
A BILL FOR AN ACT

RELATING TO EMPLOYMENT SECURITY.

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

1 SECTION 1. The legislature finds that whenever it is
2 anticipated that the balance in any state's unemployment
3 compensation fund is insufficient to pay expected benefit claims
4 during a specified period of time, the governor may request a
5 loan from the Secretary of Labor in accordance with Title XII of
6 the Social Security Act. In order to assure that the state will
7 repay any loans it secures from the Secretary of Labor, Title
8 XII provides that when a state has an outstanding loan balance
9 on January 1 for two consecutive years, the full amount of the
10 loan must be repaid before November 10 of the second year, or
11 the federal unemployment tax on employers in that state will be
12 increased for that year and further increased for each
13 subsequent year that the loan has not been repaid.

14 Specifically, the 5.4 per cent credit is reduced in
15 successive increments of a minimum 0.3 percent for each year in
16 which a loan or loans remain unpaid (reducing the overall credit
17 from 5.4 to 5.1, to 4.8, to 4.5 percent, etc.). Additional



1 offset credit reductions may apply to a state beginning with the
2 third and fifth taxable years if a loan balance is still
3 outstanding and certain criteria are not met.

4 The purpose of this Act is to avoid the imposition of an
5 increased federal unemployment tax upon employers in the State
6 whenever the State encounters difficulty in repaying any loans
7 that the State receives from the Secretary of Labor as
8 assistance in paying expected unemployment benefit claims during
9 a period when the balance in the unemployment compensation is
10 insufficient to pay such claims.

11 Furthermore, this Act also provides other economic relief
12 to employers subject to the employment security law by:

13 (1) Applying contribution rate schedule E for calendar
14 year 2010, and contribution rate schedule F for
15 calendar year 2011; and

16 (2) Permanently retaining the adequate reserve fund at one
17 times the product of the benefit cost rate multiplied
18 by the total remuneration paid.

19 Finally, this Act encourages unemployed individuals to
20 return to the work force as soon as possible by keeping the
21 maximum weekly benefit amount at seventy-five per cent of the
22 average weekly wage, but reducing the maximum weekly benefit



1 amount over the potential twenty-six week period of benefit
2 eligibility.

3 SECTION 2. Chapter 383, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 "§383- Repayment of loans from Secretary of Labor
7 through employer assessments to avoid increase of the federal
8 tax on employers. Whenever it is anticipated that the State
9 will have an outstanding loan balance on January 1 for two
10 consecutive years with respect to any loan that the State
11 receives from the Secretary of Labor to assist in the payment of
12 expected benefit claims, the director shall assess all employers
13 the amounts that, together with the other assets of the
14 unemployment compensation fund, are sufficient to repay the full
15 amount of the loan prior to November 10 of the second year
16 following the two consecutive years of an outstanding loan
17 balance. The director shall establish an assessment schedule
18 based upon the contribution rate schedule of section 383-68."

19 SECTION 3. Section 383-22, Hawaii Revised Statutes, is
20 amended by amending subsection (b) to read as follows:

21 "(b) In the case of an individual whose benefit year
22 begins prior to January 5, 1992, the individual's weekly benefit



1 amount shall be, except as otherwise provided in this section,
2 an amount equal to one twenty-fifth of the individual's total
3 wages for insured work paid during the calendar quarter of the
4 individual's base period in which such total wages were highest.
5 In the case of an individual whose benefit year begins after
6 January 4, 1992, the individual's weekly benefit amount shall
7 be, except as otherwise provided in this section, an amount
8 equal to one twenty-first of the individual's total wages for
9 insured work paid during the calendar quarter of the
10 individual's base period in which such total wages were highest.
11 The weekly benefit amount, if not a multiple of \$1, shall be
12 computed to the next higher multiple of \$1. If an individual's
13 weekly benefit amount is less than \$5, it shall be \$5. The
14 maximum weekly benefit amount shall be determined annually as
15 follows: On or before November 30 of each year the total
16 remuneration paid by employers, as reported on contribution
17 reports submitted on or before such date, with respect to all
18 employment during the four consecutive calendar quarters ending
19 on June 30 of the year shall be divided by the average monthly
20 number of individuals performing services in the employment
21 during the same four calendar quarters as reported on the
22 contribution reports. The amount thus obtained shall be divided



