

LINDA LINGLE
GOVERNOR



DARWIN L.D. CHING
DIRECTOR

COLLEEN Y. LaCLAIR
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.hawaii.gov/labor
Phone: (808) 586-8842 / Fax: (808) 586-9099
Email: dlir.director@hawaii.gov

January 26, 2010

To: The Honorable Karl Rhoads, Chair
and Members of the House Committee on Judiciary

Date: January 26, 2010
Time: 9:00 a.m.
Place: Conference Room 309, State Capitol

From: Darwin L.D. Ching, Director
Department of Labor and Industrial Relations

H.B. 2169 - Relating to Employment Security

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. 2169 proposes to do the following:

- Amend section 383-68, Hawaii Revised Statutes (HRS), to set the employer contribution rate at schedule D and schedule G for calendar years 2010 and 2011 respectively.
- Add new section to assess employers in order to repay the interest on outstanding loan balances received under Title XII of the Social Security Act.
- Amend section 383-61, HRS, to set the taxable wage base at 90% of the average annual wage in 2010 and 100% of the average annual wage from 2011 on.
- Amend section 383-22 to permanently retain the maximum weekly benefit amount (MWBA) at 75% of the average weekly wage.

II. CURRENT LAW

Section 383-68, HRS, provides that the contribution rate schedule shall be determined by the ratio of the current reserve fund to the adequate reserve fund. Under current law, schedule F is applicable for calendar year 2010.

Section 383-63, HRS, was last amended in 2007 by Act 110 to temporarily change the definition of the adequate reserve fund as the highest 12-month benefit cost rate

occurring in the last ten years. The adequate reserve fund is the amount needed to ensure trust fund solvency based on the highest level of unemployment experienced in the last ten years.

Section 383-22(b), HRS, was also amended by Act 110 to temporarily increase the maximum weekly benefit amount from 70% to 75% of the state's average weekly wage from January 1, 2008 to December 31, 2010.

III. THE DEPARTMENT SUPPORTS THE INTENT OF THIS MEASURE TO MODERATE UI TAXES, BUT BELIEVES THE ADMINISTRATION'S PROPOSAL PROVIDES BETTER TAX MODERATION.

The Department of Labor and Industrial Relations (DLIR) thanks the authors of H.B. 2169 for their cooperative effort in working on moderating UI taxes. DLIR believes that consensus can be reached quickly after initial discussion in order to meet the 3/12/10 administrative deadline.¹

The DLIR projects that H.B. 2169 will only provide two years worth of tax savings for Hawaii businesses. Under the DLIR's projections employers will save \$99 million in 2010 and \$78 million in 2011; then have to pay \$53 million more in 2012, and \$76 million more in 2013. H.B. 2169 if enacted would only provide a net tax savings of \$48 million dollars of over the next 4 years. Under H.B. 2169 in 2010 employers will pay an average of \$630 per employee in annual UI taxes, \$1290 in 2011, \$1560 in 2012, and \$1,350 in 2013.

The administration's proposal (Bill number to be assigned) provides greater tax moderation at a time when Hawaii's economy needs it most. The DLIR projects the administration's proposal will provide tax savings of \$95 million in 2011, \$221 million in 2011, \$131 million in 2012, and \$50 million in 2013. The administrations proposal will provide a tax savings of \$497 over the next 4 years. The costs of this to the businesses, who pay for all the trust funds costs will be a special assessment of 22 million dollars for a net tax savings of \$475 million. Under the administrations proposal employers will pay an average of \$600 per employee in annual UI taxes, \$690 in 2011, \$880 in 2012, and \$900 in 2013.

The DLIR questions this necessity of permanently raising the maximum weekly benefit amount to 75% of the average weekly wage as this will increase the cost of doing business at a time when we need to focus on moderating taxes.

The DLIR does not oppose the additional section to allow for an assessment of employers to pay interest on federal loans.

¹ March 12, 2010 the DLIR sends out the first quarter UI tax assessments to employers. If legislation is not passed before this deadline it would require a manual edit of UI tax assessments that is estimated to take 11,000 man hours.

For more information on this issue go to www.hawaii.gov/labor/ui and click on "1/20/10 update" (see specifically, pages 1, 4 – 7a, 11 – 15, 27 and 30).

The DLIR projects that under H.B. 2169 the UI trust fund will have a negative balance in the third quarter of 2010 and in 2011. In light of these projections the DLIR has provided the following information regarding borrowing from the Federal government:

A. REQUESTS FOR ADVANCES

1. The UI trust fund must have a zero balance before becoming eligible for any advances from the federal government.
2. Under §1201(a)(1)(A) of the SSA, the Governor or authorized delegate (DLIR) can request advances from the FUA for any 3 month period during which state fund reserves are depleted.
3. The Governor or DLIR must apply no earlier than the first day of the month preceding the 3 month period.
4. The request must cover the entire 3 month period. If advances are not required for each month, zero dollars should be indicated for the months during which no advances are required. If more monies are needed later, a supplemental request must be submitted at least 5 working days in advance (on Loan and Repayment Application System or 'LARAS').
5. The request must be addressed to the Secretary of Labor, Attention: OWS Administrator, no earlier than the first day of the month preceding the 3 month period and no later than 15 working days before the first day a loan is actually required to provide sufficient time for processing. The request can also be made via LARAS.
6. The OWS Administrator will approve the request and certify to the Treasury Secretary the maximum amount to be transferred during each of the 3 months covered in the request. Transfers to the state's account will be made on a daily basis as needed to pay benefits.
7. The state will be charged interest only on that portion of certified advances that the state actually draws down. Amounts certified as available which are not required will cease to be certified as available as of COB on the last day of the month.
8. The Governor or delegate may submit a supplemental request for any month if previously approved amounts are insufficient. Emergency requests should include the dollar amount requested and the date on which the funds will be needed. Fax letter to Secretary of Labor, Attention: OWS Administrator. If using LARAS, request should be submitted at least 5 working days in advance.

B. INTEREST ON ADVANCES

1. Under §1202(b), SSA, the payment of interest due on Title XII advances is due before the first day of the fiscal year, on September 30 and cannot be paid from the state's UI trust fund (employer's contributions) or from federal funds or from FUTA credit reductions.

Under §1202(b)(2), SSA, no interest is due ("cash flow loan") on advances made January 1 through September 30 and repaid in full prior to October 1 in the same calendar year provided no additional advances are obtained before the end of the same calendar year.

Under §1202(b)(3)(A), SSA, if an additional Title XII loan is obtained after September 30 and within the same calendar year, interest accruing through September 30 is due and payable the day after the day the first additional advance is made.

2. The rate of interest earned by the UTF for the fourth quarter of the previous calendar year is the rate of interest used for calculating interest due and payable for the entire calendar year.

Under §1202(b)(4), SSA, interest accrues daily on a federal fiscal year basis at a rate determined not in excess of 10%.

3. Under §1202(b)(5), SSA, and §3304(a)(17), FUTA, interest cannot, either directly or indirectly, be paid from the state's unemployment fund. The delegate must provide a letter to the Secretary by September 30 identifying the funding source to be used for the payment of interest and the statutory basis for the establishment and use of such funds. If the Secretary of Labor determines that a state has violated this provision, the Secretary shall not certify the state's UI law under §3304(c), FUTA. UI Admin will prepare the letter.

Federal funds, such as the administrative grants and Reed Act funds, also cannot be used to repay Title XII advances or interest.

4. Treasury Calculation and Billing of Interest Due. September 16 is the cut-off date for the calculation of interest due. Interest is calculated by Treasury on the outstanding balance as of C.O.B. and projected through September 30. This amount will be billed to the state as the amount of interest due and payable on September 30.
5. Under §1202(b)(3)(B), SSA, a state can delay interest payment on advances taken in May to September until December 31 of the following calendar year but interest will continue to accrue until paid in full.

6. Under §1202(b)(3)(C), SSA, a state can defer payment of interest when the state's IUR equals or exceeds 7.5% for the first 6 months of the preceding calendar year. If a state takes this option, the interest does not continue to accrue interest during the deferral period. But the state must pay one-fourth of the interest due prior to October 1st and payment of the remaining three-fourths must be made during the next 3 calendar years by paying a minimum of one-third of the deferred interest prior to October 1st in each of the 3 successive calendar years.
7. §1202(b)(9), SSA, permits the payment of interest to be delayed up to 9 months if the TUR equals or exceeds 13.5% for the most recent 12-month period prior to October 1. Interest does not accrue during the deferral period.
8. ARRA Waiver. Under §2004 of Public Law 111-5, "The Assistance for Unemployed Workers and Struggling Families Act of the American Recovery and Reinvestment Act of 2009", any interest due during the period from 2/17/09 to 12/31/10 is waived and no interest is accrued on all advance(s). After 12/31/10, the normal rules for determining the amounts of interest accrued and the due date (9/30/11) applies.

Representative Karl Rhoads, Chair
Representative Kyle Yamashita, Vice Chair
Committee on Labor & Public Employment



HEARING Tuesday, January 26, 2010
9:00 am
Conference Room 309
State Capitol, Honolulu, Hawaii 96813

RE: **HB2169, Relating to Employment Security**

Chair Rhoads, Vice Chair Yamashita, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii. The retail industry is the one of the largest single employer in the state, employing almost 23% of the labor force.

RMH very much appreciates the initiative and the efforts of the Chair and the Legislature to address the impending Unemployment Insurance tax increase in a very timely manner.

Although **HB 2169** mitigates the initial impact of the increase, we prefer and strongly support the language of HB 2201, which affords a more manageable tax increase through 2011.

Since the economic downturn, retailers have made serious efforts to contain employment costs through across-the-board wage and salary reductions, while keeping benefits intact. Marketing, advertising and travel budgets have been cut; basic operating expenses remain fixed or have increased.

Sales revenues are down. GET reports for Fiscal Year 2009 from the Department of Taxation indicate an almost \$2 billion decline in retail sales from the previous year. Sales for the first three months of this current fiscal are almost three quarters of a billion dollars lower than last year. Holiday figures are not available; early reports ranged from flat to double-digit decreases.

We recognize that the unemployment safety net is critical to our labor force; we are committed to maintaining benefits and restoring the health of the UI Insurance Program. We are asking you to consider the provisions in HB2201, developed via a consortium of business entities, which strike a balance between relief and restoration of the fund. Holding the tax rate schedules to D in 2010 and F in 2011 will help stabilize our businesses, budget accordingly, and hasten economic recovery.

Thank you for your consideration and for the opportunity to submit testimony. I look forward to continued dialogue to craft legislation to resolve this issue.

Carol Pregill, President

RETAIL MERCHANTS OF HAWAII
1240 Ala Moana Boulevard, Suite 215
Honolulu, HI 96814
ph: 808-592-4200 / fax: 808-592-4202



**Testimony to the House Committee on Labor & Public
Employment
Tuesday, January 26, 2010
9:00 a.m.
Conference Room 309**

**RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT
SECURITY**

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber fully supports the efforts of this Legislative body in preserving jobs and work for our community. The pending legislation, HB 2169 and 2207 are an appropriate first step in addressing an unprecedented tax increase on Hawaii employers that would put an over 5,000 more employees out of work. However, we respectfully request that the committee amends the bills to include language from HB 2201.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports the principle of multiyear relief in HB 2207 and HB 2169. The Chamber fully supports the 2010 reduction to Schedule D in HB 2169 but urges the tax rate be reduced to Schedule F rather than G in 2011 and urges this Committee to set the taxable wage base at no more than 90%. The Chamber supports maintaining the adequate reserve multiplier of one year of benefits as in HB 2207, and agrees that a systemic review of benefit payments is important as contained in HB 2207.

Unless every effort is made to mitigate the impact on jobs such a dramatic increase will have over the next few years, the largest ever in Hawaii or in the United States, there is

likely to be more loss of jobs, more business failures, a weakening of any recovery and a further depletion of the unemployment trust fund. The nonprofit Urban Institute has noted in review of our situation that the high tax rate schedules in store for the next few years have not been operative for more than 30 years and that increased taxes will increase unemployment, but the magnitude is uncertain.

Three years ago this body could not foresee the worldwide recession that was coming in the last quarter of 2008. That recession has depleted an unusually rich trust fund and triggered the repeal of legislation that reduced the taxable wage base that provided nearly \$100 million in stimulus monies into the state economy and arguably provided a small cushion to what could have been a much worse economic impact on Hawaii.

Even if Act 110 had not been enacted, employers would still be facing a tax increase to Schedule F as over \$570 million in benefits were paid out in the past two years.

The result is that our Unemployment Trust Fund will be replenished with employer dollars that takes needed wages and purchasing power out of the economy. Some of these payments must be used to fund current benefits and some used to replenish the Fund. The issue for the business community is how fast can we replenish the Fund and avoid the negative impact on jobs?

The Chamber believes its option to extend a reduced tax rate schedule into 2011 and hold the Taxable Wage Base to 90% reduces the tax shock and helps preserve and create jobs more effectively than the other bills. The Chamber's proposal, HB 2201, keeps \$105 million more in the economy during 2011 which will then be spent and generate increased tax revenues for the State.

The Chamber and its members support legislation that would authorize the Director of the Department of Labor and Industrial Relations to assess employers to pay any interest incurred to maintain benefits to unemployed workers in the state by borrowing from the federal government. Twenty-five states have currently borrowed billions from the federal government for unemployment benefits and it is predicted that at least 40 states will do so in 2010. Our proposal, HB 2201, would not need to borrow any funds until 2011 and would have interest expenses incurred of approximately \$4 million. There is existing monies paid by employers within the DLIR sufficient to pay this debt, but should there not be, employers would be taxed sufficient to pay this expense.

HB 2201, which temporarily reduces the Tax Rate Schedule and permanently reduces the taxable wage base (TWB) to 90% of the Average Annual Wage (AAW), is fiscally prudent and supported by economic analysis from many economic experts and the independent public interest organization, the Urban Institute. Only one other state, Idaho, taxes 100% of the AAW and its TWB is much lower than Hawaii. At 90% of the

AAW it is estimated employers will still pay tax on the first \$34,900 of wages per employee rather than \$38,800.

We urge this Committee to amend HB 2169 and 2207 to extend the period of tax relief for all employers, and those especially hit hard by the recession who have had to make significant reductions in personnel and as a result may be at the maximum tax rate under any proposal.

The Chamber believes multi-year relief is necessary to avoid the shock to our fragile economy that will result in increased unemployment rates that exceed UHERO projections. We also hope that more optimistic projections will reduce the expense to the Trust Fund and hasten the replenishment of funds to adequate reserve levels.

In that regard, Wayne Vroman, an unemployment expert with the Urban Institute retained by the Chamber to evaluate the policy alternatives being presented here, has suggested that the weekly number of beneficiaries is likely to average 16,800 in 2010 whereas in 2009 it averaged 20,200. This reduction in weekly beneficiaries will have a noticeable effect in reducing benefit payouts in 2010. This projection anticipates lower payouts in 2010 than contemplated by UHERO by about \$37 million, i.e., \$362 versus \$325 million.

While it is almost certain that Hawaii will need to secure Title XII loans from the U.S. Treasury in 2010 or 2011, current discussions in Washington, D.C. suggest that there is a possibility that legislation will pass to further defer interest on UI loans, making the need for a special assessment to pay interest go away. The good news is also that the State restated November's Unemployment (from 7.0% to 6.8%) and released December figures at 6.9%. The ending balance in the trust fund as of 12/31/09 is \$130M, according to the US Treasury's reporting system.

It is critical to our employees, workers and business owners to mitigate the impact of an unprecedented tax increase by gradually bringing the Trust Fund back to adequate reserve levels without imperiling a fragile economy, causing greater job losses and possible business failures.

We urge the Committee to adopt the amendments suggested by HB 2201 supported by the Chamber of Commerce which adjusts the Tax Schedules from D in 2010 and F in 2011, keeps the TWB at 90% and retains the adequate reserve multiplier at 1.0.

Thank you very much for the opportunity to testify and for your hard work in coming up with legislation that is important to employers, employees, and the economy and for your efforts in fast-tracking a bill.

