



1 from 5.4 to 5.1, to 4.8, to 4.5 percent, etc.). Additional  
2 offset credit reductions may apply to a state beginning with the  
3 third and fifth taxable years if a loan balance is still  
4 outstanding and certain criteria are not met.

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

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

- 14 (1) Applying contribution rate schedule E for calendar  
15 year 2010, and contribution rate schedule F for  
16 calendar year 2011;
- 17 (2) Permanently retaining the adequate reserve fund at one  
18 times the product of the benefit cost rate multiplied  
19 by the total remuneration paid; and
- 20 (3) Making the contribution rate schedules semi-annual  
21 beginning with calendar year 2012.



1           Finally, this Act encourages unemployed individuals to  
2 return to the work force as soon as possible by keeping the  
3 maximum weekly benefit amount at seventy-five per cent of the  
4 average weekly wage, but reducing the maximum weekly benefit  
5 amount over the potential twenty-six week period of benefit  
6 eligibility.

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

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



1 SECTION 3. 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  
4 begins prior to January 5, 1992, the individual's weekly benefit  
5 amount shall be, except as otherwise provided in this section,  
6 an amount equal to one twenty-fifth of the individual's total  
7 wages 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  
19 follows: On or before November 30 of each year the total  
20 remuneration paid by employers, as reported on contribution  
21 reports submitted on or before such date, with respect to all  
22 employment during the four consecutive calendar quarters ending



1 on June 30 of the year shall be divided by the average monthly  
2 number of individuals performing services in the employment  
3 during the same four calendar quarters as reported on the  
4 contribution reports. The amount thus obtained shall be divided  
5 by fifty-two and the average weekly wage (rounded to the nearest  
6 cent) thus determined. For benefit years beginning prior to  
7 January 1, 1992, two-thirds of the average weekly wage shall  
8 constitute the maximum weekly benefit amount and shall apply to  
9 all claims for benefits filed by an individual qualifying for  
10 payment at the maximum weekly benefit amount in the benefit year  
11 commencing on or after the first day of the calendar year  
12 immediately following the determination of the maximum weekly  
13 benefit amount. For benefit years beginning January 1, 1992,  
14 but prior to January 1, 2008, [~~and beginning again on January 1,~~  
15 ~~2011,~~] seventy per cent of the average weekly wage shall  
16 constitute the maximum weekly benefit amount and shall apply to  
17 all claims for benefits filed by an individual qualifying for  
18 payment at the maximum weekly benefit amount in the benefit year  
19 commencing on or after the first day of the calendar year  
20 immediately following the determination of the maximum weekly  
21 benefit amount. For benefit years beginning January 1, 2008,  
22 [~~and ending December 31, 2010,~~] seventy-five per cent of the



1 average weekly wage shall constitute the maximum weekly benefit  
 2 amount and shall apply to all claims for benefits filed by an  
 3 individual qualifying for payment at the maximum weekly benefit  
 4 amount in the benefit year commencing on or after the first day  
 5 of the calendar year immediately following the determination of  
 6 the maximum weekly benefit amount[-]; provided that after eight  
 7 weeks of payment at seventy-five per cent of the average weekly  
 8 wage, the maximum weekly benefit amount shall be lowered to  
 9 seventy per cent of the average weekly wage; and provided  
 10 further that after eight weeks of payment at seventy per cent of  
 11 the average weekly wage, the maximum weekly benefit amount shall  
 12 be lowered to sixty-six and two-thirds per cent of the average  
 13 weekly wage. The maximum weekly benefit amount, if not a  
 14 multiple of \$1, shall be computed to the next higher multiple of  
 15 \$1.

17	(Column A)	(Column B)	(Column C)	(Column D)
18	High	Basic	Minimum	Maximum
19	Quarter	Weekly	Qualifying	Total Benefits
20	Wages	Benefit	Wages	in Benefit Year
21				
22	\$ 37.50 - 125.00	\$ 5.00	\$ 150.00	\$ 130.00
23	125.01 - 150.00	6.00	180.00	156.00
24	150.01 - 175.00	7.00	210.00	182.00
25	175.01 - 200.00	8.00	240.00	208.00
26	200.01 - 225.00	9.00	270.00	234.00
27	225.01 - 250.00	10.00	300.00	260.00



