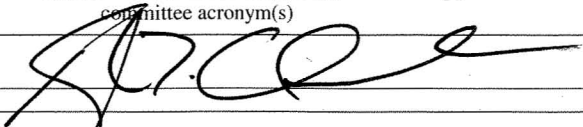
KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR 1170

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 947 SDI	Committee Referral: LAB, FIN	Date: 3-20-09		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. AWANA, Karen Leinani	/			
5. HANOHANO, Faye P.	✓			
6. KEITH-AGARAN, Gilbert S.C.	✓			
7. LEE, Marilyn B.	/			
8. NAKASHIMA, Mark M.	✓			
9. SAIKI, Scott K.	/			
10. SOUKI, Joseph M.				✓
11. TAKUMI, Roy M.	✓			
12. PINE, Kymberly Marcos	✓			
TOTAL (12)	4	-	-	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature: _____ <div style="text-align: center; font-size: 1.5em; font-family: cursive; margin-top: 10px;">  </div>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				