BIA-HAWAII
BUILDING INDUSTRY ASSOCIATION

94-487 Akoki Street
Waipahu, Hawaii 96797

January 26, 2010

Representative Karl Rhoads, Chair
Committee on Labor & Public Employment
State Capitol, Roomn 309
Honolulu, HI 96813

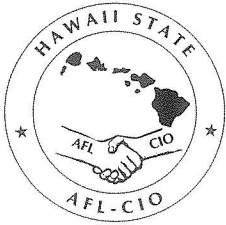
RE: HB2169 and HB2207 "Relating to Employment Security"

Chair Rhoads and Members of the House Committee on Labor & Public Employment:

The Building Industry Association of Hawaii's (BIA-Hawaii) members appreciate the intent of these bills to the extent that they seek to help employers and employees during this difficult time. The past two years since the collapse of Aloha Airlines has seen dramatically reduced revenues for business and by extension tax revenues for government, and 2010 is likely to continue both trends. The intent of these bills is to provide modest short-term relief to employers, who will eventually be required to make the deferred payments plus additional fees and interest as required by the Federal Government.

While well-intentioned, the effort to increase UI benefits after 2010 to 75% is misguided. After the one or two years of modest and temporary relief provided by the bills, employers will be left with the increased costs going forward, while the economic outlook remains uncertain for the foreseeable future. It is simply imprudent to increase the expenses on an insolvent fund while many employers' gross revenues continue to decline. We believe there should be greater effort to reduce the 75% to 70% as it was before Act 110.

Thank you for the opportunity to share our views with you.



Randy Perreira
President

HAWAII STATE AFL-CIO

320 Ward Avenue, Suite 209 • Honolulu, Hawaii 96814

Telephone: (808) 597-1441
Fax: (808) 593-2149

The Twenty-Fifth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii State AFL-CIO
January 26, 2010

H.B. 2169 – RELATING TO EMPLOYMENT SECURITY

The Hawaii State AFL-CIO supports intent of H.B. 2169 which sets, for calendar year 2010, the employer contribution rate at schedule D and the wage base at 90% of the average annual wage; sets, for calendar year 2011, the employer contribution rate at schedule G; and retains the maximum weekly benefit rate beginning 01/01/2011 at 75 percent of the average weekly wage and authorizes special assessments upon employers to pay the interest costs on loans received from the U.S. Secretary of Labor.

No one can deny the difficulties many are facing including businesses during these trying economic times. Thousands of workers have lost their jobs and a number of businesses have had to close or significantly downsize just to remain profitable. As of December 2009, Hawaii has had a 7 percent unemployment rate and the United States has had a staggering 10 percent unemployment rate and the sad truth is, those numbers may continue to increase.

Due to the higher than normal unemployment rates and the passage of ACT 110, Hawaii is now facing the reality that their unemployment fund will become insolvent in the near future. As a result, Hawaii must now figure out various ways to keep the fund solvent while continuing to pay the unemployment to the thousands of unemployed workers who desperately need the money to pay their bills, feed their families, and even patronage our many small businesses that exist in Hawaii. It may be slightly complicated, however, it is critical that benefits are not reduced and the bill is not rushed to ensure our unemployed can continue to survive in a state that already has higher than normal costs.

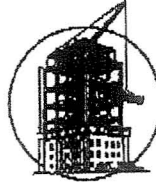
That Hawaii State AFL-CIO is pleased that H.B. 2169 retains the maximum weekly benefit and we urge that it continues to do so. The Hawaii State AFL-CIO opposes any amendments that would reduce benefits to those already struggling.

Thank you for the opportunity to testify.

Respectfully submitted,



Jason Bradshaw
COPE Director



HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO
 GENTRY PACIFIC DESIGN CENTER, STE. 215A • 560 N. NIMITZ HIGHWAY, #50 • HONOLULU, HAWAII 96817
 (808) 524-2249 • FAX (808) 524-6893

NOLAN MORIWAKI

President

Bricklayers & Ceramic Tile Setters
 Local 1 & Plasterers/Cement
 Masons Local 630

JOSEPH O'DONNELL

Vice President

Iron Workers Local 625

DAMIEN T. K. KIM

Financial Secretary

International Brotherhood of
 Electrical Workers Local 1186

ARTHUR TOLENTINO

Treasurer

Sheet Metal Workers :A. Local 293

REGINALD CASTANARES

Trustee

Plumbers & Fitters Local 875

THADDEUS TO MEI

Elevator Constructors Local 126

MALCOLM K. AHLO

Carpenters, Joiners, & Soft Tile
 Local 1298

JOSEPH BAZEMORE

Drywall, Tapers, & Finishers
 Local 1944

RICHARD TACGERE

Glaziers, Architectural Metal &
 Glassworkers Local Union 1889

RONAN KOZUMA

Hawaii Teamsters & Allied
 Workers Local 996

GARY AYCOCK

Boilermakers, Ironship Builders
 Local 627

LYNN KINNEY

District Council 50
 Painters & Allied Trades
 Local 1791

KALANI MAHOE

Operating Engineers Local 3

PETER GANABAN

Laborers' International Union of North
 America Local 358

DOUGLAS FULP

International Association of
 Heat & Frost Insulators
 & Allied Workers Local 132

January 25, 2010

Honorable Representative Karl Rhoads, Chair
 Honorable Representative Kyle T. Yamashita, Vice Chair
 Members of the House Committee on Labor & Public Employment
 Hawaii State Capital
 415 South Beretania Street
 Honolulu, HI 96813

RE: IN SUPPORT OF HB 2169
RELATING TO EMPLOYMENT SECURITY
 Hearing: Tuesday, January 26, 2010, 9:00 a.m.

Dear Chair Rhoads, Vice Chair Yamashita and the House Committee on
 Labor & Public Employment:

For the Record my name is Buzz Hong, the Executive Director for
 the Hawaii Building & Construction Trades Council, AFL-CIO. Our
 Council is comprised of 16-construction unions and a membership
 of 26,000 statewide.

The Council **SUPPORTS** the passage of HB 2169 that sets, for
 calendar year 2010, the employer contribution rate at schedule D
 and the wage base at 90% of the average annual wage, and also
 sets, for calendar year 2011, the employer contribution rate at
 schedule G. Retains the maximum weekly benefit rate beginning
 01/01/2011 at 75% of the average weekly wage. Authorizes
 special assessments upon employers to pay the interest costs on
 loans received from the U.S. Secretary of Labor.

Thank you for the opportunity to submit this testimony in support
 of HB2169.

Sincerely,

W. Hong

William "Buzz" Hong
 Executive Director

WBH/dg





Before the House Committee on Labor & Public Employment

DATE: January 26, 2010

TIME: 9:00 a.m.

PLACE: Conference Room 309

Re: HB2169 Relating to Employment Security

Testimony of Melissa Pavlicek for NFIB Hawaii

We are testifying on behalf of the National Federation of Independent Business (NFIB) regarding unemployment insurance rate relief.

Although we support the intent of the measures intended to minimize the impact of the unemployment insurance tax increase, NFIB Hawaii supports amending the bills by holding the tax rate schedule to D in 2010 and F in 2011, permanently setting the taxable wage base at 90% and maintaining the adequate reserve multiplier at 1.0. We ask that you please amend this measure to include the provisions in the current draft of House Bill 2201, which is supported by a number of business organizations.

NFIB is the largest advocacy organization representing small and independent businesses in Washington, D.C. and all 50 state capitols, with more than 1,000 members in Hawaii and 600,000 members nationally. NFIB members are a diverse group consisting of high-tech manufacturers, retailers, farmers, professional service providers and many more.

We welcome the opportunity to engage with legislators on this and other issues during this session.

841 Bishop Street, Suite 2100, Honolulu, Hawaii 96813 (808) 447-1840



KAUAI

*Chamber
of
Commerce*

**Testimony
House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Randall Francisco and I am President/CEO of the Kauai Chamber of Commerce which consists of 400+ members, 650 representatives and over 7000 employees. On behalf of the Chamber, I would like to extend our appreciation for your efforts as Chair and the committee in addressing the unemployment insurance tax increase. On behalf of the membership, I am also writing to express **support** for HB 2169 and 2207, with amendments.

Kauai's economy we all know can do better and we look forward to a return of a more vibrant economy that will allow us to keep our communities intact and continue to keep Hawaii – Hawaii. I know of many, many Kauai businesses that are struggling to stay in business. I also know of many others that are no longer in business. We need to keep our existing businesses ---- in business so that they can contribute to our communities by providing much needed products and services. I have asked members of the Chamber and others to submit their personal testimony to communicate the economic impact of the UI tax and its unintended consequences.

To help reduce the “tax shock” and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thanks again for your efforts to work on behalf of the businesses of Hawaii and the communities that we all live, work, place, and, conduct business. If you have any questions, please contact me at 346-4538. Mahalo Nui Loa for your support. Aloha.

Sincerely yours,

Randall Francisco
President/CEO



**HAWAI'I HOTEL & LODGING
ASSOCIATION**

2270 Kalakaua Ave., Suite 1506
Honolulu, HI 96815
Phone: (808) 923-0407
Fax: (808) 924-3843
E-Mail: hhla@hawaiihotels.org
Website: www.hawaiihotels.org



32nd Anniversary
Are You Walking???
May 15, 2010
(Always the 3rd Saturday in May)
www.charitywalkhawaii.org

**TESTIMONY OF MURRAY TOWILL
PRESIDENT
HAWAI'I HOTEL & LODGING ASSOCIATION**

January 26, 2010

RE: HB 2169 Relating to Employment Security & HB 2207 Relating to Employment Security

Good morning Chairman Rhoads and members of the House Committee on Labor & Public Employment. I am Murray Towill, President of the Hawai'i Hotel & Lodging Association.

The Hawai'i Hotel & Lodging Association is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms and individuals. Our membership includes over 150 hotels representing over 48,000 rooms. Our hotel members range from the 2,680 rooms of the Hilton Hawaiian Village to the 4 rooms of the Bougainvillea Bed & Breakfast on the Big Island.

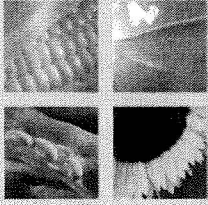
The Hawai'i Hotel & Lodging Association appreciates the opportunity to testify on HB 2169 Relating to Employment Security & HB 2207 Relating to Employment Security. We also appreciate the efforts made by the Chairman and numerous co-sponsors of these bills to seek ways to soften the blow caused by the precipitous increase in the Unemployment Insurance ("UI") Tax scheduled to take place this year. We recognize the severity of the projected increase was caused by the magnitude of our current economic downturn and the temporary UI tax relief provided to businesses prior to the downturn. The temporary relief has actually helped businesses weather some of their economic challenges and keep people employed. We also realize the UI Trust Fund must be replenished.

As you know, a number of variables can be considered when determining the UI Tax. These include the tax rate, percentage of taxable wage base, and size of reserve ratio.

While we support the intent of these two bills, we believe the language in HB 2201 Relating to Employment Security is a viable alternative that provides greater short-term relief to businesses at this critical time. HB 2201 uses the same 90% of taxable wage as HB 2169, but permanently, rather than 1 year. HB 2201 also provides a reserve ratio of 1.0, as does HB 2207. HB 2201 also provides the same tax rate in 2010 as HB 2169 and HB 2207 in 2011.

In summary, these bills have many similar features and all provide some savings. However, HB 2201 provides the greatest savings and still provides a workable long-term solution. We urge you to include the language in HB 2201 in whatever vehicle moves forward.

Again, mahalo for this opportunity to testify.



**HCIA 2008-2009
Board of Directors**

President
Adolph Helm

Vice President
Fred Perlak

Treasurer
John Anderson

Secretary
Alika Napier

Directors At Large

Mike Austin
Ray Foster
David Gilliland
Cindy Goldstein
Laurie Goodwin
Kirby Kester
Paul Koehler
Leslie Poland
Martha Smith
Mark Stoufemyer
Jill Suga

Past President
Sarah Styan

Executive Director
Alicia Maluafiti

Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

Testimony By: Alicia Maluafiti
HB 2169 and HB2207, Relating to Employment Securities
The House Committee on Labor and Public Employment
Tuesday, January 26, 2010
Room 309, 9:00 am

Position: Support with Amendments

Aloha Chair Rhoads, Vice Chair Yamashita and members of the Committee:

My name is Alicia Maluafiti, Executive Director of the Hawaii Crop Improvement Association. HCIA is a nonprofit trade association representing the agricultural seed industry in Hawaii. Now the state's largest agricultural commodity, the seed industry contributes to the economic health and diversity of the islands by providing high quality jobs in rural communities, keeping important agricultural lands in agricultural use, and serving as responsible stewards of Hawaii's natural resources.

HCIA appreciates the efforts made by the chair, vice chair, and the committee in addressing the unemployment insurance tax increase. We support HB 2169 and HB 2207 with the amendments proposed by the Chamber of Commerce of Hawaii which can be found in HB2201.

HCIA supports reducing the impact of the tax increase on average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses better anticipate and plan for expenses over a longer period of time.

Mahalo for the opportunity to comment.

91-1012 Kahi'uka Street
Ewa Beach, HI 96706
Tel: (808) 224-3648
director@hciaonline.com
www.hciaonline.com



January 25, 2010

Chair Karl Rhoads
House Committee on Labor and Public Employment
State House of Representatives
State Capitol, Room 309
Honolulu, HI 96813

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

I represent the Hawaii Alliance of Nonprofit Organizations (HANO), a professional association for nonprofit organizations, which acts as the nonprofit sector voice and works to strengthen and unite Hawaii's nonprofit sector as a collective voice to improve the quality of life in Hawaii. We have approximately 280 members who are involved in the nonprofit sector and an engagement with a larger nonprofit community of 4,000. We appreciate the work by the chair and the committee to address the unemployment insurance tax increase this year and to ensure some relief. We support HB 2169 and 2207 with amendments.

The nonprofit sector is already reeling from cuts to their government contracts, decreased funding from the private sector in the wake of this unprecedented economic crisis. Revenue sources—restricted and unrestricted—are limited, with demands for nonprofit sector services growing by leaps and bounds. Nonprofit organizations are getting squeezed from all sides.

Nonprofit organizations act as businesses too, as we are each beholden to pay for and manage the business costs of running our operations. In an informal survey that HANO conducted, 76% of the respondents said that a dramatic increase in unemployment insurance tax will adversely affect their service delivery and possibly result in workforce cutbacks. While organizations with 501c(3) nonprofit status can opt out of the state insurance plan and can self-insure, many have found this alternative to NOT be economical for their organizations based on the variables that make up their employment status. Much of a nonprofit organization's revenue is really restricted by the donor – whether through government contract or private trust and foundation for specific projects. Often, unanticipated business cost increases like this one are not factored into contracts and grant proposals, leaving the nonprofit at a loss as to how it will pay that expense.

HANO Testimony to House Labor and Public Employment Committee
January 25, 2010
Page Two

To help reduce the “tax shock,” safeguard the statewide unemployment rate and preserve the valuable services that nonprofits provide, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on nonprofit organizations. We expect the economic downturn to affect the nonprofit sector, directly and residually, for many more years to come and would appreciate a more gradual tax increase over more than one year.

Thank you for the opportunity to testify.

Mahalo,

Lisa Maruyama
President and CEO

House Committee on Labor & Public Employment

DATE: Tuesday, January 26, 2010

TIME: 9:00 a.m.

PLACE: Conference Room 309

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee,

Syngenta Hawaii supports HB 2169 and 2207 with amendments. My name is Laurie Goodwin and I am representing Syngenta Hawaii which employs over 450 people in Kunia on Oahu and Kekaha on Kauai. We appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase but respectfully request to amend the bills by holding the tax rate schedule to D in 2010 and F in 2011, and permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0. This will help businesses plan expenses over a longer period of time and maintain the growth and development of businesses currently operating in the State.