1	250.01 - 275.00	11.00	330.00	286.00
2	275.01 - 300.00	12.00	360.00	312.00
3	300.01 - 325.00	13.00	390.00	338.00
4	325.01 - 350.00	14.00	420.00	364.00
5	350.01 - 375.00	15.00	450.00	390.00
6	375.01 - 400.00	16.00	480.00	416.00
7	400.01 - 425.00	17.00	510.00	442.00
8	425.01 - 450.00	18.00	540.00	468.00
9	450.01 - 475.00	19.00	570.00	494.00
10	475.01 - 500.00	20.00	600.00	520.00
11	500.01 - 525.00	21.00	630.00	546.00
12	525.01 - 550.00	22.00	660.00	572.00
13	550.01 - 575.00	23.00	690.00	598.00
14	575.01 - 600.00	24.00	720.00	624.00
15	600.01 - 625.00	25.00	750.00	650.00
16	625.01 - 650.00	26.00	780.00	676.00
17	650.01 - 675.00	27.00	810.00	702.00
18	675.01 - 700.00	28.00	840.00	728.00
19	700.01 - 725.00	29.00	870.00	754.00
20	725.01 - 750.00	30.00	900.00	780.00
21	750.01 - 775.00	31.00	930.00	806.00
22	775.01 - 800.00	32.00	960.00	832.00
23	800.01 - 825.00	33.00	990.00	858.00
24	825.01 - 850.00	34.00	1020.00	884.00
25	850.01 - 875.00	35.00	1050.00	910.00
26	875.01 - 900.00	36.00	1080.00	936.00
27	900.01 - 925.00	37.00	1110.00	962.00
28	925.01 - 950.00	38.00	1140.00	988.00
29	950.01 - 975.00	39.00	1170.00	1014.00
30	975.01 -1000.00	40.00	1200.00	1040.00
31	1000.01 -1025.00	41.00	1230.00	1066.00
32	1025.01 -1050.00	42.00	1260.00	1092.00
33	1050.01 -1075.00	43.00	1290.00	1118.00
34	1075.01 -1100.00	44.00	1320.00	1144.00
35	1100.01 -1125.00	45.00	1350.00	1170.00
36	1125.01 -1150.00	46.00	1380.00	1196.00
37	1150.01 -1175.00	47.00	1410.00	1222.00
38	1175.01 -1200.00	48.00	1440.00	1248.00
39	1200.01 -1225.00	49.00	1470.00	1274.00
40	1225.01 -1250.00	50.00	1500.00	1300.00
41	1250.01 -1275.00	51.00	1530.00	1326.00
42	1275.01 -1300.00	52.00	1560.00	1352.00



1	1300.01 -1325.00	53.00	1590.00	1378.00
2	1325.01 -1350.00	54.00	1620.00	1404.00
3	1350.01 and over	55.00	1650.00	1430.00"

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

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

22 Effective for the calendar years 1992 through 2007, [and  
 23 ~~from calendar year 2011 and thereafter,~~] "adequate reserve fund"





1 means an amount that is equal to one and one-half times the  
2 amount derived by multiplying the benefit cost rate that is the  
3 highest during the ten-year period ending on November 30 of each  
4 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 SECTION 5. Section 383-68, Hawaii Revised Statutes, is  
17 amended by amending subsection (c) to read as follows:

18 "(c) Effective with calendar year 1992 and thereafter,  
19 before December 31 of the previous year the contribution rate  
20 schedule for the following calendar year shall be determined on  
21 the basis of the relationship between the most recent current  
22 reserve fund and the most recent adequate reserve fund, in



1 accordance with this subsection and subsection (d) [→], as  
2 follows:

3 (1) Whenever the ratio of the current reserve fund to the  
4 adequate reserve fund is greater than 1.69,  
5 contribution rate schedule A shall apply.

6 (2) Whenever the ratio of the current reserve fund to the  
7 adequate reserve fund is 1.3 to 1.69, contribution  
8 rate schedule B shall apply.

9 (3) Whenever the ratio of the current reserve fund to the  
10 adequate reserve fund is 1.0 to 1.29, contribution  
11 rate schedule C shall apply.

12 (4) Whenever the ratio of the current reserve fund to the  
13 adequate reserve fund is .80 to .99, contribution rate  
14 schedule D shall apply.

15 (5) Whenever the ratio of the current reserve fund to the  
16 adequate reserve fund is .60 to .79, contribution rate  
17 schedule E shall apply.

