

Governor Linda Lingle

Director Darwin L.D. Ching

Department of Labor & Industrial Relations

01/20/10 Update

Re: Alternatives to Unemployment Insurance Tax Increases



01/20/10 U



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

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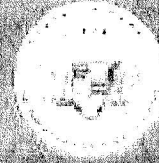
DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

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UI Program Goals

- The UI Program has 4 goals:
 - Provide temporary wage replacement for individuals who lose a job through no fault of their own
 - Protect employers against dispersal of trained workforce while temporary shutdowns are necessary
 - Facilitate reemployment
 - Help Stabilize the economy
 - On average, each \$1 spent on UI benefits generate \$2.15 in Gross Domestic Product (GDP) through the multiplier.
 - Without the UI Program, GDP would decline an additional 15 percent, on average during recessions.



Summary

- **Goal = tax moderation to keep workers fully employed**
 - Provide UI tax relief to businesses
 - Replenish the trust fund
 - Obtain consensus and quick legislative relief
- **Implementation Issues**
 - Focus on adjusting state law variables - tax rate and wage base
 - Obtain full legislative support
 - 3/12/10 Administrative Deadline

Unemployment Insurance System Modeling

Beginning Trust Fund + Cash Inflow – Cash Outflow = Ending Trust Fund

Total Contributions

Interest

Total Benefits Paid

Taxable Wages

Experience Rates

Interest Rate

Weeks
Compensated

Avg. Weekly
Benefit

Total Wages

Employer
Distribution

Weeks Claimed

First Pays

Duration

Coverage / Eligibility / Benefit Levels / Wage Base / Tax Rates / Triggers

State Law Variables

Total Labor Force / Total Unemployment / Avg. Earnings / Interest Rate

Economic Scenario Variables

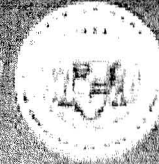
**Outstanding State Loans for UI Trust Funds from
the Federal Government (As of 12/31/09 - see
www.workforcesecurity.doleta.gov/unemploy/budget.asp)**



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INDUSTRIAL RELATIONS**

Alabama	\$146,094,356.07
Arkansas	\$222,616,471.53
California	\$5,984,689,268.91
Connecticut	\$179,616,478.04
Florida	\$951,700,000.00
Georgia	\$70,000,000.00
Idaho	\$107,054,625.22
Illinois	\$1,168,532,438.68
Indiana	\$1,488,584,178.02
Kentucky	\$576,700,000.00
Michigan	\$3,159,082,333.32
Minnesota	\$281,123,117.00
Missouri	\$474,345,222.88
Nevada	\$127,070,694.99
New Jersey	\$964,118,333.38
New York	\$2,160,188,545.55
North Carolina	\$1,606,700,136.94
Ohio	\$1,727,937,799.00
Pennsylvania	\$1,871,458,161.70
Rhode Island	\$127,522,284.00
South Carolina	\$692,036,608.00
South Dakota	\$7,732,293.32
Texas	\$1,322,511,655.99
Virgin Islands	\$8,386,556.12
Virginia	\$122,434,000.00
Wisconsin	\$922,007,743.19
Total =	\$26,470,243,301.85

Hawaii Unemployment Compensation Fund Status



DEPARTMENT OF LABOR &
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UPDATED 01/22/10