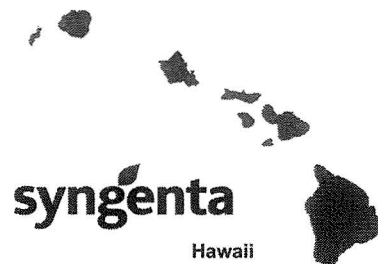
Syngenta Hawaii is part of an industry that continues to forecast growth despite the current economic climate. The seed industry is the State's #1 agricultural commodity and has grown from a \$97 million industry in 2006 to a \$146 million industry in 2008 with a forecasted estimate of \$176 million for 2009. Syngenta Hawaii created almost 200 full-time positions in the State in 2008 and we are continuing to grow. To encourage and maintain the growth of our Company in the State please amend the bills as detailed above.

Thank you for the opportunity to submit testimony.

Mahalo,

Laurie Goodwin

Laurie Goodwin
Hawaii State Affairs Manager
Syngenta Hawaii
7050 Kaunualii Highway | Kekaha, HI 96752
PO Box 879 | Waimea, HI 96796
office: 808-337-1408 Ext. 120 | mobile: 808-652-0768
laurie.goodwin@syngenta.com



HONOLULU JAPANESE CHAMBER OF COMMERCE

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Wayne Ishihara and I am the president of the Honolulu Japanese Chamber of Commerce (HJCC), a business organization comprised of over 600 members representing a wide range of businesses and professionals. Thank you for the opportunity to share our thoughts on the above bills. We appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase and offer our **support** for relief to businesses.

Annually, HJCC conduct a survey to determine member's opinions on key legislative issues. Responses strongly suggest that moderating the announced increase in the unemployment insurance tax from the current average of \$90 per employee to about \$1,040 per employee annually is important to our members. A total of 83% believes this to be a priority action (63% strongly agreed, 20% somewhat agreed).

The Chamber of Commerce of Hawaii is proposing another bill that offers even greater relief from the tax shock. As an affiliated chamber, we would like consideration of the Chamber's bill. This will help businesses pay the increased costs over a longer period of time.

Thank you for the opportunity to submit testimony.

Aloha,



Wayne Ishihara
President

2454 South Beretania Street, Suite 201
Honolulu, Hawaii 96826

Tel: [808] 949-5531
Fax: [808] 949-3020
Web: www.honolulu-japanese-chamber.org

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Eugene Nishimura and I writing to you on behalf of the Japanese Chamber of Commerce and Industry of Hawaii. The Chamber represents over 200 businesses who employ thousands of residents in East Hawaii. We appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

The unemployment rate in Hawaii is already too high to provide us with any traction to improve our current overall economic situation. A drastic increase in the required unemployment insurance premiums can only further damage or prolong the current unemployment rate; thereby creating a downward spiral effect on the unemployment rate.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at (808) 345-3071 or by mail to JCCIH, 714 Kanoolehua Avenue, Hilo, Hawaii 96720

Sincerely,

Eugene Nishimura
Government Affairs Committee



2009 U. S. Small Business Administration
(SBA) Minority Small Business Champion –
National Winner

Founding Members ("Directors")

*Johnson W. K. Choi,
President & Managing Director/EVP & COO
Global Estate & Tax Consultant/CMC Consulting
Group Inc/Makal Motion Pictures LLC

*Melvyn Choy, Chairman
Durrant Media Five

*Yen Chun, Director
China Soong Ching Ling Foundation
Beijing/Shanghai / Dr. Sun Yet Sin Foundation HI

*Brenda Lei Foster, President & CEO
American Chamber of Commerce in Shanghai

*Chuck Y Gee, Dean Emeritus
University of Hawaii
School of Travel Industry Management

*Ken Hayaahida, President
Kai Hawaii, Inc.

Kathy Halung, President
Cathy Kai Jewelry

*Manuel Mendez III, Manager
SMB LLC / MCM Group Holdings Ltd

Kanj Mita, President
TEAVA mori, Inc.

Puonspun Sananikone, President & CEO
PacMer, Inc.

*Inpam "Laura" Smith,
Former Sr. Financial Services Rep
Principal Financial Group

*Paul Tang, General Manager
Hyatt Regency Grand Cypress Resort
Ming Tong, Operation Manager
Pacific Height Partners

Thomas Tong, Former Director of Rooms
Kahala Mandarin Oriental Hawaii

Carol Tsai, President
Carol Tsai Investment, Inc.

*Natalie Tee, Esq
Attorney at Law

*Charlotte Vlek, Former Sr. VP of Marketing
Star Seigle Communication

*Gerhart Walch, Chairman and CEO
WSF Corporation

Sandra Yang, President
S & L International Inc

*Janice Zheng, Former Business Banker
First Hawaiian Bank

Honorary Ex-Officio Director
John Holman, Director
United States Dept of Commerce - Honolulu

Honorary Advisor
Janie M Fong, Director
California Office of Trade & Investment,
Office of the Governor

Jenny Gan, Director
Chaney Company Ltd – Hong Kong & China

Michael Y S Lee, Former Director
Hong Kong Economic & Trade Office in SF

Roberta Wong Leung, Dean
Shunde Polytechnic School of Hotel Management

Thomas M Masterson, Member/Owner
Vision 2047/Sr. Asian Regional Mgmt Executive
Hong Kong

Naia N Miyasaki, Managing Director
Falcone Center for Entrepreneurship

Terkild J Terkildsen, Founding & Board Member
Vision 2047/AD Furniture Franchising A/B HK

中國夏威夷商會

China-Hawaii Chamber of Commerce
Hong Kong-Hawaii Chamber of Commerce
Hong Kong China Hawaii Chamber of Commerce
"Hawaii-China Guan Xi, We Get Things Done"

Johnson Choi
President & Executive Director
Brenda Foster
Vice President
Gerhart Walch
Vice President
Janice Zheng
Secretary
Natalie Tee
Treasurer

January 25 2010 11:30am Faxed to (808) 586-6331

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Johnson Choi. I am the President of the Hong Kong China Hawaii Chamber of Commerce headquartered in Honolulu Hawaii with 352 members. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

We have surveyed our members. The increase in Hawaii Unemployment Tax may force many of our members to lay off 5 - 15% of their current employees to pay for the added expenses.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at (808) 524-5738 if you have any questions. Thank you.

Sincerely,

Johnson W. K. Choi
President

JWKC/cc

Ref: Unemployment Tax HB2129 & 2207 01-25-10

1188 Bishop St, Century Square, Suite 3403, Honolulu, Hawaii 96813, USA.

Tel USA: (808) 524-5738 Tel HK: 8171-3118 Facsimile: (808) 524-8063 Home Page: <http://www.hkccc.org> E-mail: info@hkccc.org



Hawaii Island Chamber of Commerce

106 Kamehameha Avenue
Hilo, Hawaii 96720
Phone: (808) 935-7178
Fax: (808) 961-4435
E-mail: admin@hicc.biz
www.hicc.biz

January 24, 2010

2009-10 Board

President
Mary Begier

President-Elect
Mike Gleason

Vice President
Jon Miyata

Treasurer
Vaughn Cook

Past President
Barbara A. Hastings

Directors

Howard Ainsley
Kurt Corbin

Charles Ensey
Charles Erskine

Stan Fortuna, Jr.

Judith Fox-Goldstein

Stewart Hussey
Randy Kurohara

Karina Leasure

Marco Mangelsdorf

Eugene Nishimura

Spencer Oliver

Robert Charles Porter

Marcia Sakai

Glenn Santos

Margaret Shiba

Alice Sledge

Mele Spencer

Art Taniguchi

Ron Terry

Steve Ueda

To: The Honorable Karl Rhoads and Committee Members
Labor & Public Employment Committee
415 South Beretania St. Rm 309
Honolulu HI 96813

From: Mary Begier, President 2009-2010

RE: HB 2169 & 2207

My name is Mary Begier, I am proud to serve as the President of the Hawaii Island Chamber of Commerce. We appreciate the efforts made by this committee in addressing the increase in the unemployment insurance tax.

We have seen an increase in the number of calls/emails from our members with regard to how they are struggling to stay in business with this pending increase. As most of the businesses on Hawaii Island are very small businesses this kind of an increase can truly make the difference between staying in business or not.

We respectfully encourage amending the bill by holding the tax rate schedule at D in 2010 and F in 2011. Please permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0

This would help to reduce the impact of this significant tax increase on our members businesses. To have assistance extend beyond 2010 will not only save jobs and preserve businesses but spur the economy by keeping much needed dollars flowing in the economy through wages and resulting purchases.

We have held a seminar with Darwin Ching, Director of Labor to better educate our members on how to plan their expenses as it relates to unemployment insurance. We will continue to offer these types of services.

Thank you for the opportunity to submit testimony. If we may be of any assistance to you with this vitally important legislation please contact me at 808-895-4502.

Hawaii State Legislature
State House of Representatives
Committee on Labor & Public Employment

Representative Karl Rhoads, Chair
Representative Kyle T. Yamashita, Vice Chair
Committee on Labor & Public Employment

Tuesday, January 26, 2010, 9:00 a.m. Room 309
House Bill 2169 Relating to Employment Security

Honorable Chair Karl Rhoads, Vice Chair Kyle T. Yamashita and
members of the House Committee on Labor & Public Employment,

My name is Russel Yamashita and I am the legislative representative for the Hawaii Dental Association and its 965 member dentists. I appreciate the opportunity to testify in support of HB 2169 Relating to Employment Security. The members of the Hawaii Dental Association are primarily small business persons who directly employ over 3,800 professionals, paraprofessionals and clerical staff.

The effect of this bill is to moderate the level of contributions which all employers must pay for unemployment insurance. Rather than face erratic spikes in the levels of contributions to the unemployment insurance fund, this legislation will hopefully moderate and even out the levels of contributions that have to be made. This does not diminish the amounts that will be received to provide for the unemployed, but rather evens out the contributions in order to provide for more reasonable and predicable payments that all employers must make.

Therefore, the HDA and its members urge your favorable consideration of this bill and I thank you for this opportunity to testify in support of this bill.



**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

**RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT
SECURITY**

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

Thank you for addressing the unemployment insurance tax increase issue. While I appreciate the efforts made in the above bills, I respectfully ask you to support the language from HB 2201--- to the current unemployment tax law. The current law will place an onerous burden on our company that could mean the difference between keeping our doors open or closing them. HB 2201 will help minimize the impact on jobs and allow me to plan expenses over a longer period of time.

In my 20 years of owning a successful business, I have never been so negatively impacted by a government tax.

Here is the history of our unemployment tax since 2005:

For 2005: \$4,450.41
For 2006: \$3,975.35
For 2007: \$2,447.37
For 2008: \$142.98
For 2009: \$ 0.00
For 2010: \$8,138.12+ estimated

An \$8,000 tax on a small firm like ours is just a giant punch in the financial stomach!

Please support the language from HB 2201.

Yours truly,

A handwritten signature in black ink, appearing to read "Ruth Limtiaco", written in a cursive style.

**Ruth Limtiaco
CEO**

CITY MILL

January 25, 2010

Chair Rhoads, Vice Chair Yamashita and Members of the Committee
Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010 -- 9:00 a.m.
Conference Room 309

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Carol Ai May and I am the Vice President of City Mill Company, Ltd, a 110-year old Kama'aina company locally owned and operated. Currently, we employ 470 employees on the Island of Oahu. Just a year ago, we opened a new retail store in Kapolei called Simply Organized and that retail operation employs another 18 people. We opened this new retail operation during a difficult time in our Hawaii economy. Business has been difficult this past year for both businesses and we are doing everything possible to avoid cutting back employees.

I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

Currently, the retail industry as well as the construction industry is not doing well in Hawaii and across the nation. City Mill Company, Ltd. represents both industries. With amendments to the HB 2169 and 2207, we would be able to SAVE JOBS and HIRE MORE PEOPLE. This type of unemployment insurance tax increase would be a heavy heavy burden to both City Mill and Simply Organized, our two retail companies.

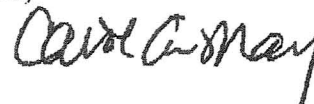
To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 529-5806 or at cai@citymill.com

Respectfully yours,

Carol Ai May
Vice President
City Mill Company, Ltd.



January 26, 2009

HEARING BEFORE THE
HOUSE COMMITTEE ON LABOR
& PUBLIC EMPLOYMENT

TESTIMONY ON
HB 2169 AND HB 2207

Chair Rhoads and committee members:

My name is Fred Perlak and I am the Vice-President of Research and Business Operations for Monsanto in Hawaii.

I ask that you consider my testimony in support of HB 2169 and HB 2207, with amendments.

Monsanto is part of the corn seed industry here in Hawaii. At our peak seasonal times, we employ over 1,000 employees. The seed industry has grown significantly in Hawaii in recent years, over 40% from 2007 to 2009. We are now the leading agricultural component in the state with over \$146 million in direct spending in Hawaii.

As the economy continues to struggle, we are now confronted by a substantial increase in the Unemployment Insurance (UI). We are concerned how this rate increase will negatively impact our operations here in Hawaii.

We understand the difficult situation we are in and that the importance of preserving our unemployment rates at a level that businesses can afford. To help mitigate the huge rate increase expected in the coming months, we hope that this bill will be amended to hold down the tax rates so that we can continue to maintain and increase employment, preserve businesses and spur the economy by keeping more dollars flowing within our State.

As this issue is very urgent, we hope that a bill to address this critical issue is fast tracked before the new higher rates take into effect.

Thank you for the opportunity to submit testimony.

Sincerely,

Frederick J. Perlak, Ph.D.
Monsanto Company



**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Teresa Sakurada and my companies are StarrEd LLC and Manga Heart LLC employing myself and a part time employee. We sell educational books to schools and libraries. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

The unemployment insurance increase will increase my employee costs and I am considering if I will be able to continue the part time position. With the tough economy and tight DOE budgets the tax increase will be difficult to absorb.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at ph 808-685-8900 or teresa@starredllc.com. My street address is 91-1534 Kaikoi Place, Ewa Beach, HI 96706.

Makalo!

Teresa Sakurada

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Sandy Poehnelt and my company is The Right Slice, Kaua'i Fresh Pies. We are a bakery operating from Hanapepe, Kaua'i. Though we currently do not have employees, we are at the point that we need to think about hiring very soon. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

The potential increase in the unemployment insurance tax is a very large factor holding us back from expanding our current business to include hiring employees. We are at a turning point in our business where we could continue to grow, by adding employees, or simply maintain our current business plan, possibly turning away customers in the process. By keeping the 'tax shock' down we would certainly be more apt and able to continue our current growth which will include hiring.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808.212.8320 or sandy@rightslice.com.

Sandy Poehnelt

PO Box 402
Koloa, HI 96756

Testimony to the House Committee on Labor & Public
Employment □ Tuesday, January 26, 2010; 9:00 a.m. □ Conference Room
309 □ □ RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT
SECURITY □ □ Chair Rhoads, Vice Chair Yamashita and Members of the
Committee: □ □

My name is *Thomas James Kraft* and my company is *Norpac Fisheries Export*, employer of 70 full time employees, operating in Honolulu since 1987.

I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments. □ □

The best way for me to explain the effects of any increases to my costs of employees is to highlight the fact that labor is second only to costs of raw materials (fresh seafood caught by Hawaii fishermen). At approximately 35% of my total revenues, it is significant in impact upon my business viability.

As a company, our profit margin ranges between 0.5% and 1.5% in any given year. The depressed economy has limited the marketability of our product, as it is an “expensive protein”. We face price inelasticity; so increased expenses will translate into reduced employment numbers. Any increase in labor will directly affect our bottom line disproportionately and severely. Should our labor costs increase by 1.0% (from 35% to 36%), our profits will fall by 66% to 100%.

To help reduce the “tax shock” and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0. □ □ This will reduce the impact of the tax increase on the average and small businesses.

Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time. □ □

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at *Norpac Fisheries Export* by phone (808) 479-7008, or by e-mail, TKraft@norpacexport.com□□

Thank you for the opportunity to submit testimony.