18 (6) Whenever the ratio of the current reserve fund to the  
19 adequate reserve fund is .40 to .59, contribution rate  
20 schedule F shall apply.



1 (7) Whenever the ratio of the current reserve fund to the  
2 adequate reserve fund is .20 to .39, contribution rate  
3 schedule G shall apply.

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

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

11 Part II.

12 SECTION 6. Section 383-61, Hawaii Revised Statutes, is  
13 amended as follows:

14 1. By amending subsections (a) and (b) to read:

15 "(a) Contributions with respect to wages for employment  
16 shall accrue and become payable by each employer for each half  
17 of a calendar year in which the employer is subject to this  
18 chapter. The contributions shall become due and be paid by each  
19 employer to the director of labor and industrial relations for  
20 the fund in accordance with such rules as the department of  
21 labor and industrial relations may prescribe, and shall not be



1 deducted, in whole or in part, from the wages of individuals in  
2 the employer's employ.

3 (b) Except as provided in subsections (c) and (d), the  
4 term "wages" does not include remuneration paid with respect to  
5 employment to an individual by an employer during any half of a  
6 calendar year which exceeds the average [~~annual~~] semi-annual  
7 wage, rounded to the nearest hundred dollars, for the [~~four~~] two  
8 calendar quarter period ending on June 30 or December 31,  
9 respectively, of the preceding [~~year-~~] years.

10 The average [~~annual~~] semi-annual wage for the first half of  
11 a calendar year shall be computed as follows: on or before  
12 November 30 of each year the total remuneration paid by  
13 employers, as reported on contribution reports on or before  
14 [~~such~~] that date, with respect to all employment during the  
15 [~~four~~] two consecutive calendar quarters ending on June 30 of  
16 [~~such~~] that year shall be divided by the average monthly number  
17 of individuals performing services in [~~such employment~~] during  
18 the same [~~four~~] two calendar quarters as reported on [~~such~~] the  
19 contribution reports and rounded to the nearest hundred dollars.

20 The average semi-annual wage for the second half of a  
21 calendar year shall be computed as follows: on or before May 30  
22 of each year the total remuneration paid by employers, as



1 reported on contribution reports on or before that date, with  
2 respect to all employment during the two consecutive calendar  
3 quarters ending on December 31 of the previous year, shall be  
4 divided by the average monthly number of individuals performing  
5 services during the same two calendar quarters, as reported on  
6 the contribution reports and rounded to the nearest hundred  
7 dollars."

8 2. By amending subsections (e) and (f) to read:

9 "(e) If an employer during any half of a calendar year  
10 acquires substantially all the property used in a trade or  
11 business, or in a separate unit of a trade or business, of  
12 another employer, and after the acquisition employs an  
13 individual who, prior to the acquisition, was employed by the  
14 predecessor, then for the purpose of determining whether  
15 remuneration in excess of the average [~~annual~~] semi-annual wages  
16 has been paid to the individual for employment, remuneration  
17 paid to the individual by the predecessor during the half of the  
18 calendar year shall be considered as having been paid by the  
19 successor employer. For the purposes of this subsection, the  
20 term "employment" includes services constituting employment  
21 under any employment security law of another state or of the  
22 federal government.



1           (f) Subsections (b) through (e) notwithstanding, for the  
2 purposes of this part the term "wages" shall include at least  
3 that amount of remuneration paid in a half of a calendar year to  
4 an individual by an employer or the employer's predecessor with  
5 respect to employment during any calendar year [~~which~~] that is  
6 subject to a tax under a federal law imposing a tax against  
7 which credit may be taken for contributions required to be paid  
8 into a state unemployment fund."

9           SECTION 7. Section 383-63, Hawaii Revised Statutes, is  
10 amended to read as follows:

11           "**§383-63 Definitions for experience rating provisions.** As  
12 used in sections 383-63 to 383-69:

13           "Adequate reserve fund" means an amount that is equal to  
14 the amount derived by multiplying the benefit cost rate that is  
15 the highest during the ten-year period ending on November 30 of  
16 each year by the total remuneration paid by all employers, with  
17 respect to all employment for which contributions are payable  
18 during the last four calendar quarters ending on June 30 of the  
19 same year, as reported on contribution reports filed on or  
20 before October 31 of the same year. "Remuneration", as used in  
21 this definition, means wages as defined in section 383-10. For  
22 the purpose of determining the highest benefit cost rate, the



1 benefit cost rate for the first twelve-consecutive-calendar-  
2 month period beginning with the first day of the first month of  
3 the ten-year period and for each succeeding twelve-consecutive-  
4 calendar-month period beginning with the first day of each  
5 subsequent month shall be computed.

