

Honolulu, Hawaii

Feb 16, 2010

RE: H.B. No. 2169
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2169, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to assist employers and employees by adjusting the unemployment insurance (UI) contribution rates for employers and the benefit amounts paid to employees from the UI trust fund while maintaining adequate reserves in the UI trust fund. Specifically, this bill:

- (1) Sets, for calendar year 2010, the employer contribution rate at schedule D and the wage base at 90 percent of the average annual wage;
- (2) Sets, for calendar year 2011, the employer contribution rate at schedule G;
- (3) Requires that the UI contribution rate schedules be determined semi-annually rather than annually beginning in 2012;
- (4) Establishes for recalculation of the adequate reserve fund using a ratio of one and one-quarter rather than one and one-half beginning in 2011; and



- (5) Makes permanent the provision that sets the maximum weekly benefit rate at 75 percent of the average weekly wage, beginning January 1, 2011.

This measure further authorizes special assessments to be made upon employers to pay the interest costs on loans received from the U.S. Secretary of Labor to pay expected UI benefit claims.

The Hawaii Business League; Hawaii Medical Service Association; and Big Island Jewelers, Ltd. testified in support of this bill. North Shore Equipment Rentals, LLC.; Hilo Coffee Mill; Pizza Bob's in Haleiwa; and City Mill Company, Ltd. opposed this measure. The Chamber of Commerce of Hawaii; Department of Labor and Industrial Relations; Kona-Kohala Chamber of Commerce; Retail Merchants of Hawaii; Hawaii Crop Improvement Association; Hawaii Hotel & Lodging Association; Ocean Tourism Coalition; Molokai Chamber of Commerce; Makana Charter & Tours, Inc.; Liko Kauai Cruises, Inc.; Vantaggio HR, Ltd.; AMV Air Conditioning, Inc.; Maui Classic Charters; Hawaii Restaurant Association; Cyanotech; Building Industry Association of Hawaii; Audio Visual Services Hawaii, Corp.; Hawaii Credit Union League; Aloha Insurance Services, Inc.; Shell Management Hawaii, Inc.; Hilo Rite Care Center; ProService Hawaii; Meadow Gold Dairies; Fair Wind, Inc.; HST, Inc.; Smith's Motor Boat Service, Inc.; T S Restaurants; C&T Restaurants LLC.; SVC-Hawaii L.P.; Pono Kai Resort; National Federation of Independent Business; Syngenta Hawaii; Hawaiki Tower; Hawaiian Electric Company, Inc.; Hawaii Electric Light Company, Inc.; Maui Electric Company; Midas Hawaii; Hawaiian Airlines; Paradise Entertainment Group, L.P.; Maui Chamber of Commerce; Japanese Chamber of Commerce and Industry of Hawaii; Island Landscape; Gentry Homes, Ltd.; Monsanto Company; Hawaii Alliance of Nonprofit Organizations; Watanabe Floral, Inc.; United Public Workers, Local 646; Kauai County Farm Bureau; Araki-Regan & Associates, LLC.; General Contractors Association of Hawaii; Team Clean, Inc.; Expeditions Maui-Lanai Ferry; Horizon Financial; Hilton Grand Vacations Club; Vacation Ownership Resorts; Marriott's Maui Ocean Club; The Limtiaco Company; Aloha V.I.P. Tours, Inc.; Ito En (USA) Inc.; Castle & Cooke Hawaii; Maui Hotel & Lodging Association; Germaine's Luau, Inc.; Highway Inn; Ho'okipa Catering; Dhucks; Ogawa, Lau, Nakamura & Jew Attorneys At Law, A Law Corp.; Hawaii Dental Association; Contract Furnishers of Hawaii, Inc. dba Office Pavilion; Finance Enterprises; KAI Hawaii, Inc.; Ocean Network LLC.; Ruby's Diner; Four Seasons Resort Maui; Four Seasons Resort Lanai at Manele Bay; Four Seasons Resort Lanai; The Lodge at Koele; ERGObaby; Credit Associates of



Maui; Hilton Hawaiian Village Beach Resort & Spa; Popeyes Louisiana Chicken; Totally Hawaiian Gift Gallery; Hawaii Government Employees Association; Hawaii State AFL-CIO; ILWU, Local 142; Hawaii Operating Engineers Industry Stabilization Fund; Doo Kan, Inc. dba Hawaii Popcorn Company; Hawaii Island Chamber of Commerce; The Arc of Hilo; Activities & Attractions Association of Hawaii; and RDH Incorporated submitted comments.

Your Committee has amended this bill by:

- (1) Setting, for calendar years 2010 and 2011, the wage base at 90 percent of the average annual wage;
- (2) Setting the employer contribution rate at schedule D for calendar year 2010 and schedule F for calendar year 2011;
- (3) Deleting the requirement that the UI contribution rate schedules be determined semi-annually rather than annually beginning in 2012;
- (4) Establishing for recalculation of the adequate reserve fund using a ratio of one rather than one and one-quarter beginning in 2011;
- (5) Making the provision setting the maximum weekly benefit rate at 75 percent of the average weekly wage effective until December 31, 2011, and providing for the percentage to be returned to 70 percent on January 1, 2012;
- (6) Allowing for special assessments upon employers to pay the principal, in addition to the interest costs, on loans received from the U.S. Secretary of Labor;
- (7) Requiring the Director of Labor and Industrial Relations to develop a mechanism of assessing the special assessments in item (6) above among employers in a fair and equitable manner; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No.



2169, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2169, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