Sincerely,

Thomas J Kraft

Norpac Fisheries Export

Managing Member (Founder)

PS. In 2006 we were awarded the “Employer of the Year” by the Hawaii State Senate.



JON MIYATA | VICE PRESIDENT & DIRECTOR OF DISTRIBUTION OPERATIONS
60 KEAA STREET • HILO, HAWAII 96720 • PHONE: (808) 969-8174 • FAX: (808) 969-8179 • CELL: (808) 938-8012
JMIYATA@HPMHI.COM • WWW.HPMHAWAII.COM

January 25, 2010

**RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY
Testimony to the House Committee on Labor & Public Employment, Tuesday,
January 26, 2010; 9:00 a.m., Conference Room 309**

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Jon Miyata and I work for HPM Building Supply. We currently have operations on the Big Island and on Oahu and employ approximately 250 employees. We appreciate the efforts made by the Chair and the Committee in addressing the unemployment insurance tax increase. We support HB 2169 and 2207 with amendments.

The amendments are necessitated due to the continued poor economic conditions we are experiencing. 2009 was probably the worst year in our 88 year history and we do not anticipate that 2010 will be much better. The proposed increases will have a significant adverse effect on our business and may lead to lay-offs and reductions in employee benefits. As you can imagine, any lay-offs will only continue to deplete the fund.

The economic slow down has also adversely affected substantially all of our employees. Since, we are a 100% employee owned company, through our employee stock ownership plan ("ESOP"), the downturn has severely affected the account values of our ESOP. This has forced many employees to rethink their futures and has placed an additional strain on their lives. The proposed unemployment insurance rates will only serve to exacerbate this.

While many proponents of the increase contend that businesses received the benefits of lower rates in the past and may have squandered those savings, must now ante up. I disagree. I believe that good companies operate in responsible ways and many like us, used the benefits to invest large sums into our workforce and company infrastructure which was meant to assist us in times like this and to help insure continued growth.

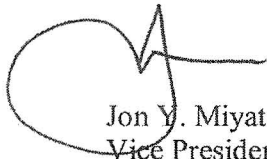
To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases and will help businesses plan expenses over a longer period of time.

Chair Rhoads, Vice Chair Yamashita and Members of the Committee
January 25, 2010
Page 2

Thank you for the opportunity to submit testimony. If you have any questions, please contact me. My contact information is listed above.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Jon Y. Miyata', with a large, loopy initial 'J' and a horizontal line extending to the right.

Jon Y. Miyata
Vice President & Director
Of Distribution Operations

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Patrick Naughton and I am the executive director of Hilo Rite Care Center, a nonprofit providing tutoring for children with specific learning disabilities such as dyslexia. We have one full-time and five part-time employees (3.5 FTE). I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

The soon-to-be ten-fold unemployment insurance tax increase will have an immediate impact on the Hilo Rite Care Center as it will put us out of business. We are on a very tight budget with almost 90 percent of our funding coming from existing tuition and fees which cannot be increased. Our closure will of course immediately impact our employees but more importantly this means there will be no nonprofits left in East Hawai'i to provide tutorial assistance to students with specific learning disabilities. This is especially critical because one of the two for-profit tutorial firms – Sylvan – just closed its Big Island operations at the end of December 2009.

To help reduce the “tax shock” and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and on small businesses and nonprofits. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and nonprofits as well as spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses and nonprofits plan expenses over a longer period of time. In our case this will also help us continue to serve a critical population of children with special needs as it is estimated that one in ten children have reading disabilities.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-961-4625 or via e-mail (contact@hiloritecarecenter.org).

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Michael Steiner and my company is Steiner & Associates. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

While my business is small, those with whom I consult will be hard pressed to accommodate the increased UI tax during these trying times. With margins being cut to the bone, and in many cases companies taking on unprofitable work just to keep employees and cash flow, the additional burden will create an untenable situation for many forcing possible reductions in benefits and/or lay-offs.

To help reduce the “tax shock” and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me.

Michael Steiner, CLM
Principal
Steiner & Associates
702 Kanaha Street
Kailua, HI 96734

Phone: (808) 221-5955
Email: MSteiner@SteinerAssoc.com
Web: www.SteinerAssoc.com

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is **Kamika Smith, General Manager of 140 employees at Smith's Motor Boat Service, Inc. on the island of Kauai**. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

To give you a little background, our family business of sixty plus years continue to be committed to the job security of our employees and their families. The tough economic times and the additional costs of operating our business has made it more difficult for us to provide the needed work hours for our employees to survive. We will do our best to ensure that our employees continue to work.

In the past, we have deposited our fair share into the Unemployment Insurance fund and luckily have not had many (if any) of our employees having to access these funds as we have not had any lay offs or hourly cutbacks in a long time. With our current business, we are still able to continue to provide adequate employment for our employees and hope that we will not need to utilize the funds in this very important fund.

If the economy takes a deeper downturn, we feel comfortable in the fact that there will be an ample amount of funds available as planned. But, we would like to ask that to help reduce the "tax shock" and safeguard the statewide unemployment rate, that you and your committee please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses like ours. Extending the tax assistance beyond 2010 will allow us to keep our employees working, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-821-6882, via email at kamikas@aloha.net or via mail at 174 Wailua Road, Kapaa, Hawaii 96746.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.**

Conference Room 309

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Debi Halcro and my company is Valenti Print Group, a local commercial printing company. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

The impact of the unemployment tax increase to my company would be significant as we have over 38 employees at this time. We have already cut back costs to the bare minimum in order to try and make a small profit or break even each month. We have subleased our warehouse, laid off personnel, taken 10% pay cuts, and eliminated any additional services that we felt were absolutely not necessary for the company's operation. In doing so, we have been able to stay in business and keep our employees working. By adding additional tax burdens we would have to again visit the decision of how we can pay for these additional costs. Please seriously consider supporting HB2169 and 2207 with amendments. We need to maintain all the small businesses, as they are the people who keep the State afloat.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0. This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time. Thank you for the opportunity to submit testimony. If you have any questions, please contact me at Valenti Print Group, 999 Waimanu Street, Honolulu, HI 96814 or 808-591-2166.

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Randy Kozerski. I am the President of Kauai Publishing Company and the Publisher for The Garden Island Newspaper which employees approximately 50 hard-working Kauai County residents. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

The proposed increase, as it stands today, would have a deleterious impact on my business, its employees, the county, and ultimately the state of Hawaii. We would be facing an additional expense of approximately \$50,000 annually. To offset this, we would most likely eliminate 2 positions. We would also look at raising fees and reducing the number of special offers that we currently extend to our clients and customers. As many other businesses would certainly follow suit, the overall impact to the economy and the unemployment fund would be disastrous. To 'solve' one problem we would create even bigger problems at a time when our unemployment is at a near all-time high.

To help reduce this potential crippling effect to our economy and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me directly.

Randy Kozerski, President & Publisher
The Garden Island Newspaper and Kauai Publishing Company
3-3137 Kuhio Highway Lihue, HI 96766
Off: 808-245-3681 ext. 221 Cell: 808-631-8264 Fax: 808-245-5286

Doug Sears
General Manager

Grand Hyatt Kaua'i
Resort & Spa
1571 Poipu Road
Koloa, Kaua'i, HI 96756 USA

Telephone: 808.742.1234
FAX: 808.240.6591
E-mail: dsears@hyatt.com



January 25, 2010

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Doug Sears and my company is the Grand Hyatt Kauai Resort and Spa. We are one of the largest employers on Kauai with over 900 employees. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at (808) 240-6400 or doug.sears@hyatt.com.

Sincerely,

Doug Sears



**TESTIMONY OF KEONI WAGNER ON BEHALF OF HAWAIIAN AIRLINES
REGARDING H.B. NO. 2169 and H.B. NO. 2207, RELATING TO
EMPLOYMENT SECURITY**

January 26, 2010

To: Chairman Karl Rhoads and Members of the House Committee on Labor and Public Employment:

My name is Keoni Wagner and I am the Vice President of Public Affairs for Hawaiian Airlines presenting this testimony on behalf of Hawaiian Airlines regarding H.B. No. 2169 as well as H.B. No. 2207.

Hawaiian Airlines is one of the largest employers in the State of Hawaii with 3,857 employees, and despite the economic downturn has been able to hire more than 350 additional workers over the past 12 months. We anticipate additional hiring this year to accommodate the introduction of new Airbus long range aircraft and expansion in our service to Hawaii from the state's largest visitor markets on the mainland.

If the changes that were made to the State unemployment insurance law last session go into effect as scheduled with an increase in the wage limit to \$38,800 per employee, Hawaiian's annual tax burden will increase by approximately \$2.7 million. This increase will put additional financial pressure on the company as it copes with rising fuel prices and continuing lackluster travel demand. Therefore, we are in support of the intent of HB2169 in modifying the existing law, however we believe it does not go far enough in mitigating the short term impact of increased tax payments for Hawaii companies.

Thank you for the opportunity to present comments on this measure.

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 25, 2010 2:06 PM
To: LABtestimony
Cc: noris@aloha.net
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: oppose
Testifier will be present: No
Submitted by: BethAn Nishijima
Organization: Nori's Saimin & Snacks, Inc.
Address: 688 Kinole St., Ste.124 Hilo, Hawaii 96720
Phone: 808-9359133
E-mail: noris@aloha.net
Submitted on: 1/25/2010

Comments:

My name is BethAN Nishijima and my company name is Nori's. The unemployment increase will severely hit small businesses and eventually bankrupt or close us down. The state should reconsider their procedure of issuance on unemployment funds and seek other means of obtaining monies to fill their fund. Businesses who comply and have been following the law should not have to be responsible for this large increase. This is another reason why it is so difficult to do business in Hawaii.

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00am
Conference Room 309

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Madison Spotts and my husband and I own an auto body repair facility in Kailua. While 2010 marks our 25th year in business, in 2007 we expanded and tripled our capacity of service by relocating into the new Kapa'a Quarry Industrial Park.

Obviously, there is a direct negative impact that this unprecedented UI tax increase has on our business. This 0-1000%...basically overnight...increase came at businesses with insufficient time to prepare, especially in today's economy.

I ask Chair Rhoads and this committee to consider the structure that HB 2201 provides as a solution to best assist businesses to plan for this increased expense over a larger period of time. I believe this proposal will also ensure adequate replenishing of the reserve levels needed to keep the fund solvent.

In all businesses, the numbers speak for themselves. Businesses simply cannot absorb this level of increase without some kind of stepping stone approach and some will not be able to survive the increase at all.

As a voter and a small business owner, I trust that those who have been given authority will make informed decisions.

I understand the challenge this committee has and I thank you for your commitment.

Aloha,

Madison Marie Spotts

RPMS Auto Body & Painting, Inc.
905 Kalaniana'ole Hwy, Building 24
Kailua, HI 96734
808-228-6250



134 Wiwoole Street Hilo, HI 96720
Ph~935-9958 Fax~935-7915
E-mail~AionaCars1@Hotmail.com

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Patrick Aiona, President of Aiona Car Sales in Hilo. Although HB 2169 provides mitigated tax increase, **I strongly support the language of HB 2201** that provides incremental tax assistance for my business. The States excise tax revenues have decreased considerably because business sales are off substantially. It is not a prudent measure to ask our struggling business operators whose incomes were 30plus percent less than 2008 which was also substantially less than 2007, to maintain our staff and pay an additional \$1,500 unemployment insurance for every employee on our payroll, all at once.

I believe that I do have a responsibility as an employer to assist with the current unemployment insurance tax issue, and HB 2201 offers a viable 2 year plan that accomplishes that with a lesser detrimental impact to the business operators.

It is imperative for action to be taken quickly to minimize further job, wage and benefits reductions. We believe HB 2201 is the viable solution.

Mahalo for the opportunity to submit my testimony. I can be reached at 808-935-9958.

Sincerely,

Pat Aiona

Patrick Aiona Sr.
President

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 28, 2010; 9 a.m.
Conference room 309**

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT

Chair Rhodes, Vice Chairman Yamashita and members of the committee:

My name is Linda Orr, owner and president of Kona Metro Parking & Watchman Services, Inc.. Kona Metro, a home grown Hawaii security company, is proud to have been providing a valuable service to our community for going on ten years.

Our clients, many of whom are small businesses, are suffering the impact of tough economic times and we are currently working with them to keep our fees affordable without compromising the quality of the service we provide.

Due to the nature of our business (providing security guards) we are required to maintain a staff of at least 18 to 25 employees. Given that we are a relatively small business in terms of revenue, the impending tax outlined in Act 110 will have a devastating impact on our business. Our survival becomes questionable and in order to attempt to stay afloat, we would be forced to lay off half our staff. Ironically, this seems to be what you are trying to prevent.

Although HB 2169 provides a mitigated tax increase, **I strongly support the language of HB 2201** as this will provide better incremental tax assistance for our business.

On behalf of Kona Metro and other small businesses in our community, who are trying to survive the recovery, it is imperative that action be taken quickly to minimize further job and wage reductions. I believe HB 2201 to be the most viable solution.

Mahalo for the opportunity to submit my testimony. I can be reached at 808-960-7773.

Sincerely,

Linda Orr
President, Kona Metro Parking & Watchman Services, Inc.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Tom Mitchell. I am the marketing and managing principal for the Blue Dragon restaurant on the Big Island.

I strongly support the language of HB 2201 as this will provide better incremental tax assistance for our businesses. The impending unemployment tax increase, as outlined by Act 110 in 2007, will add another burden to our already struggling business.

If the legislation goes through as intended, it could easily put us out of business!

Help is needed from the Legislature to allow the business sector time to stabilize and begin building again. HB 2201 offers a viable plan to moderate the impact of a tax increase on businesses for at least a two year period.

As our business and island community focuses on "surviving the recovery" it is imperative for action to be taken quickly to minimize further job, wage and benefits reductions. We believe HB 2201 is the viable solution.

Mahalo for the opportunity to submit our testimony. I can be reached at 808.889.1988

Aloha,
Tom Mitchell

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Julia Paschoal-Cano and my company is Noho'ana Solar Technologies, Inc., a Solar Photovoltaic Installation and retail company. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide more incremental tax assistance for my business.

My business currently employs 6-7 people through a leasing company, we chose the leasing option because coming up with large sums at once for workmen's compensation and other fees associated with being an employer were too great for our small companies cash flow.

This state is already very expensive to do business in, paying some of the highest taxes in the country, with the additional increase of employment taxes, the fees we pay through our leasing company would triple! Those increases would force me to fire at least 4 people. That's a loss of income to the local community of \$3200.00/week, not much by ourselves but, multiple those numbers by the hundreds of businesses already struggling in my area and you would see a devastating loss of revenue in our community.

If I decide to keep some of those people, I will be forced to price our services and products well above the competitive range. Which will mean a loss of income; we are already experiencing a 40% decrease in revenues since the December. In short you would be forcing me out of the competition for precious jobs and possibly out of business.

Please remember we can't pay taxes if we are out of business, and our employees can't pay taxes if they are out of work!

Please see the forest for the trees! We need HB2201 to help alleviate what would be a devastating and crushing increase in fees to our local small businesses and economies. Local government is supposed to help make things easier for their constituents not to be the straw that breaks the camel's back!

Mahalo for the opportunity to submit testimony. If you have any questions, please contact me at 808-982-7480 and by email at nohoanast@gmail.com.

Sincerely,
Julia Paschoal-Cano
President

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Vivian Landrum, President/CEO of the Kona-Kohala Chamber of Commerce (KKCC). KKCC represents over 550 business members and is the leading business advocacy organization on the west side of Hawai'i Island. KKCC also actively works to enhance the environment, unique lifestyle and quality of life in West Hawai'i for both residents and visitors alike.

Although HB 2169 provides a mitigated tax increase, I **strongly support the language of HB 2201** as this will provide better incremental tax assistance for our businesses. The impending unemployment tax increase, as outlined by Act 110 in 2007, will add another burden to an already struggling business community. Help is needed from the Legislature to allow the business sector time to stabilize and begin building again. The implementation of the current tax increase structure will force businesses to again look at labor cuts, a move that is contradictory to what is needed to help stabilize our economy.