6 Effective for the calendar years 1992 through 2007, and  
7 [~~from~~] for calendar year 2011 [~~and thereafter~~], "adequate  
8 reserve fund" means an amount that is equal to one and one-half  
9 times the amount derived by multiplying the benefit cost rate  
10 that is the highest during the ten-year period ending on  
11 November 30 of each year by the total remuneration paid by all  
12 employers, with respect to all employment for which  
13 contributions are payable during the last four calendar quarters  
14 ending on June 30 of the same year, as reported on contribution  
15 reports filed on or before October 31 of the same year.

16 "Remuneration", as used in this definition, means wages as  
17 defined in section 383-10. For the purpose of determining the  
18 highest benefit cost rate, the benefit cost rate for the first  
19 twelve-consecutive-calendar-month period beginning with the  
20 first day of the first month of the ten-year period and for each  
21 succeeding twelve-consecutive-calendar-month period beginning  
22 with the first day of each subsequent month shall be computed.



1       Effective from calendar year 2012 and thereafter, "adequate  
2 reserve fund" for the first half of a calendar year means an  
3 amount that is equal to one and one-half times the amount  
4 derived by multiplying the benefit cost rate that is the highest  
5 during the ten-year period ending on May 30 of each year by the  
6 total remuneration paid by all employers, with respect to all  
7 employment for which contributions are payable during the last  
8 two calendar quarters ending on December 31 of the previous  
9 year, as reported on contribution reports filed on or before  
10 April 30 of the same year. "Remuneration", as used in this  
11 definition, means wages as defined in section 383-10. For the  
12 purpose of determining the highest benefit cost rate, the  
13 benefit cost rate for the first twelve-consecutive-calendar-  
14 month period beginning with the first day of the first month of  
15 the ten-year period and for each succeeding twelve-consecutive-  
16 calendar-month period beginning with the first day of each  
17 subsequent month shall be computed.

18       Effective from calendar year 2012 and thereafter, "adequate  
19 reserve fund" for the second half of a calendar year means an  
20 amount that is equal to one and one-half times the amount  
21 derived by multiplying the benefit cost rate that is the highest  
22 during the ten-year period ending on November 30 of each year by





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

13 ~~["Annual payroll" means the total amount of wages for~~  
14 ~~employment paid by an employer during a calendar year; and~~  
15 ~~"average annual payroll" means the average of the annual~~  
16 ~~payrolls of an employer for a period consisting of the three~~  
17 ~~consecutive calendar years immediately preceding the calendar~~  
18 ~~year for which rates are computed, except that, for an employer~~  
19 ~~whose account has been chargeable with benefits throughout at~~  
20 ~~least one year but less than three years ending on December 31,~~  
21 ~~1955, and each December 31 thereafter, "average annual payroll"~~  
22 ~~means one third of the sum of the employer's cumulative payrolls~~



1 ~~for the period in which the employer has been subject to this~~  
2 ~~chapter, but not more than the three calendar years ending on~~  
3 ~~such December 31. Whenever there was or is a change in the~~  
4 ~~definition of "employment" or in the definition of "wages",~~  
5 ~~effective for the purposes of this chapter generally or of this~~  
6 ~~part at the commencement of or at a date within the three year~~  
7 ~~period of any average annual payroll, "employment" and "wages"~~  
8 ~~for the purpose of determining each annual payroll within such~~  
9 ~~period and the average annual payroll for such period, shall~~  
10 ~~have the meaning prior to the effective date of such change~~  
11 ~~which they had in accordance with this chapter then in effect~~  
12 ~~and shall have the meaning after the effective date of such~~  
13 ~~change assigned to them by the amendment to this chapter~~  
14 ~~providing for such change.]~~

15 "Base period employers" means employers by whom an  
16 individual was paid the individual's base period wages.

17 "Base period wages" means the wages paid to an individual  
18 during the individual's base period for insured work.