1 by fifty-two and the average weekly wage (rounded to the nearest
2 cent) thus determined. For benefit years beginning prior to
3 January 1, 1992, two-thirds of the average weekly wage shall
4 constitute the maximum weekly benefit amount and shall apply to
5 all claims for benefits filed by an individual qualifying for
6 payment at the maximum weekly benefit amount in the benefit year
7 commencing on or after the first day of the calendar year
8 immediately following the determination of the maximum weekly
9 benefit amount. For benefit years beginning January 1, 1992,
10 but prior to January 1, 2008, [~~and beginning again on January 1,~~
11 ~~2011,~~] seventy per cent 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, 2008,
18 [~~and ending December 31, 2010,~~] seventy-five per cent of the
19 average weekly wage shall constitute the maximum weekly benefit
20 amount and shall apply to all claims for benefits filed by an
21 individual qualifying for payment at the maximum weekly benefit
22 amount in the benefit year commencing on or after the first day



1 of the calendar year immediately following the determination of
 2 the maximum weekly benefit amount[-]; provided that after eight
 3 weeks of payment at seventy-five per cent of the average weekly
 4 wage, the maximum weekly benefit amount shall be lowered to
 5 seventy per cent of the average weekly wage; and provided
 6 further that after eight weeks of payment at seventy per cent of
 7 the average weekly wage, the maximum weekly benefit amount shall
 8 be lowered to sixty-six and two-thirds per cent of the average
 9 weekly wage. The maximum weekly benefit amount, if not a
 10 multiple of \$1, shall be computed to the next higher multiple of
 11 \$1.

	(Column A)	(Column B)	(Column C)	(Column D)
	High	Basic	Minimum	Maximum
	Quarter	Weekly	Qualifying	Total Benefits
	Wages	Benefit	Wages	in Benefit Year
18	\$ 37.50 - 125.00	\$ 5.00	\$ 150.00	\$ 130.00
19	125.01 - 150.00	6.00	180.00	156.00
20	150.01 - 175.00	7.00	210.00	182.00
21	175.01 - 200.00	8.00	240.00	208.00
22	200.01 - 225.00	9.00	270.00	234.00
23	225.01 - 250.00	10.00	300.00	260.00
24	250.01 - 275.00	11.00	330.00	286.00
25	275.01 - 300.00	12.00	360.00	312.00
26	300.01 - 325.00	13.00	390.00	338.00
27	325.01 - 350.00	14.00	420.00	364.00
28	350.01 - 375.00	15.00	450.00	390.00
29	375.01 - 400.00	16.00	480.00	416.00



1	400.01 - 425.00	17.00	510.00	442.00
2	425.01 - 450.00	18.00	540.00	468.00
3	450.01 - 475.00	19.00	570.00	494.00
4	475.01 - 500.00	20.00	600.00	520.00
5	500.01 - 525.00	21.00	630.00	546.00
6	525.01 - 550.00	22.00	660.00	572.00
7	550.01 - 575.00	23.00	690.00	598.00
8	575.01 - 600.00	24.00	720.00	624.00
9	600.01 - 625.00	25.00	750.00	650.00
10	625.01 - 650.00	26.00	780.00	676.00
11	650.01 - 675.00	27.00	810.00	702.00
12	675.01 - 700.00	28.00	840.00	728.00
13	700.01 - 725.00	29.00	870.00	754.00
14	725.01 - 750.00	30.00	900.00	780.00
15	750.01 - 775.00	31.00	930.00	806.00
16	775.01 - 800.00	32.00	960.00	832.00
17	800.01 - 825.00	33.00	990.00	858.00
18	825.01 - 850.00	34.00	1020.00	884.00
19	850.01 - 875.00	35.00	1050.00	910.00
20	875.01 - 900.00	36.00	1080.00	936.00
21	900.01 - 925.00	37.00	1110.00	962.00
22	925.01 - 950.00	38.00	1140.00	988.00
23	950.01 - 975.00	39.00	1170.00	1014.00
24	975.01 -1000.00	40.00	1200.00	1040.00
25	1000.01 -1025.00	41.00	1230.00	1066.00
26	1025.01 -1050.00	42.00	1260.00	1092.00
27	1050.01 -1075.00	43.00	1290.00	1118.00
28	1075.01 -1100.00	44.00	1320.00	1144.00
29	1100.01 -1125.00	45.00	1350.00	1170.00
30	1125.01 -1150.00	46.00	1380.00	1196.00
31	1150.01 -1175.00	47.00	1410.00	1222.00
32	1175.01 -1200.00	48.00	1440.00	1248.00
33	1200.01 -1225.00	49.00	1470.00	1274.00
34	1225.01 -1250.00	50.00	1500.00	1300.00
35	1250.01 -1275.00	51.00	1530.00	1326.00
36	1275.01 -1300.00	52.00	1560.00	1352.00
37	1300.01 -1325.00	53.00	1590.00	1378.00
38	1325.01 -1350.00	54.00	1620.00	1404.00
39	1350.01 and over	55.00	1650.00	1430.00"