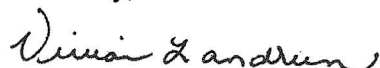
HB 2201 offers a viable plan to moderate the impact of a tax increase on businesses for at least a two year period. Holding the taxable wage base to 90% of the average annual wage plus implementing a revised one year formula to determine an adequate and prudent reserve fund reduces the impact and in effect saves jobs.

We believe HB 2201 will assist in a faster economic recovery and will save jobs versus reducing the work force and further impacting the Trust Fund. Businesses will be equipped to plan expenses several years out with a schedule that is transparent and anticipated. Borrowing from the federal government, with an established payback agenda will help alleviate the costs.

As our business community focuses on "surviving the recovery" it is imperative for action to be taken quickly to minimize further job, wage and benefits reductions. We believe HB 2201 is the viable solution.

Mahalo for the opportunity to submit our testimony. I can be reached at 808.329.1758.

Sincerely,



Vivian Landrum
President/CEO

Testimony to the House Committee on Labor & Public Employment

Tuesday, January 26, 2010; 9:00 a.m.

Conference Room 309

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Joseph Palermo and my company is Hilo Propane Inc. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business.

I have been in business for fifteen years and have never seen the economy this bad before. How can you even think of putting this kind of burden on the small business owner? You are killing us. I have nine good employees that work hard for me; if this bill is passed I will be forced to let go four or five of those workers in addition to decreasing the work hours for the remaining employees. There is no way my business can afford to pay an extra \$6,000.00-\$9,000.00 every quarter for unemployment insurance.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at (808) 961-0089.



Grand Wailea
3850 Wailea Alanui Drive
Wailea, Maui, HI 96753

Phone: (808) 874-2372
Fax: (808) 874-2479

www.grandwailea.com

Memo

Date: January 25, 2010
To: Chair Rhodes, Vice Chair Yamashita and Committee Members
From: Matt Bailey
Cc:
Re: HB 2169

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

•Comments:

Thank you for seeking relief for businesses from the unprecedented increase in our unemployment insurance taxes. As you are aware, many businesses have been pushed to the brink of insolvency due to the economic crisis our country and state have been experiencing for the past 18 months.

At Grand Wailea, we have approximately 300 team members who are getting reduced or no hours on a regular basis due to the precipitous drop in business levels we've experienced. And we're doing better than most.

The unemployment crisis that has taxed government's coffers happened quickly and requires a fix; however a fix that puts an unreasonable burden on businesses that cannot shoulder one more hit on their bottom lines will only exacerbate the problem.

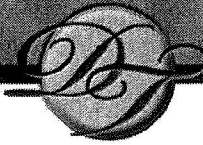
I would strongly recommend support of the ideas in HB 2201 because it would provide relief for two years unlike the 1 year of relief in HB 2169 and give struggling business additional time to get back on their feet.

Thank you for taking the time to consider this testimony.

Sincerely,

Matt Bailey

Managing Director



DANIEL THIEBAUT

RESTAURANT & CATERING

Testimony to the House Committee on Labor & Public Employment

Tuesday, January 26, 2010; 9:00 a.m.

Conference Room 309

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Charles Clarke from C & T Restaurants LLC. We appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. HB 2169 provides helps with the tax increase, but we strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business.

Since the precipitous fall in tourism last April, sales have been off by 50 to 75%. We almost immediately lost 20 employees from 45 to 25 because they were not called in to work often enough and tips were drastically reduced for those working. Since August our records show for every \$1,000 monthly increase in unavoidable costs, (rising energy, food, insurance, communications, taxes and government fees) we have laid off one employee. We are already understaffed to the detriment of our customers and to the owners' physical health.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at chuckclarke@danielthiebaut.com or 808 887-2200.



65-1259 Kawaihae Rd, Kamuela HI 96743
808 887-2200 www.danielthiebaut.com

Testimony to the House Committee on Labor & Public Employment

Tuesday, January 26, 2010; 9:00 a.m.

Conference Room 309

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Honorable Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

Aloha.

I operate an excursion company in Kailua-Kona called Dolphin Journeys. While I have only a few employees at any time, they constitute the main cost of doing business. In the past year, with the dramatic decline in visitors to the Big Island, we have experienced a significant drop in business, back to levels experienced in 2005-2006.

I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide more incremental tax adjustment.

Without this more gradual increase, my ability to employ anyone would be questionable, thus the continuation of the business would be at risk. We know from conversations with our guests that many choose to do our activities first, then make plans to come to Hawaii. While our direct impact is small in the big picture of tourism in the state, we can only guess what would happen if many similar companies had to cease operation. The memorable experiences visitors have generate return business...how would this state survive if people did not have those experiences?

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-329-3030.

Best regards,

Nancy W. Sweatt
Owner
Dolphin Journeys LLC
75-5822 Pelekila Place
Kailua-Kona HI 96740
808-329-3030
info@dolphinjournneys.com

Cc: Rep. Calvin Say
Cc: Rep. Josh Green

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 22, 2010 5:57 PM
To: LABtestimony
Cc: bij@aloha.net
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: F. Gale Carpenter
Organization: Big Island Jewelers, Ltd
Address: 75-5695 A Alii Drive Kailua-Kona, HI
Phone: 808-329-8571
E-mail: bij@aloha.net
Submitted on: 1/22/2010

Comments:
Testimony to the House Committee on Labor & Public Employment Tuesday, January 26, 2010;
9:00 a.m.
Conference Room 309

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is [FULL NAME] and my company is Big Island Jewelers, Ltd and we design and we have made fine original design jewelery since 1983. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business. This increase will force me to lay off employees and will have an adverse effect on our business.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at Big Island Jewelers, Ltd., 808-329-8571 or bij@aloha.net

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 22, 2010 5:18 PM
To: LABtestimony
Cc: rgaffney@pacificboatsales.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Rick Gaffney
Organization: Individual
Address: 74-425 Kealakehe Parkway # 3-B Kailua-Kona, HI 96740
Phone: 808 329 4066
E-mail: rgaffney@pacificboatsales.com
Submitted on: 1/22/2010

Comments:

Testimony to the House Committee on Labor & Public Employment Tuesday, January 26, 2010;
9:00 a.m.
Conference Room 309

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Rick Gaffney and my company is Pacific Boats & Yachts, LLC]. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business. The tax increase will impact my ability to keep my business functioning smoothly by placing a substantial financial hardship on the business and limiting my hiring opportunities to part-time employees. Thank you for your consideration of my concerns.
Rick Gaffney

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 23, 2010 7:22 AM
To: LABtestimony
Cc: jjennet@hawaiiioceansports.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: comments only
Testifier will be present: No
Submitted by: Judith Jennet
Organization: Ocean Sports Waikoloa
Address: 69-275 Waikoloa Beach Dr Waikoloa, HI
Phone: 8088866666
E-mail: jjennet@hawaiiioceansports.com
Submitted on: 1/23/2010

Comments:

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Judith Jennet and my company is Ocean Sports Waikoloa. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business.

I employ 85 people, many at entry level job positions. This bill would seriously affect my business, I would have to limit or cut back employees by as many as 10 or more, limit hourly pay and benefits. Most of this increase would be absorbed by my employees, thus not beneficial to the State economy, nor any of us.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at PO Box 383699, Waikoloa, HI 96738, 808-886 6666 #204

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 23, 2010 10:36 AM
To: LABtestimony
Cc: david@rcthi.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: oppose
Testifier will be present: No
Submitted by: David Maleski
Organization: Recycling & Cryogenic Technologies LLC
Address: PO Box 3155 Kailua Kona, HI
Phone: 808 334-2000
E-mail: david@rcthi.com
Submitted on: 1/23/2010

Comments:

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is David Maleski and my company is Recycling & Cryogenic Technologies LLC. Our company is a start up, manufacturing valued products from byproducts and recycled materials, saving those materials from ending up in landfills, creating jobs and helping to stimulate the local economy in this depressed and difficult time. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business. As a start up business, my ability to hire new employees and keep existing ones is under severe strain.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at david@rcthi.com, or by phone at 808 334-2000.

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 23, 2010 11:15 AM
To: LABtestimony
Cc: hitrudy@gmail.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: comments only
Testifier will be present: No
Submitted by: TRUDY FARLEY
Organization: Individual
Address: 77-6548 Hoolaupai St. Kailua-Kona, Hi 96740
Phone: 808-329-7711
E-mail: hitrudy@gmail.com
Submitted on: 1/23/2010

Comments:

My name is Trudy Farley and my company is "Trudy's Island Arts" in Kailua-Kona. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business.

I have a small art and gift shop with only one employee who works about 24 hours a week. The substantial increase in unemployment insurance may mean having to let her go or cut her hours. I believe this defeats the whole purpose of the legislation.

A more incremental tax increase, I believe, will allow businesses to plan better and will hopefully coincide with an upturn in business.

Respectfully,
Trudy Farley

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, January 24, 2010 6:13 AM
To: LABtestimony
Cc: pcgs2@yahoo.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Angela REy
Organization:
Address: 75-5995 Kuakini Hwy Kailua Kona, HI
Phone: 808-895-6101
E-mail: pcgs2@yahoo.com
Submitted on: 1/24/2010

Comments:

My name is Angela Rey and my company is Jackie Rey's Ohana Grill. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business. As we are a small business, a local owner operated restaurant, labor is our biggest expense. It is hard enough to control the labor cost so that we can keep people employed and stay in business. A dramatic increase of the UI insurance is going to cause us to lower our wages and hours and cut benefits in order to make up for the difference for the increase. As a small business it is harder to stay a float. We are constantly making adjustments to keep the business open with all the increases we have absorbed through the changing economy. If the increase would happen at a slower rate, over time, we would be better able to adjust our cost and cash flow, so we would not have to make drastic decisions.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at Angela Rey
75-5995 Kuakini Hwy
Kailua Kona, HI 96740
pcgs2@yahoo.com
808-895-6101.

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, January 24, 2010 11:35 AM
To: LABtestimony
Cc: dspooner@cyanotech.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Deanna Spooner
Organization: Cyanotech Corporation
Address: 73-4460 Queen Kaahumanu Hwy #102 Kailua-Kona, HI 96740
Phone: 808-334-9498
E-mail: dspooner@cyanotech.com
Submitted on: 1/24/2010

Comments:

We support the bill, but are asking this committee to consider the language in HB2201 instead. We employ approximately 65 individuals in Hawaii. We have calculated the estimated impact the anticipated changes to the Hawaii Unemployment tax will have on our budget for 2010 and estimate that the combined increase in the base wages subject to SUI and the change from Schedule A to Schedule F will result in an 800-1600% increase in expense depending on the actual experience rate for 2009. This amount could require the elimination of positions in order to cover the increased expense. Or on the more positive perspective would allow us to employ two to five new employees. The addition of new employees will not only help the state reduce the payout of unemployment benefits but will increase the productivity of the Company to allow for further growth and increases in workforce in the future. Please give due consideration to HB2201. Sincerely

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, January 24, 2010 4:55 PM
To: LABtestimony
Cc: glassbottom@hawaiiantel.net
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: jean jewell
Organization: Kailua Bay Charter Company, Inc.
Address: P.O. Box 112 Holualoa, HI 96725
Phone: 808-324-0413
E-mail: glassbottom@hawaiiantel.net
Submitted on: 1/24/2010

Comments:
Testimony to the House Committee on Labor & Public Employment

Tuesday, January 26, 2010; 9:00 a.m.

Conference Room 309

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Jean Jewell and my company is Kailua Bay Charter Co, Inc a glassbottom boat tour company. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance.

The impact of the increase in unemployment insurance will create a blow to our already struggling company. We have held onto our employees but are unable to keep them fully employed so some have had to collect partial unemployment. An increase would force us to lay off completely. This is probably the case for many businesses. It seems that the increase will only put more individuals on the unemployment rolls.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-756-4099.

Thanks,
Jean Jewell
Kailua Bay Charter Company, Inc.

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 25, 2010 8:14 AM
To: LABtestimony
Cc: Stan@BoltonInc.Com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Stan Marks
Organization:
Address: 73-4174 hulikoa Kailua-Kona
Phone: 8083298240
E-mail: Stan@BoltonInc.Com
Submitted on: 1/25/2010

Comments:

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Stan Marks and my company is Bolton Inc. We are a General Contractor in Kona. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business. As you are aware, our industry is very fragile right now. Additional taxes without increased work will most definatley result in more layoffs.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at Bolton Inc. Attn: Stan Marks 808-329-8240.

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 25, 2010 8:33 AM
To: LABtestimony
Cc: michelle@hinchcliffdrywall.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: comments only
Testifier will be present: No
Submitted by: Michelle Danihel-Kreusling
Organization: Hinchcliff Drywall Construction & Supply, Inc.
Address: 73-4080 Hulikoa Dr. #1 Kailua Kona, HI
Phone: 808-331-2183 ext 154
E-mail: michelle@hinchcliffdrywall.com
Submitted on: 1/25/2010

Comments:
Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Michelle Danihel-Kreusling and I am the Controller of Hinchcliff Drywall Construction & Supply, Inc. in Kailua Kona, Hawaii. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business. HB 2201 offers a viable plan to moderate the impact of a tax increase on businesses for at least a two year period. Holding the taxable wage base to 90% of the average annual wage plus implementing a revised one year formula to determine an adequate and prudent reserve fund reduces the impact and in effect saves jobs. We are currently one of the largest Specialty Contractors on the Island of Hawaii and under the current plan we would have to adjust our labor force to account for the substantial increase in our State Unemployment Tax burden. We support a tiered approach, which would be cash-flow friendlier, to an overall increase instead of the jolt that is the current plan. Thank you for the opportunity to submit testimony. If you have any questions, please contact me either via email, michelle@hinchcliffdrywall.com, or phone, 808-331-2183 ext 154.

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 25, 2010 8:42 AM
To: LABtestimony
Cc: gary.sirman@outrigger.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: oppose
Testifier will be present: No
Submitted by: Gary Sirman
Organization: Outrigger Hotels and Resorts
Address: 78-6740 Ali'i Drive Kailua Kona, HI 96740
Phone: 808-324-2551
E-mail: gary.sirman@outrigger.com
Submitted on: 1/25/2010

Comments:

I am writing to support the amended version of the bill which is supported by the Kona-Kohala Chamber of Commerce. The bill in it's present form may cause further staff reductions and thereby swell the local unemployment, especially on the outer Islands.

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 25, 2010 10:26 AM
To: LABtestimony
Cc: teri@jacksdivinglocker.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Teri Leicher
Organization: Jack's Diving Locker
Address: 75-5813 Alii Drive Kailua-Kona, Hawaii 96740
Phone: 808-329-7585
E-mail: teri@jacksdivinglocker.com
Submitted on: 1/25/2010

Comments:

Re: House Bill 2169 relating to employment security

My Name is Teri Leicher. I am a managing partner for Jack's Diving Locker in Kona. We have been in the business of Diving for almost 29 years and currently employ 38 people.

I am sorry I cannot be there in person, but I cannot afford the time away from my business in these challenging times.

I appreciate the efforts being made by the chair and the committee in addressing the unemployment insurance tax increase. Although 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this bill will provide a more incremental tax assistance.

I understand the need to increase the unemployment tax, but we need to take a realistic approach to a tax increase that will not put businesses out of business or cause additional layoffs.

My business has worked hard to cut costs and not lay anybody off. So far we have succeeded. We will not be able to support the 1000% tax increase that was initially proposed, unless we lay off crew, who will then have to file for unemployment insurance.

I would also strongly recommend requesting an audit of the "private contractor" field as I know many businesses are in the habit of hiring contract labor that do not by law classify as private contractors. Their employers are not paying into the unemployment fund at all, yet their workers (were they to be audited) would be found to be legally classified as employees.

I know this because my business was audited in the late 80's. We thought we were doing it right. We had a solid contract written by lawyers, but the State did not recognize it. We then all became employees of our company and have been in compliance ever since.