19 "Benefit cost rate" means the rate derived by dividing the  
20 total net benefits paid to all individuals during a [~~twelve-~~  
21 ~~consecutive calendar month~~] six-consecutive-calendar-month  
22 period by the total remuneration paid by all employers with



1 respect to employment for which contributions are payable during  
2 the last [~~four~~] two completed calendar quarters ending at least  
3 [~~five~~] three months before the end of the [~~twelve consecutive-~~  
4 ~~month period.~~] six-consecutive-month period. "Remuneration", as  
5 used in this [~~paragraph,~~] definition, means wages as defined in  
6 section 383-10.

7 "Contributions" [~~includes~~] include the money payments  
8 required by this chapter to be made into the fund by any  
9 employing unit on account of having individuals in its employ.  
10 "Contributions" does not include penalties or interest for  
11 delinquency in payments.

12 "Current reserve fund" means the total assets of the fund  
13 available for the payment of benefits on May 30 and November 30  
14 of each year (exclusive of all moneys credited under section 903  
15 of the Social Security Act to the account of this State in the  
16 unemployment trust fund which have been appropriated for  
17 expenses of administration whether or not withdrawn from the  
18 trust fund).

19 "Reserve balance" means the difference between all  
20 contributions paid by an employer and credited to the employer's  
21 account for all periods before January 1 (including those paid  
22 before February 1 of the same year with respect to wages paid by



1 the employer before January 1 of the same year) and July 1 and  
2 the total benefits chargeable to the employer's account for all  
3 periods before January 1 and July 1 of the same [~~year-~~] years.

4 "Semi-annual payroll" means the total amount of wages for  
5 employment paid by an employer during one-half of a calendar  
6 year; and "average semi-annual payroll" means the average of the  
7 semi-annual payrolls of an employer for a period consisting of  
8 the three consecutive calendar half-years immediately preceding  
9 the calendar half-year for which rates are computed; except  
10 that, for an employer whose account has been chargeable with  
11 benefits throughout at least one year but less than three years  
12 ending on December 31, 1955, and each December 31 thereafter,  
13 "average semi-annual payroll" means one-third of the sum of the  
14 employer's cumulative payrolls for the period in which the  
15 employer has been subject to this chapter, but not more than the  
16 three calendar half-years ending on such December 31. Whenever  
17 there was or is a change in the definition of "employment" or in  
18 the definition of "wages", effective for the purposes of this  
19 chapter generally or of this part, at the commencement of or at  
20 a date within the three-half-year period of any average semi-  
21 annual payroll, "employment" and "wages" for the purpose of  
22 determining each semi-annual payroll within such period and the



1 average semi-annual payroll for such period, shall have the  
2 meaning prior to the effective date of such change, which they  
3 had in accordance with this chapter then in effect and shall  
4 have the meaning after the effective date of such change  
5 assigned to them by the amendment to this chapter providing for  
6 such change."

7 SECTION 8. Section 383-65, Hawaii Revised Statutes, is  
8 amended by amending subsection (a) to read as follows:

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

20 SECTION 9. Section 383-67, Hawaii Revised Statutes, is  
21 amended to read as follows:



1           "§383-67 Reserve ratio. For [~~the calendar year 1970 and~~  
2 ~~for~~] each half of a calendar year [~~thereafter~~], an employer's  
3 reserve ratio shall be determined by dividing the employer's  
4 most recent reserve balance by the employer's most recent  
5 average [~~annual~~] semi-annual payroll. The ratio shall be  
6 rounded to the nearest ten-thousandths."

7           SECTION 10. Section 383-68, Hawaii Revised Statutes, is  
8 amended by amending subsections (c) and (d) as follows:

9           (c) Effective [~~with calendar year 1992 and thereafter,~~]  
10 January 1, 2012, before December 31 of the previous year and  
11 June 30 of the same year, the contribution rate schedule for the  
12 following [~~calendar year~~] six month period shall be determined  
13 on the basis of the relationship between the most recent current  
14 reserve fund and the most recent adequate reserve fund, in  
15 accordance with this subsection and subsection (d).

16           (1) Whenever the ratio of the current reserve fund to the  
17 adequate reserve fund is greater than 1.69,  
18 contribution rate schedule A shall apply.

19           (2) Whenever the ratio of the current reserve fund to the  
20 adequate reserve fund is 1.3 to 1.69, contribution  
21 rate schedule B shall apply.