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				Taxes	Interest	OUTGO	BALANCE			
2008										
Jan	2.9%	1.27%	7,520	5,884,573	6,782,703	12,846,083				
Feb	2.8%	1.32%	7,852	11,433,430	8,383	11,506,075				
Mar	2.9%	1.33%	7,898	13,381	15,223	13,015,492				
Apr	3.1%	1.41%	8,350	8,290,647	6,802,916	13,907,226				
May	3.4%	1.54%	9,149	16,067,654	-4,867	15,361,780				
Jun	4.4%	1.69%	10,018	96,584	6,501,325	18,249,665				
Jul	4.3%	1.81%	10,777	4,684,177	-5,128	18,231,203				
Aug	4.3%	1.95%	11,615	6,565,963	9,051	17,493,699				
Sep	4.6%	2.04%	12,109	-13,354	6,022,281	21,415,808				
Oct	4.4%	2.17%	12,906	2,718,646	0	21,017,006				
Nov	5.0%	2.29%	13,658	3,589,300	7,808	20,552,352				
Dec	5.1%	2.50%	14,860	66,972	5,369,430	28,736,028				
CY 2008	3.9%	1.78%	11,611	59,397,972	31,509,125	212,332,417	430,758,928	Schedule A 0.7%	\$13,000	\$90
2009										
Jan	6.1%	2.77%	16,441	1,904,055	-2,721	27,034,275	405,625,987			
Feb	6.4%	2.98%	17,736	3,365,512	-3,493	28,094,774	383,073,711*			
Mar	7.0%	3.16%	18,782	-278,979	4,538,880	35,118,096	352,215,516			
Apr	6.9%	3.35%	19,820	8,931,143	-6,386	32,124,535	322,165,684*			
May	7.2%	3.48%	20,619	12,886,974	-3,226	31,740,303	303,309,129			
Jun	8.0%	3.56%	21,054	33,266	3,494,313	36,186,672	279,785,004*			
Jul	7.2%	3.62%	21,245	4,229,983	-8,446	31,929,595	251,825,950*			
Aug	7.1%	3.58%	21,027	4,940,468	1,359	32,829,923	243,838,908*			
Sep	7.4%	3.54%	20,760	101,540	2,795,210	31,135,480	214,875,814*			
Oct	7.1%	3.50%	20,308	2,065,908	-3,533	28,032,870	188,680,587*			
Nov	7.0%	3.46%	19,991	3,851,929	-8,034	30,392,780	161,906,928*			
Dec		3.41%	19,795	44,241	1,890,732	29,231,748	134,368,850*	Schedule A		
CY 2009		3.36%	20,176	42,076,039	12,684,653	373,851,050	134,368,850*	0.7%	\$13,000	\$90

Hawaii Unemployment Compensation Fund Current Projections 2009 through 2011

UPDATED 01/22/10



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Projections follow 12/2009 UHERO Total Unemployment Rate forecast of 7.3% in 2010, 6.7% in 2011; 2009 projected at 7.1% based on data through October 2009.

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				Taxes	Interest	OUTGO			
<i>Projected from 4rd quarter 2009</i>									
2009									
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145			
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998			
4th Qtr		3.38%	19,607	5,962,077	1,879,165	87,657,398	Schedule A		
CY 2009	7.0%	3.36%	20,176	42,076,039	12,684,653	373,851,049	0.7%	\$13,000	\$90
2010									
Jan		3.55%	20,300	2,000,000	0	31,000,000			
Feb		3.55%	20,300	3,000,000	0	31,000,000			
Mar		3.55%	20,300	0	900,000	32,000,000			
2nd Qtr		3.55%	20,300	107,000,000	500,000	95,000,000			
3rd Qtr		3.55%	20,300	93,000,000	600,000	96,000,000			
4th Qtr		3.55%	20,300	71,000,000	400,000	97,000,000	Schedule F		
CY 2010	7.3%	3.55%	20,300	276,000,000	2,400,000	382,000,000	2.75%	\$38,800	\$1,070
2011									
1st Qtr		3.20%	18,300	50,000,000	0	87,000,000			
2nd Qtr		3.20%	18,300	160,000,000	300,000	87,000,000			
3rd Qtr		3.20%	18,300	138,000,000	700,000	88,000,000			
4th Qtr		3.20%	18,400	105,000,000	800,000	88,000,000	Schedule H		
CY 2011	6.7%	3.20%	18,300	453,000,000	1,800,000	350,000,000	3.90%	\$39,100	\$1,520

Hawaii Unemployment Compensation Fund Historical Projections 2009 through 2011

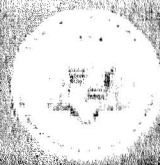


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Unemployment Rate Projections	2009	2010	2011	2012	2013	2014
UHERO 12/18/2009	7.0%	7.3%	6.7%	5.9%	5.4%	4.9%
UHERO 9/25/2009	7.4%	8.1%	7.5%	6.6%	5.9%	
Brewbaker- BOH 10/15/2009	7.9%	8.4%				
Laney - FHB 11/5/2009	7.2%	7.5%				