Contract labor continues to be rampant in many industries. Some folks do it are unaware and others do it to avoid paying taxes.

This audit alone would help to provide a significant increase to the depleted funds.

Mahalo for your time.

Teri Leicher

managing partner: Jack's Diving Locker

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 25, 2010 12:08 PM
To: LABtestimony
Cc: DustinEdwards69@Hotmail.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: oppose
Testifier will be present: No
Submitted by: Dustin Edwards
Organization: Big Island Motorcycle Co.
Address: 250 Waikoloa Beach Dr. #A4 Waikoloa, HI 96738
Phone: 808-886-2011
E-mail: DustinEdwards69@Hotmail.com
Submitted on: 1/25/2010

Comments:

My name is Dustin Edwards and my company is Big Island Motorcycle Co. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide more incremental tax assistance for my business.

If this increase goes into effect into as stated in HB 2169, the opportunity for my company to hire employees this year will be limited. As it is now, I can only afford to hire myself to run my operation which is a 12hr shift, 7 days per week. I would like to hire 2 people to help cover these hours, but an additional tax, regardless of the amount, would make any effort to hire employees more difficult.

I believe that steps to restructure what is already in place to make the money already in the system work more efficiently is the answer. There is no need to tax people/companies more when the money will not be used efficiently.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-886-2011 (office) or 808-640-3639 (cell) or DustinEdwards69@Hotmail.com.



1910 Ala Moana Blvd. Honolulu, Hawaii 96815 Tel (808) 941-2898 Fax (808) 941-9200
www.SinghaThai.com

January 25, 2010

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Vichai Saetung of Singha Thai Cuisine, I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business.

With the poor economy we are facing, we already have a hard time surviving and keep the business going. The tax increases will very much shut us down and I am sure that I am not the only business to say this.

Thank you for the opportunity to submit testimony. If you have any question, please don't hesitate to contact me on my cell phone at anytime. My number is 808 330-0279

Sincerely,

A handwritten signature in black ink, appearing to read 'Vichai Saetung', written in a cursive style.

Vichai Saetung
Owner



One Aloha Tower Drive Honolulu, Hawaii 96813 Tel (808) 585-0011 Fax (808) 585-0012
www.chaisislandbistro.com

January 25, 2010

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Chai Chaowasaree of Chai's Island Bistro, I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business.

With the poor economy we are facing, we already have a hard time surviving and keep the business going. The tax increases will very much shut us down and I am sure that I am not the only business to say this.

Thank you for the opportunity to submit testimony. If you have any question, please don't hesitate to contact me on my cell phone at anytime. My number is 808 585-0011

Sincerely,

Chai Chaowasaree
Owner



One Aloha Tower Drive Honolulu, Hawaii 96813 Tel (808) 585-0011 Fax (808) 585-0012

January 25, 2010

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Chai Chaowasaree of Two Skinny Chefs, I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business.

With the poor economy we are facing, we already have a hard time surviving and keep the business going. The tax increases will very much shut us down and I am sure that I am not the only business to say this.

Thank you for the opportunity to submit testimony. If you have any question, please don't hesitate to contact me on my cell phone at anytime. My number is 808 585-0011

Sincerely,

A handwritten signature in black ink, appearing to read "Chai Chaowasaree", written in a cursive style.

Chai Chaowasaree
Host/Producer

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 23, 2010 5:20 PM
To: LABtestimony
Cc: laulimastudent@yahoo.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: comments only
Testifier will be present: No
Submitted by: Beth Sanders
Organization: Individual
Address: P O Box 1157 Kealahou, HI 96750
Phone: 808-936-3037
E-mail: laulimastudent@yahoo.com
Submitted on: 1/23/2010

Comments:

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Beth Sanders and I am a Certified Public Accountant. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide more incremental tax assistance. As an accountant I see how small businesses struggle to survive in Hawaii. I also see the number of individuals who get paid "under the table" or as "contract employees," which is perpetuated by small businesses, particularly sole proprietorships not being able to afford the cost of employees. In a time of economic hardship, the proposed increase will have a detrimental effect on small businesses and likely, increase the number of people finding themselves unemployed. It is essential the state support businesses in the current economy versus making it more difficult for them to stay in business and/or to operate ethically. I believe the incremental increases provided by HB 2201 are more palatable for small business owners and respectively request that you give it just consideration.

Thank you for the opportunity to submit testimony.

Beth Sanders

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 23, 2010 11:59 AM
To: LABtestimony
Cc: andywoerner@hotmail.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Andrew D. Woerner
Organization: Individual
Address: 75-171 Kamilo St Kailua-Kona, HI
Phone: 808-896-9473
E-mail: andywoerner@hotmail.com
Submitted on: 1/23/2010

Comments:
RE: HOUSE BILL 2169

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Andrew D. Woerner. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my employer.

Without this assistance, I am concerned that my employer will need to cut existing wages, benefits or employees to cover the added unemployment costs.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at andywoerner@hotmail.com

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 23, 2010 5:43 PM
To: LABtestimony
Cc: jerrod_kowalski@yahoo.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Jerrod Kowalski
Organization: Individual
Address: 1928 Thibodo Rd 206 Vista, CA
Phone: 760-696-8218
E-mail: jerrod_kowalski@yahoo.com
Submitted on: 1/23/2010

Comments:

Yes, i support this bill, but are asking this committee to consider the language in HB 2201 instead. this is critical to the survival of small business in Hawaii. Jerrod Kowalski

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 25, 2010 8:24 AM
To: LABtestimony
Cc: nimr@epihawaii.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: comments only
Testifier will be present: No
Submitted by: Nimr Tamimi
Organization: Individual
Address: 455 E. Lanikaula Street Hilo, Hawaii
Phone: 808 933-7900
E-mail: nimr@epihawaii.com
Submitted on: 1/25/2010

Comments:

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Nimr Tamimi and I own a an engineering and a food manufacturing company in Hilo. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business.

Givin the tough economic times we are facing, putting an additional burden on business that are currently struggling to keep their employees employed my lead to additional unemployment, wage cuts and benefit cuts. These are not measures that will help us move towards a healthy economy.

Thank you for the opportunity to submit testimony. If you have any questions, please contact.

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, January 24, 2010 8:19 PM
To: LABtestimony
Cc: angelawoerner@hotmail.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Angela Woerner
Organization: Individual
Address: 75-171 Kamilo St kailua-kona, hi
Phone: 8089360295
E-mail: angelawoerner@hotmail.com
Submitted on: 1/24/2010

Comments:
Testimony to the House Committee on Labor & Public Employment

Tuesday, January 26, 2010; 9:00 a.m.

Conference Room 309

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Angela Woerner. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance.

The increase is a heavy burden to companies already struggling to stay in business.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at angelawoerner@hotmail.com.

Thanks, Angela Woerner

Testimony of Ronald I. Heller

Before the House Committee on Labor &
Public Employment

Tuesday, January 26, 2010 at 9:00 a.m.
Conference Room 309


RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Ronald Heller and I am an attorney with almost 30 years of experience in Honolulu, primarily dealing with tax and business issues. This testimony is my own personal view and is not submitted on behalf of any specific client. However, my view is based on my experience dealing with business people.

As you know, many businesses in Hawaii in Hawaii are already struggling, given current economic conditions. Their situation is about to become even more difficult. Relief from the UI increase is urgently needed. Although HB 2169 would help, I prefer the approach taken in HB 2201, which is supported by a number of business organizations.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 700 Bishop Street, Suite 1500, Honolulu, Hawaii 96813, phone (808) 523-6000, fax (808) 523-6001 or e-mail rheller@torkildson.cpm.



Ronald I. Heller

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 25, 2010 11:16 AM
To: LABtestimony
Cc: liquorcollection@yahoo.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Ming Koshi
Organization: Individual
Address:
Phone:
E-mail: liquorcollection@yahoo.com
Submitted on: 1/25/2010

Comments:

I support HB 2169 and HB 2207 with amendments.

Changing schedule Base to F in 2012 and holding the taxable wage base to 90% of the average annual wage will reduce the impact of the tax increase on the average and small businesses. We do not need more than one year of benefits in the UI Fund to be safe and prudent. Extending the tax relief beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases and will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

LATE

RANDY PERREIRA
Executive Director
Tel: 808.543.0011
Fax: 808.528.0922

NORA A. NOMURA
Deputy Executive Director
Tel: 808.543.0003
Fax: 808.528.0922

DEREK M. MIZUNO
Deputy Executive Director
Tel: 808.543.0055
Fax: 808.523.6879

**The Twenty-Fifth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Labor & Public Employment**

**Testimony by
Hawaii Government Employees Association
January 26, 2010**

**H.B. 2169 – RELATING TO
EMPLOYMENT SECURITY**

**H.B. 2207 – RELATING TO
EMPLOYMENT SECURITY**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO conceptually supports the proposal to mitigate increased unemployment tax rates for private employers in the current economic downturn. We are certainly sympathetic to the difficulties faced by many employers in today's economy.

However, we urge a cautious and thoughtful approach when considering the phasing in of increased unemployment rates, with an eye to the long-term impacts on future unemployment benefits. Rebuilding and strengthening fund reserves in the future is an important consideration in adjusting employer contribution rates. Making short term decisions regarding employer contribution rates, without understanding the consequences of those actions, may require further fixes to address the adequacy of the reserves and the burden to employers.

The important safety net provided by benefits to unemployed workers must not be jeopardized in the short-term relief for employers.

Thank you for the opportunity to testify on the consideration of H.B. 2169 and H.B. 2207.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director



LATE

The Twenty-Fifth Legislature
Regular Session of 2010

HOUSE OF REPRESENTATIVES
Committee on Labor and Public Employment
Rep. Karl Rhoads, Chair
Rep. Kyle T. Yamashita, Vice Chair

State Capitol, Conference Room 309
Tuesday, January 26, 2010; 9:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 2169
RELATING TO EMPLOYMENT SECURITY**

H.B. 2169 sets the employer contribution rate at schedule D for 2010 and at schedule G for 2011, using a wage base of 90% of the average annual wage and retaining the maximum benefit at 75% of the average weekly wage. The measure also authorizes special assessments upon employers to pay the interest costs on federal loans required when the UI Fund balance is insufficient to meet benefit claims.

The ILWU is not unsympathetic to the concerns of employers that a hefty increase in the UI contribution this year could pose a substantial financial burden and possibly affect jobs. However, we are also concerned about the future adequacy of the UI Fund and the potential need for financial support to thousands of workers who may be affected by a continually lagging economy. Without these unemployment benefits, workers could find themselves unable to support themselves and their families, unable to pay for their housing, and unable to contribute to restoring the economy.

Two years ago, employers received a tax break when the Legislature authorized reducing contributions into the Fund. No one expected the drastic downturn in the economy that swiftly drained the Fund, now requiring a huge increase in contributions this year. Some may say the reduction itself was not prudent, but we would be compounding our problems going forward if we do not exercise prudence now and refrain from tax relief without knowing its impact on jobs.

Although we are not in a position to evaluate which UI schedule is appropriate to meet the State's needs, some adjustments may need to be considered. Our members work for employers who are feeling the economic pinch and may not be able to afford the increased contributions.

We also strongly support maintaining the maximum weekly benefit at 75% of the average weekly wage. Workers who have been laid off in the past couple of years have been higher wage earners and could benefit from a higher weekly maximum.

Finally, we are concerned that applying the Act retroactively to January 1, 2010 may create a flaw that those opposed to the bill may exploit.

Thank you for the opportunity to share our views and concerns on this important matter.

From: cinnamonsrest@aol.com
Sent: Monday, January 25, 2010 4:45 PM
To: LABtestimony
Subject: House Bill 2169 Relating to Employment Security

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Norman (Puna) Nam, President of the Kailua Chamber of Commerce of which there are 180 members. We appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, we strongly support the language of HB 2201 as this will provide a more incremental tax assistance for our businesses.

To the best of our knowledge, the proposed increase will be THE single most highest government increase ever encountered by businesses! The sudden impact of an expense/tax of this magnitude, especially during these tough economic times, will definitely cause severe consequences for many businesses.

We are also aware that this tax is but one of many "Options" being considered by the State Legislators during this session to balance the budget. Obviously, at this point in time, no one can predict how much of an increase these "Options" will ultimately cost small businesses. But, one thing is for sure ----increased costs in a flat or sluggish economy WILL be a very serious threat to the viability of many small businesses that are already in a fragile state/condition!!

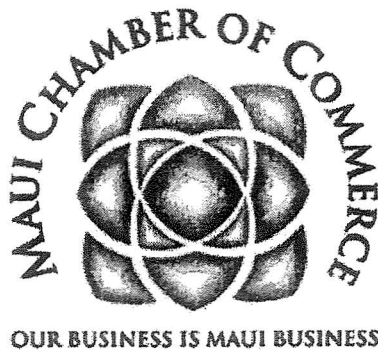
The Kailua Chamber of Commerce cannot over emphasize how strongly we support the language HB 2201 and urge that all members of this committee please do the same. Moderating this UI increase will:

1. Save and even increase jobs.
- 2 .Help Hawaii's economy recover faster.
3. Help businesses plan expenses over a longer period of time.
4. Minimize the impact on jobs, wages, or benefits reduction.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at:

Kailua Chamber of Commerce
Attention: Norman Nam, President
Phone: 391-5895
Kailua Chamber of Commerce

LATE



Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010
9:00am

RE: House Bill 2169 and 2207 Relating to Employment Security

Dear Chair Rhoads, Vice Chair Yamashita & Members of the Committee:

On behalf of the Maui Chamber of Commerce, an organization comprised of nearly 800 business members and 20,000 employees, I am writing to thank legislators for their interest in and work to protect jobs in Hawaii and for addressing legislation to tackle the planned burdensome Unemployment Insurance (UI) Tax increase.

At the proposed ten-fold rate without legislative relief, the UI Tax escalation represents a large financial drain for Hawaii's businesses and is therefore our top priority this session.

While employers acknowledge that the Unemployment Trust Fund must be replenished given the tremendous fund utilization over the past couple of years, they need a reasonable option that permits the fund to be built back up over time, allowing them to keep more dollars in their business and the economy right now and fund the rising tax when they can better afford it.

We want to work with you on legislation that best allows the private sector to grow, succeed and bring back, as well as create new, employment opportunities. Therefore, we respectfully ask that the committee amend HB 2169 and 2207 to include language from HB 2201 that the Chamber of Commerce of Hawaii worked to introduce and that Chambers across the state agree with which:

- Keeps the tax rate schedule to Schedule F, rather than G, in 2011. We side with and advocate for multiyear relief and a 2010 reduction to Schedule D, but urge that the tax rate be kept to Schedule F in 2011 to provide businesses with more time to adjust and fund the increase; and
- Sets the taxable wage base at no more than 90%.

We also support maintaining the adequate reserve multiplier at one year of benefits and concur that a systemic review of benefit payments is important as contained in HB 2207.

Testimony to the House Committee on Labor & Public Employment
January 26, 2010
Page 2.

With the Unemployment Trust Fund expected to be depleted by the end of 2010 given current spend rates, we recognize that additional funding will be required if the weight of the tax load is lessened in 2010 and 2011 and that many states are electing to borrow money from the US Treasury to keep their Unemployment Trust Funds solvent. We support borrowing from the federal government to lessen the UI tax liability in the short-term and back legislation that allows the Director of the Department of Labor & Industrial Relations (DLIR) to assess employers for the interest incurred on any monies borrowed from the treasury to maintain benefits to unemployed workers. With Chamber proposal HB 2201, the state would not need to borrow any funds until 2011 and the anticipated interest this would generate (approximately \$4million) could be paid by existing monies employers have paid in to the DLIR or through a sufficient tax that employers would pay.

At the steep hike currently proposed, the UI Tax increase will cost additional jobs, our unemployment will soar higher, and it could be the final nail in the coffin for many small businesses. Businesses need relief now and we urge swift action to make that happen.