1 SECTION 4. Section 383-63, Hawaii Revised Statutes, is
2 amended by amending the definition of "adequate reserve fund" to
3 read as follows:

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

19 Effective for the calendar years 1992 through 2007, [and
20 ~~from calendar year 2011 and thereafter,~~] "adequate reserve fund"
21 means an amount that is equal to one and one-half times the
22 amount derived by multiplying the benefit cost rate that is the



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

14 SECTION 5. Section 383-68, Hawaii Revised Statutes, is
15 amended by amending subsection (c) to read as follows:

16 "(c) Effective with calendar year 1992 and thereafter,
17 before December 31 of the previous year the contribution rate
18 schedule for the following calendar year shall be determined on
19 the basis of the relationship between the most recent current
20 reserve fund and the most recent adequate reserve fund, in
21 accordance with this subsection and subsection (d) [-], as
22 follows:



- 1 (1) Whenever the ratio of the current reserve fund to the
2 adequate reserve fund is greater than 1.69,
3 contribution rate schedule A shall apply.
- 4 (2) Whenever the ratio of the current reserve fund to the
5 adequate reserve fund is 1.3 to 1.69, contribution
6 rate schedule B shall apply.
- 7 (3) Whenever the ratio of the current reserve fund to the
8 adequate reserve fund is 1.0 to 1.29, contribution
9 rate schedule C shall apply.
- 10 (4) Whenever the ratio of the current reserve fund to the
11 adequate reserve fund is .80 to .99, contribution rate
12 schedule D shall apply.
- 13 (5) Whenever the ratio of the current reserve fund to the
14 adequate reserve fund is .60 to .79, contribution rate
15 schedule E shall apply.
- 16 (6) Whenever the ratio of the current reserve fund to the
17 adequate reserve fund is .40 to .59, contribution rate
18 schedule F shall apply.
- 19 (7) Whenever the ratio of the current reserve fund to the
20 adequate reserve fund is .20 to .39, contribution rate
21 schedule G shall apply.



1 (8) Whenever the ratio of the current reserve fund to the
2 adequate reserve fund is less than .20, contribution
3 rate schedule H shall apply.

4 Notwithstanding the ratio of the current reserve fund to
5 the adequate reserve fund, contribution rate schedule E shall
6 apply for calendar year 2010, and contribution rate schedule F
7 shall apply for calendar year 2011."

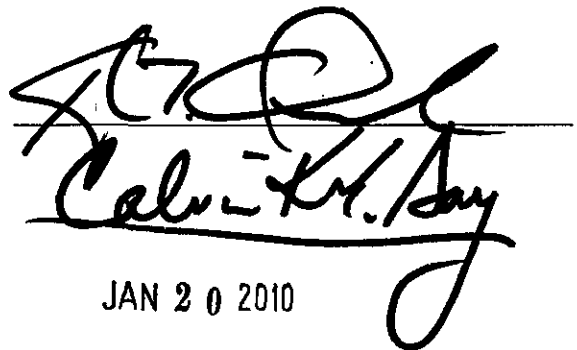
8 SECTION 6. This Act shall apply retroactively to
9 January 1, 2010, for determinations of the employer's
10 contribution rate for calendar year 2010.

11 SECTION 7. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 8. This Act shall take effect upon approval.

14

INTRODUCED BY:



Calvin H. Day

JAN 20 2010



Report Title:

Employment Security; Contribution Rate Schedules; Adequate Reserve Fund; Assessments

Description:

Applies contribution rates schedules E and F to calendar years 2010 and 2011, respectively, notwithstanding the ratio of the current reserve fund to the adequate reserve fund. Requires assessments upon employers to avoid federal penalties on outstanding loan balances on loans received from the U.S. Secretary of Labor when the balance in the unemployment compensation fund is insufficient to pay expected benefit claims. Permanently retains the adequate reserve fund at one times the product of the benefit cost rate multiplied by the total remuneration paid. Keeps the maximum weekly benefit amount at 75% of the average weekly wage, but reduces the maximum weekly benefit amount over the potential twenty-six week period of benefit eligibility.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