- 1 (3) Whenever the ratio of the current reserve fund to the  
2 adequate reserve fund is 1.0 to 1.29, contribution  
3 rate schedule C shall apply.
- 4 (4) Whenever the ratio of the current reserve fund to the  
5 adequate reserve fund is .80 to .99, contribution rate  
6 schedule D shall apply.
- 7 (5) Whenever the ratio of the current reserve fund to the  
8 adequate reserve fund is .60 to .79, contribution rate  
9 schedule E shall apply.
- 10 (6) Whenever the ratio of the current reserve fund to the  
11 adequate reserve fund is .40 to .59, contribution rate  
12 schedule F shall apply.
- 13 (7) Whenever the ratio of the current reserve fund to the  
14 adequate reserve fund is .20 to .39, contribution rate  
15 schedule G shall apply.
- 16 (8) Whenever the ratio of the current reserve fund to the  
17 adequate reserve fund is less than .20, contribution  
18 rate schedule H shall apply.
- 19 (d) Subject to the requirements of section 383-63 to 383-  
20 69, an employer's contribution rate for [~~calendar year 1992 and~~  
21 ~~for each calendar year thereafter~~] each consecutive six month  
22 period beginning January 1, 2012, shall be that rate [which]



1 that appears on the same line as the employer's reserve ratio  
 2 for that year in the contribution rate schedule applicable for  
 3 the year as specified in subsection (c).

4

## 5 CONTRIBUTION RATE SCHEDULES (rates in percentages)

6

7	Reserve Ratio	A	B	C	D	E	F	G	H
8	.1500 and over	0.0	0.0	0.0	0.2	0.6	1.2	1.8	2.4
9	.1400 to .1499	0.0	0.0	0.1	0.4	0.8	1.4	2.0	2.6
10	.1300 to .1399	0.0	0.0	0.2	0.6	1.0	1.6	2.2	2.8
11	.1200 to .1299	0.0	0.1	0.4	0.8	1.2	1.8	2.4	3.0
12	.1100 to .1199	0.0	0.2	0.6	1.0	1.4	2.0	2.6	3.2
13	.1000 to .1099	0.1	0.3	0.8	1.2	1.6	2.2	2.8	3.4
14	.0900 to .0999	0.3	0.5	1.0	1.4	1.8	2.4	3.0	3.6
15	.0800 to .0899	0.5	0.7	1.2	1.6	2.0	2.6	3.2	3.8
16	.0700 to .0799	0.7	0.9	1.4	1.8	2.2	2.8	3.4	4.0
17	.0600 to .0699	0.9	1.1	1.6	2.0	2.4	3.0	3.6	4.2
18	.0500 to .0599	1.1	1.3	1.8	2.2	2.6	3.2	3.8	4.4
19	.0300 to .0499	1.3	1.5	2.0	2.6	3.0	3.6	4.2	4.8
20	.0000 to .0299	1.7	1.9	2.4	3.0	3.4	4.0	4.6	5.2
21	-.0000 to -.0499	2.1	2.3	2.8	3.4	3.8	4.4	5.0	5.4
22	-.0500 to -.0999	2.5	2.7	3.2	4.0	4.4	5.0	5.4	5.4





1	-.1000 to -.4999	2.9	3.1	3.6	4.6	5.0	5.4	5.4	5.4
2	-.5000 to -.9999	3.4	3.6	4.2	5.2	5.4	5.4	5.4	5.4
3	-1.0000 to -1.4999	4.1	4.2	4.8	5.4	5.4	5.4	5.4	5.4
4	-1.5000 to -1.9999	4.7	4.8	5.4	5.4	5.4	5.4	5.4	5.4
5	-2.0000 and less	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4"

6 SECTION 11. This Act does not affect rights and duties  
7 that matured, penalties that were incurred, and proceedings that  
8 were begun before its effective date.

9 SECTION 12. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 13. This Act shall take effect upon approval and  
12 shall apply retroactively to January 1, 2010, for determinations  
13 of the employer's contribution rate for calendar year 2010;  
14 provided that on January 1, 2012, sections 4 and 5 shall be  
15 repealed and sections 6 to 10 shall take effect, and shall apply  
16 to contributions payable every six months beginning with the  
17 second half of calendar year 2012.

18

INTRODUCED BY:

*Karen Johnson*  
*[Signature]*  
*[Signature]*

*[Signature]*  
*[Signature]*  
*[Signature]*

JAN 25 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. Changes from annual to semi-annual the contribution rate schedules for unemployment contributions.

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