We embrace the Chamber option to reduce the Tax Rate Schedule, extend a reduced rate schedule into 2011, to hold the Taxable Wage Base to 90% of the Annual Average Wage, and to have the adequate reserve multiplier be 1.0. Backed by economic analysis and many economic experts, these combined recommendations will reduce the tax shock, keep more money in our fragile economy, and help preserve and create jobs more effectively than other bills currently proposed.

Thank you in advance for considering our recommendations. We appreciate your support on this issue and look forward to fast tracking the best possible bill for employers, employees, and the economy.

Sincerely,

Pamela Tumpap
President



**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010
9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

ProService Hawaii provides employee administration services to over 900 small businesses in Hawaii. We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase. An increase of over 1000% would result in over 5,000 additional lost jobs and would put further strain on this state's recovering economy.

ProService supports the intent HB 2169 and HB 2207 to provide unemployment tax relief to our local businesses, and requests this Committee to amend these bills to include provisions proposed in HB 2201 that set the taxable wage base (TWB) to 90% of the Average Weekly Wage (AWW) and adjust the adequate reserve multiplier to 1.0 rather than 1.5. ProService also urges this Committee to reduce the tax schedule for 2011 to Schedule F rather than G and permanently set the taxable wage base to 90%, beyond tax year 2010.

Since 1992, when the current unemployment contribution tax schedule was enacted, the tax schedule has never been above Schedule D, even during periods of relative economic growth. We believe that an increase to Schedule F would place a burden on Hawaii employer that would be difficult to bear without further cuts in employment levels.

Recommended Amendments:

HB 2169 – Amend language to reduce the tax schedule for 2011 to Schedule F rather than G and permanently set the taxable wage base to 90%, beyond tax year 2010. Amend language to set the adequate reserve multiplier to 1.0 rather than 1.5.

HB 2207 – Amend language to reduce the tax schedule for 2010 to Schedule D rather than E and permanently set the taxable wage base to 90%.

ProService has performed an extensive analysis of HB2169, HB2201, and HB2207 (please see attached table). While all three of these proposals provide tax relief to businesses, ProService believes that reducing the TWB to 90%, combined with fixing the tax schedule to D in 2010 and F in 2011 will sufficiently extend the period of tax relief, without impacting unemployment benefits to claimants.

Reducing both the TWB and the Schedule provides relief to the broadest cross-section of the state's economy. Reducing the TWB alone will provide relief to those employers who have been hardest hit by the economic recession, but only to the extent that their employees' wages exceed the TWB. Reducing the Schedule alone will provide relief to employers with average reserve balances, but not those employers hardest hit by the recession. Many employers paying the maximum tax rate of 5.4% will continue to pay the maximum rate.

We urge this committee to consider an option that temporarily reduces the Tax Rate Schedule and permanently reduces the TWB to 90% of the AWW. This hybrid approach will benefit the greatest number of employers and will therefore provide the greatest safeguards against further job losses due to the shock of a dramatic and sudden increase in unemployment taxes.

Thank you for the opportunity to submit testimony.

ALTERNATIVES TO UI TAX INCREASE 4-Year Projections (2010 - 2015)

	Specific Adjustments	CY	Projected Total Unemployment Rate (Note 1)	Benefits to be Paid (in millions)	End of Year Fund Balance (in millions) (Note 2)	Interest on Federal Loans (in millions) (Note 3)	Adequate Reserve Amount (in millions) (Note 4)	Fed Loan Interest per Worker (dollars/year)	Taxes to be Collected (in millions)	Total Tax Savings (in millions) (Note 5)	Adj. to Tax Schedule	AWW%	Taxable Wage Base (Note 7)	Tax Rate per Schedule (Note 8)			Annual Taxes per Employee (Note 9)			Annual Tax Reduction per Employee (Note 10)		
														Min	Avg	Max	Min	Avg	Max	Min	Avg	Max
	Current Law	2009	7.0%	\$380	\$128	\$0	\$257	\$0.00	\$42	\$0	A		\$13,000	0.00%	0.70%	5.40%	\$0	\$90	\$700	\$0	\$0	\$0
		2010	7.3%	\$362	\$40	\$0	\$383	\$0.00	\$272	\$0	F	100%	\$38,800	1.20%	2.75%	5.40%	\$189	\$1,070	\$2,100	\$0	\$0	\$0
		2011	6.7%	\$341	\$145	\$0	\$581	\$0.00	\$444	\$0	H	100%	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0
		2012	5.9%	\$308	\$248	\$0	\$611	\$0.00	\$406	\$0	G	100%	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$0	\$0	\$0
		2013	5.4%	\$289	\$329	\$0	\$638	\$0.00	\$363	\$0	F	100%	\$41,000	1.20%	2.75%	5.40%	\$189	\$1,130	\$2,210	\$0	\$0	\$0
		2014	4.9%	\$268	\$459	\$0	\$654	\$0.00	\$389	\$0	F	100%	\$42,000	1.20%	2.75%	5.40%	\$189	\$1,160	\$2,270	\$0	\$0	\$0
	SUM			\$1,948		\$0			\$1,916	\$0												
Alt #	B	CY	D	E	F	G	H	I	J	K		L	M	N	O	P	Q	R	S	T	U	
HB2169	2010: TWB 90%; D; 2011: TWB 100%; G; AR = 1.5	2009	7.0%	\$380	\$128	\$0	\$257	\$0.00	\$42	\$0	A		\$13,000	0.00%	0.70%	5.40%	\$0	\$90	\$700	\$0	\$0	\$0
		2010	7.3%	\$362	-\$72	\$3	\$383	\$5.56	\$162	\$110	D	90%	\$34,900	0.20%	1.80%	5.40%	\$30	\$830	\$1,880	\$150	\$440	\$220
		2011	6.7%	\$341	-\$35	-\$2	\$581	\$1.71	\$378	-\$66	G	100%	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,280	\$2,110	\$90	\$230	\$0
		2012	5.9%	\$308	\$137	\$0	\$611	\$0.00	\$477	-\$71	H	100%	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,110	\$90	\$240	\$0
		2013	5.4%	\$289	\$287	\$0	\$638	\$0.00	\$434	-\$71	G	100%	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,350	\$2,110	\$90	\$0	\$0
		2014	4.9%	\$268	\$414	\$0	\$654	\$0.00	\$387	\$2	F	100%	\$42,000	1.20%	2.75%	5.40%	\$180	\$1,160	\$2,270	\$0	\$0	\$0
	SUM			\$1,948		\$5			\$1,880	\$36												
HB2201	AR = 1.0; DFHF; TWB = 90%	2009	7.0%	\$380	\$128	\$0	\$257	\$0.00	\$42	\$0	A		\$13,000	0.00%	0.70%	5.40%	\$0	\$90	\$700	\$0	\$0	\$0
		2010	7.3%	\$362	-\$72	\$3	\$383	\$3.56	\$162	\$110	D	90%	\$34,900	0.20%	1.80%	5.40%	\$30	\$830	\$1,880	\$150	\$440	\$220
		2011	6.7%	\$341	-\$127	\$6	\$387	\$9.86	\$286	\$158	F	90%	\$35,200	1.20%	2.75%	5.40%	\$180	\$970	\$1,900	\$180	\$550	\$210
		2012	5.9%	\$308	-\$3	\$0	\$407	\$0.27	\$431	-\$25	H	90%	\$36,100	2.40%	3.90%	5.40%	\$360	\$1,410	\$1,950	\$90	\$30	\$220
		2013	5.4%	\$289	\$171	\$0	\$425	\$0.00	\$461	-\$98	H	90%	\$36,900	2.40%	3.90%	5.40%	\$360	\$1,440	\$1,990	\$180	\$0	\$220
		2014	4.9%	\$268	\$257	\$0	\$436	\$0.00	\$348	\$41	F	90%	\$37,800	1.20%	2.75%	5.40%	\$180	\$1,040	\$2,040	\$0	\$0	\$0
	SUM			\$1,948		\$9			\$1,730	\$186												
HB2207	AR = 1.0; EFHF; TWB = 100%; Benefits @ 75%/70%/ 66.6%	2009	7.0%	\$380	\$128	\$0	\$257	\$0.00	\$42	\$0	A		\$13,000	0.00%	0.70%	5.40%	\$0	\$90	\$700	\$0	\$0	\$0
		2010	7.3%	\$338	\$9	\$0	\$383	\$0.00	\$218	\$54	E	100%	\$38,800	0.60%	2.70%	5.40%	\$90	\$850	\$2,100	\$90	\$210	\$0
		2011	6.7%	\$318	\$8	\$0	\$387	\$0.00	\$316	\$128	F	100%	\$39,100	1.20%	2.75%	5.40%	\$180	\$1,080	\$2,110	\$180	\$440	\$0
		2012	5.9%	\$287	\$201	\$0	\$407	\$0.00	\$477	-\$71	H	100%	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,110	\$90	\$240	\$0
		2013	5.4%	\$269	\$301	\$0	\$425	\$0.00	\$363	\$0	F	100%	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0
		2014	4.9%	\$250	\$371	\$0	\$436	\$0.00	\$311	\$78	E	100%	\$42,000	0.80%	2.70%	5.40%	\$90	\$970	\$2,270	\$0	\$0	\$0
	SUM			\$1,842		\$0			\$1,727	\$189												

NOTES:

- Projections assume UHERO projected unemployment rates (2010 = 7.3%; 2011 = 6.7%; 2012 = 5.9%; 2013 - 5.4; 2014 - 4.9%).
- Text is **bolded** in the first year in which the UI Trust Fund End of Year Balance returns to a positive balance.
- Interest must be paid by special assessment and/or general funds; cannot be paid from UI trust fund balance
- In Current Law, Adequate Reserve multiplier is 1.5 from 2011
- Total Tax Savings reflects the tax savings or cost per employee as compared with the same year in the Current Law model, at the Average taxes described in Note 8.
- Year-Over-Year Tax Change = Net change in tax from prior year, in the same model.
- Taxable Wage Base is a percentage of the projected Annual Average Wage (2010 = \$38,800; 2011 = \$39,100; 2012 = \$40,100; 2013 = \$41,000; 2014 = \$42,000; 2015 = \$43,100)
- Average Tax Rate per Current Law model takes the reserve balances on 12/31/08 and applies them to all years.
- Annual Taxes per Employee: Minimum = lowest tax rate per schedule times wages for minimum wage worker at 2,000 hours per year; Average = average tax rate (see Note 8) times taxable wage base; Maximum = highest tax per schedule times taxable wage base.
- Annual Tax Cut per Employee reflects the tax savings or cost per employee as compared with the same year in the Current Law model, at the Minimum, Average, and Maximum taxes described in Note 8.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Monica Toguchi and my company is Highway Inn, a 63 year old restaurant, catering and seafood market specializing in Hawaiian foods since 1947. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for my business.

In regards to number of employees, we have about 35 employed and have plans for continued growth. However, the ability of our company to grow relies heavily upon the types of government regulation and taxation we are subjected to. This unemployment tax scheduled will have devastating effects upon small businesses who simply are unprepared for the surge in taxes they will be expected to pay. When companies pay higher taxes, what this means is that it shifts revenues and resources away from growth and into cutting expenses such as purchasing, decreasing employee hours, or worse yet, cutting jobs.

I am asking that you reconsider the language of this bill. Last year, the business community asked for the legislature's support to protect jobs because it not only helps our businesses, but the community as a whole by keeping people gainfully employed, taxes paid, and unemployment and welfare applications kept at a minimum. Disappointingly, this was largely ignored. A year later, the entire state is suffering. Ignoring the requests of the business community – those of us who create jobs that collectively with residents, support a thriving economy should not be dismissed. We are the ones standing on the front lines every day working side by side with our employees and in our organizations, and we are asking for a more gradual tax increase than the one currently proposed. It is imperative that you consider this or the consequential effects will have far greater implications to our economy.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 94-226 Leoku Street, Waipahu, HI 96797.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 25, 2010 10:00 PM
To: LABtestimony
Cc: laurier@hawaii.rr.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Laurie Rodriguez
Organization: Today's Little People, Inc.
Address: 46-056 Kamehameha Hwy F-9 Kaneohe, Hi. 96744
Phone: 808-372-9525
E-mail: laurier@hawaii.rr.com
Submitted on: 1/25/2010

Comments:

My name is Laurie Rodriguez and my company is Today's Little People, Inc. I am a local small business owner that has 16 employees. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I am opposed to the 100% Unemployment tax increase.

I have been a business owner for 29 years.

My Little People stores have been open for 19 years and we are currently struggling to stay open. Any more expenses would very likely force us to close! We have already cut back on hours and streamlined expenses. I have not been paid for months and months. This is the straw that could close our business, and then you would have 16 more people to add to the unemployed!

I don't know what all the solutions are; but the small business people cannot take anymore!!!! Where is OUR bail out?

Thank you for the opportunity to submit my testimony.

It seems that the Chamber has come up with a reasonable alternative. C3. I will support this.

Please feel free to contact me:
Laurie Rodriguez
808-372-9525

LATE



January 25, 2010

Hawaii State Legislature
House Committee On Labor & Public Employment
ATTN: Chair Rhoads, Vice Chair Yamashita and Members of the Committee
Conference Room 309

RE: TESTIMONY RELATED TO HOUSE BILL 2169 EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita & Members of the Committee:

On behalf of Big City Diner, I extend to you my appreciation regarding the efforts made by you in addressing the unemployment insurance tax increase. Although HB 2169 provides a mitigated tax increase, I strongly support the language of HB 2201 as this will provide a more incremental tax assistance for Big City Diner.

Big City Diner is a 100% LOCALLY OWNED family restaurant chain that was founded and established here in Hawaii. We now employ nearly 400 residents on the Island of Oahu and any increase in government taxes, penalties and fees will result in a great hardship of our business.

The restaurant industry is not an easy one to turn any profit in, but yet we continue to be one of the major industries that provides employment to thousands of local residents. As you know, within recent years our industry has seen many business closures and we continue to face daily challenges in remaining open!

I humbly ask that you consider what you are being faced with today and consider supporting HB 2201 instead. Thank you for the opportunity of submitting this testimony. Should you have any questions, please feel free to contact Walter Enriquez, Jr., my Corporate Director of Human Resources or myself. We can be reached at (808) 678-3895.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Dane T. Muraoka", written over a large, loopy scribble.

Dane T. Muraoka
President & Owner

Cc: File

COMMUNICATION CENTER OF HAWAII

1396 KINOOLE ST.
965 KILAUEA AVENUE • Hilo, Hawai'i 96720
Phone 935-6160 or 969-2097 • Lic. # C-18377

LATE

January 25, 2110

State of Hawaii
House of Representatives

Dear Sirs:

The following comments relate to HB 2169 and HB 2207.

1. These bills are vastly unfair to businesses that do not have a large turnover, or have former employees drawing from the UI pool.
2. The pool should be funded by those companies that have former employees drawing from it. And they, and only they, should be liable for bringing the pool back up to an appropriate amount.
3. There should be a larger recognition of those that do not have people drawing from the pool. And once they have input an appropriate amount into the pool, their taxing should be stopped, until a former employee draws down their amount. They should not be liable for the excesses of others.

Aloha,



Mark A. Goldman
Communication Center of Hawaii
1396 Kinoole St.
Hilo, HI 96720
808-935-6160



LATE

January 25, 2010

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Bruce C. Shewalter and my company is Contract Furnishers of Hawaii, Inc. DBA: Office Pavilion, a small, woman owned business employing approximately 40 employees in the state of Hawaii. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

If the planned increase in Unemployment Taxes goes through it could cause us to re-think hiring additional personnel or replacing personnel lost through attrition and we may possibly even have to let some personnel go to compensate for the excessive increase. This will have a very negative impact on our business and the remaining staff will suffer. This will not help the overall unemployment situation in the state. We are budgeting \$50,000 more in 2010 than in 2009.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me.

Sincerely,

CONTRACT FURNISHERS OF HAWAII, INC. dba: Office Pavilion

A handwritten signature in black ink that reads "Bruce C. Shewalter".

Bruce C. Shewalter
President & COO
(808) 599-2411 Fax: (808) 599-2617
bruce@op-hawaii.com

LATE

**Lisa A. Wong
1404 Kalaniiki St
Honolulu, Hawai'i 96821**

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Lisa A. Wong and I employ 105 employees. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I **support HB 2169 and 2207 with amendments.**

The increase of unemployment insurance will impact our business by adding additional expenses to our financials which could result in job losses or decrease in areas that would affect the employee and affect the performance of the organization.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, **please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.**

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses, and will at least help ignite our current dire economic conditions in Hawai'i, by keeping more dollars flowing into the economy through employed people earning wages and the ability to purchase. In turn, this will help business plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at lwong67770@aol.com or 808 375 9753.

Lisa A. Wong

LATE

Memo

January 25, 2010



To: Chair Rhoads, Vice Chair Yamashita, and Members of the Committee
From: Sanj Sappal, Area Vice President - Hawaii
Re: House Bill 2169 and 2207 Relating to Employment Security

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010, 9am, Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

My name is Sanj Sappal and my company is Securitas Security Services, USA, Inc. We employ over 2,500 employees in the State of Hawaii. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

We are anticipating, as part of the original publication, an increase in taxes from \$96 to \$1,040 per person. In total, we anticipate a significant tax increase of \$2.36M for 2010 (\$944 x 2,500 employees).

This increase in taxes will result in more employee layoffs at a time when our economy can least afford it.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90%, and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses, and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at:

*Securitas Security
Services USA, Inc.
401 Waiakamilo Road
Suite 202
Honolulu HI 96817*

Phone: 808-842-4800
Fax: 808-842-3492
www.securitasinc.com

Sanj Sappal
Area Vice President - Hawaii Area
Securitas Security Services USA, Inc.
401 Waiakamilo Road, Suite 202
Honolulu, Hawaii 96817
Phone: 808-842-4800
Fax: 808-842-3492
sanj.sappal@securitasinc.com

LATE

WRITTEN TESTIMONY ONLY

HB 2169 and 2207

RELATING TO EMPLOYMENT SECURITY

**ROBERT REICH
SR. VICE PRESIDENT & CFO
HAWAIIAN TELCOM**

JANUARY 26, 2010

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

I am Robert Reich, Sr. Vice President and CFO, testifying on behalf of Hawaiian Telcom in support of HB 2169 and 2207 with amendments.

While we appreciate the efforts made by this committee in addressing the unemployment insurance tax increase, we respectfully ask that the committee amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

Extending the tax assistance beyond 2010 will help our company to preserve jobs and keep more dollars circulating in the economy via wages and purchases. Please support HB 2169 and 2207, with the suggested amendments, as important measures that will help the State's goal of stimulating the economy and growing employment.

Thank you for the opportunity to testify.

LATE



RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

*presented to Committee on Labor & Public Employment
for the hearing 9 A.M. Jan. 26, 2010 (Tues) Room 309*

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Joseph Hanley Jr. and my company is Orchid Isle Auto Center with 56 employees, down from 92 a year and half ago. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

The ten fold increase in the UI would force me to implement additional cuts in my number of employees, based on a increase of \$1090.00 per employee per year I would need to cut anywhere from 2 to 4 employees to make up for the additional expense.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at:

Joseph W Hanley Jr.
Orchid Isle Auto Center
1030 Kanoelehua Ave.
Hilo, Hawaii 96720
808-935-1191

LATE

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is John R. Edney and my company is Tropical Dreams Ice Cream. We manufacture ice cream and related products on the Big Island. We employ 5 people. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

The increase in unemployment insurance would have a very negative effect on our company. The increased cost would be in excess of \$5,000.00 per year or about 1% of our gross sales.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at:

John Edney, President
Tropical Dreams Ice Cream
66-1250 Lalamilo Farm Road
Kamuela, HI 96743
808-885-8820
808-8858812 (FAX)
john@tropicaldreamsicecream.com

LATE

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Doug Jamison and I am the financial controller for Midpac Auto Center, Inc, a Ford and Mazda dealership, employing 44 people full time. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

As an entity we are basically "scraping" by in these economic times. Increasing such a cost would only add to the already existing obstacles we have before us. We have cut back in all areas of our business where it has been feasible. The addition of such an increase would only force us to cut back in the only remaining area. This would be personnel,

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at Midpac Auto Center, Inc., 808 245 3673 or djamison@hawaii.rr.com.

Sincerely,

Doug Jamison
Controller
Midpac Auto Center, Inc.
Lihue, HI 96766

LATE

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

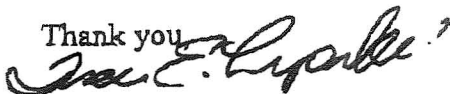
My name is Tessie E. Ryusaki and my company is Guava Express, Inc. we are a Trucking company and we have 10 employees; I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments. This would really have a great impact on our company; we might consider cut backs, layoff, and or job losses, with benefit reductions.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-682-6100

Thank you



Tessie E. Ryusaki
Guava Express, Inc.

LATE

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Gerald A. Ryusaki and my company is RYUSAKI GENERAL REPAIR, INC we are an auto mechanic repair shop company and we have 9 employees; I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support HB 2169 and 2207 with amendments. This would really have a great impact on our company; we might consider cut backs, layoff, and or job losses, with benefit reductions.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-682-6109

Thank you,



Gerald Ryusaki
RYUSAKI GENERAL REPAIR, INC

JAN 25 2010
1800-535-3859

LATTE



January 25, 2009

www.itoen.com

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309

ITO EN (USA) INC.
125 PUUHALE ROAD
HONOLULU, HI 96819
TEL 808 847 4477
FAX 808 841 4394

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

ITO EN (NORTH AMERICA) INC.
45 MAIN STREET, SUITE 9A
BROOKLYN, NY 11201

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

TEL 718 250 4000
FAX 718 246 1325

My name is Hideya Takeda and my company is ITO EN (USA) Inc. We are one of a handful of local beverage manufacturers and distributors. Our product lines include Aloha Maid juices, ITO EN iced teas and Royal Mills Iced Coffees. We also import and distribute many other beverages throughout the state and overseas. ITO EN (USA) Inc. currently employs 64 workers. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

ITO EN NEW YORK
822 MADISON AVENUE
NEW YORK, NY 10021

TEL 212 570 2200
FAX 212 570 4500

Increasing the unemployment tax under the schedule F tax rate schedule with a taxable wage base of \$38,800 will create a "tax shock" which will cost our business an estimated \$25,000.00 more than in 2009. This is the equivalent one job reduction in our Production, Distribution, Warehouse or Sales Department. We cannot afford to pay higher taxes at the expense of losing needed workers. Laying off worker will only put an additional strain on the State's unemployment reserves.

KAI RESTAURANT
822 MADISON AVENUE
NEW YORK, NY 10021

TEL 212 998 7277
FAX 2 2 570 4500

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at:

Phone: 791-7260
E-mail: wendy@itoen-usa.com
Address: ITO EN (USA) Inc.
125 Puuhale Rd.
Honolulu, HI 96819

Sincerely,

Hideya Takeda
Vice President & Controller

LATE

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Thomas McFadden and my company is Professional Contractors, Inc, I only have 3 employees. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

With the economy in such a low place, the last thing struggling small business owners need are additional taxes. Look around at how many small businesses have already been forced out of the market place due to the difficult government requirements of the State of Hawaii. I support this bill and would hope that small business owners would not be taxed further to take up the slack in the states deficit budget. It is the small businesses that make this state great.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at Professional Contractors, Inc. PO Box 240030 Honolulu, HI 96824

Thank You

Alan R. Faulkner, MD
Janel Sato, OD



LATE

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

**RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT
SECURITY**

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Gloria Faulkner and my company is Aloha Laser Vision, a full ophthalmology practice specializing in cataract and refractive surgery. We currently have 11 employees. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

This increase will definitely impact our business as we are facing an increase in our healthcare insurance premium coverage as well. In the 10 years we have been in business we have only had 1 employee use unemployment insurance benefits. If this goes into effect we will be forced to reduce the benefits we provide and may have to cut a position.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at Aloha Laser Vision, 1100 Ward Avenue, Suite 1000, Honolulu, HI 96814.

First Insurance Center
1100 Ward Avenue, Suite 1000 • Honolulu, Hawaii 96814-1617
Telephone (808) 792-EYES (3937) • Inter-Island (800) 232-9494 • Fax (808) 599-4818
www.alohalasil.com

LATE



Maui Family Support Services, Inc.

...because keiki matter!!!

Testimony to the House Committee on Labor & Public Employment

Tuesday, January 26, 2010; 9:00 a.m.

Conference Room 309

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Doris MacFarlane and the non-profit organization I work for is Maui Family Support Services, Inc. We currently have 47 employees which is down from a high of 72 employees. Due to recent State budget cuts, we have had to lay off a number of employees; therefore charges to our unemployment reserve have been substantial. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

Incorporating a 3.1% increase to our unemployment contribution rate will pose a hardship in our attempt to have a balanced budget. The budgets for our current grants were developed and approved long before we knew about the State's unemployment fund dilemma and the likelihood of a substantial rate increase.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at Maui Family Support Services, Inc., 1844 Wili Pa Loop, Wailuku, HI 96793; 808-242-0900; doris@mfss.org.

LATE

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Cesar E. Gaxiola and my company is J. Walter Cameron Center, providing office and program space to 20 nonprofit agencies and meeting space to 240 community agencies. **The J. Walter Cameron Center employs five full timers and two part timers and if the increase in the unemployment rate goes up we will face the need to laid-off two or more employees.** I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

To help reduce the “tax shock” and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808 244-5546 or at cesar@jwcameroncenter.org

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 25, 2010 5:58 PM
To: LABtestimony
Cc: ritchie@rinvest.com
Subject: Testimony for HB2169 on 1/26/2010 9:00:00 AM

LATE

Testimony for LAB 1/26/2010 9:00:00 AM HB2169

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Ritchie Henderson
Organization: Individual
Address: 66 Kekuanaoa Street #360 Hilo, Hawaii
Phone: 808-443-6571
E-mail: ritchie@rinvest.com
Submitted on: 1/25/2010

Comments:

RE:HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Richard Henderson II and my company is HSC, Inc (7 employees). I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

In light of current economic conditions in the County of Hawaii and in anticipation of this bill (in its current form) becoming law we have already let two employees go. Also pending the outcome of this year's legislative session and the resolution of this bill, we will need to re-access our employee benefits package. While our current UI index is zero we have yet to receive this year's assessment report and have some trepidation as to what it may contain.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at ritchie@rinvest.com cell phone 808-443-6571 HSC, Inc. 66 Kekuanaoa Street #360, Hilo Hawaii 96720.



LATE

Just In Time Foods Windward, Inc.
dba McDonald's of Temple Valley
47-250 Hui Iwa St.
Kaneohe, HI 96744
(808) 239-7774
Fax: (808) 637-8131

January 24, 2010

RE: HOUSE BILL 2169 AND 2207 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Susan Smith and I have been a Hawaii business owner and franchisee for McDonald's for twenty years. I own three restaurants in Haleiwa, Laie, and Temple Valley and employ 177 employees from the surrounding communities. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments. I support Chamber of Commerce Alternative of C3.

I have participated in the DOL webinar on this issue and am familiar with the alternatives being considered. The unemployment insurance tax increase will significantly impact our business and our estimate is a *downsizing of any 10-15% of our workforce at our workplace or possibly more.*

Although we have a very good experience factor with unemployment this tax increase is also forcing us to both review and reduce certain employee benefits and programs. Overall reduce compensation levels for our long term staff will be reduced as early as March 1, 2010. As an employer of many first time job seekers, such as high school and college students our hiring practices are also being reviewed as it will be difficult to pay tax on employees with very restricted availability and hours.

Right now when our customers have less disposable income we have been diligently trying to maintain value pricing. Unemployment tax increase is very high, it is immediate and ultimately it will NOT help our Hawaii economy. Instead it will result in further job cuts in the private sector as the cost to every employer for each employee is increasing, causing business to have to consider alternatives to keep their businesses viable.

To help reduce the tax shock please amend the bill by holding the tax rate schedule D in 2010 and F in 2011, permanently set the taxable wage base at 90% so businesses can plan and maintain the adequate reserve multiple at 1.0

Best Regards,

Susan L. Smith
President/Owner

LATE

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Valerie T. Poindexter and I am the Human Resources Manager for Hamakua Health Center Inc. We are a **Federally Qualified Community Health Center** with 56 employees serving the rural communities of Hamakua and Kohala. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

The tax increase will have a detrimental impact on our organization, which includes potential job losses, significant decreases in benefits and putting a severe strain on our ability to continue to offer accessible and affordable health care services to the people in the rural communities of Hamakua and Kohala.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at:

Valerie T. Poindexter
Hamakua Health Center, Inc.
45-549 Plumeria St.
Honokaa, Hawaii 96727

(808)775-7204 or (808)756-6959 Cell

Email: vpoindexter@hamakua-health.org

LATE

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Mark Hoenig and I'm the owner of PuroClean Emergency Restoration Services on Maui and a member of the Maui Chamber of Commerce. We perform restoration services for homes and businesses that have suffered damage from water, fire/smoke, and mold. We currently have 4 employees. I support HB 2169 and 2207 with amendments.

We launched our business on Maui just over two years ago and so far we have been blessed with significant growth. We are looking to add additional employees this year as our work volume increases. However, we are feeling that Hawaii is becoming more and more unfriendly toward businesses, and toward small businesses in particular. Imposing huge tax increases at a time when many small businesses are simply trying to hang on and ride out the "storm" would seem to benefit no one. If we are forced to cut back staff or use money we have earmarked for expansion (creating jobs) to pay increased taxes then no one wins.

I understand the need to increase the unemployment insurance reserves but I ask you to consider doing it in such a way as to mitigate the negative impact it will have on small businesses, which are the backbone of the state's economy. After all, if small businesses close, jobs are lost, tax revenues are lost, revenues for suppliers are lost, and so on. The negative effects are serious and wide-reaching.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, I support the Chamber's "C3" alternative. Please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

These amendments will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses like ours reduce expenses over a longer period of time and fuel growth. I hope you will carefully consider it.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-268-6701 or mhoenig@puroclean.com.

LATE

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Shannon Ball and my company is Wine The Experience. We are a small business here on O'ahu with about 8 employees on hand. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

Despite the abundant challenges of starting a small business in Hawai'i in general, with the depressed economic climate, these last couple years have been extremely challenging to even operate at all. We opened five years ago and have had to make as many cuts and tweaks as possible to pinch every penny to survive, not to increase profits at all, but to just simply minimize our loss so we might hope to survive long enough to break even! As it is, our debt is increasing, and we are in a state of figuring out if we can stay alive, or we need to close. Any significant increase in our costs outside of our control will further exacerbate our fate. And then, a few more people will be attached to the burden on the overall system. And our small business will no longer be.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 738-0738, anytime.

Mahalo,
Shannon Ball



LATE

**"Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010; 9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Edmont P. D'Ascoli and my company is Xcel International, Inc. which manufactures wetsuits in Haleiwa since 1982 and employs over 40 full time employees in Hawaii. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase. I support HB 2169 and 2207 with amendments.

My business have not laid off any employees for lack of work in the past 5 years as with many small businesses in Hawaii. The current situation is a result of large employers downsizing or filing for bankruptcy. In addition to the above bills I would ask to consider to increase the rate for larger employers who are more at-risk of layoffs and employers that have a higher rate of layoffs as compared to businesses that have low or zero rate of layoffs. By raising unemployment taxes on businesses that have been successful in not laying off employees the unintended consequence will be to cause these healthy companies to either not to hire or cut back on payroll to pay for the added expense.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on the average and small businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases. This will help businesses plan expenses over a longer period of time.

Thank you for the opportunity to submit testimony. If you have any questions, please feel free to contact me.

Best regards,

Edmont P. D'Ascoli

President

Xcel International, Inc.

66-590 Kamehameha Hwy.

Haleiwa, Hi 96712

Tel: 637-6239

email: edd@xcelwetsuits.com