UHERO 12/18/2009 Total Unemployment Rate forecast of 7.0% in 2009, 7.3% in 2010, 6.7% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			BALANCE	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME Taxes	Interest	OUTGO				
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	352,215,515*			
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,004*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.46%	20,100	5,800,000	1,400,000	93,700,000	127,900,000*	Schedule A		
CY 2009	7.0%	3.45%	20,300	41,900,000	12,200,000	379,900,000	127,900,000*	0.7%	\$13,000	\$90
1st Qtr		3.55%	20,300	5,000,000	400,000	94,000,000	39,300,000			
2nd Qtr		3.55%	20,300	107,000,000	600,000	95,000,000	51,900,000			
3rd Qtr		3.55%	20,300	93,000,000	500,000	96,000,000	49,400,000			
4th Qtr		3.55%	20,300	71,000,000	300,000	97,000,000	23,700,000	Schedule F		
CY 2010	7.3%	3.55%	20,300	276,000,000	1,800,000	382,000,000	23,700,000	2.75%	\$38,800	\$1,070
1st Qtr		3.20%	18,300	50,000,000	0	87,000,000	-13,300,000			
2nd Qtr		3.20%	18,300	160,000,000	200,000	87,000,000	59,900,000			
3rd Qtr		3.20%	18,300	138,000,000	700,000	88,000,000	110,600,000			
4th Qtr		3.20%	18,300	105,000,000	800,000	88,000,000	128,400,000	Schedule H		
CY 2011	6.7%	3.20%	18,300	453,000,000	1,700,000	350,000,000	128,400,000	3.90%	\$39,100	\$1,520



UHERO 9/25/2009 Total Unemployment Rate forecast of 7.4% in 2009, 8.1% in 2010, 7.5% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME		OUTGO	BALANCE			
				Taxes	Interest					
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	352,215,515*	Schedule A 0.7%	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,004*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.55%	20,600	6,000,000	1,300,000	97,000,000	125,200,000			
CY 2009	7.4%	3.50%	20,400	42,100,000	12,100,000	383,200,000	125,200,000*			
1st Qtr		3.70%	21,400	5,000,000	300,000	99,000,000	32,000,000	Schedule F 2.75%	\$38,800	\$1,070
2nd Qtr		3.75%	21,700	107,000,000	300,000	102,000,000	37,000,000			
3rd Qtr		3.80%	22,000	93,000,000	300,000	104,000,000	26,000,000			
4th Qtr		3.70%	21,500	71,000,000	0	102,000,000	-5,000,000			
CY 2010	8.1%	3.74%	21,600	276,000,000	900,000	407,000,000	-5,000,000			
1st Qtr		3.50%	20,300	50,000,000	0	96,000,000	-51,000,000	Schedule H 3.90%	\$39,100	\$1,520
2nd Qtr		3.50%	20,300	160,000,000	0	95,000,000	14,000,000			
3rd Qtr		3.50%	20,300	138,000,000	400,000	96,000,000	56,000,000			
4th Qtr		3.50%	20,300	105,000,000	600,000	96,000,000	66,000,000			
CY 2011	7.5%	3.50%	20,300	453,000,000	1,000,000	383,000,000	66,000,000			

Brewbaker 10/15/2009 Total Unemployment Rate forecast of 7.9% in 2009, 8.4% in 2010, UHERO = 7.5% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME		OUTGO	BALANCE			
				Taxes	Interest					
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	352,215,515*	Schedule A 0.7%	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,004*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		4.50%	26,100	6,000,000	1,300,000	123,000,000	99,200,000			
CY 2009	7.9%	3.70%	21,800	42,100,000	12,100,000	409,200,000	99,200,000*			
1st Qtr		4.20%	24,300	5,000,000	0	113,000,000	-9,000,000	Schedule F 2.75%	\$38,800	\$1,070
2nd Qtr		4.00%	23,200	107,000,000	0	108,000,000	-10,000,000			
3rd Qtr		4.00%	23,200	93,000,000	0	110,000,000	-27,000,000			
4th Qtr		4.00%	23,200	71,000,000	0	111,000,000	-67,000,000			
CY 2010	8.4%	4.10%	21,600	276,000,000	0	442,000,000	-67,000,000			
1st Qtr		3.50%	20,300	50,000,000	0	96,000,000	-113,000,000	Schedule H 3.90%	\$39,100	\$1,520
2nd Qtr		3.50%	20,300	160,000,000	0	95,000,000	-48,000,000			
3rd Qtr		3.50%	20,300	138,000,000	0	96,000,000	-6,000,000			
4th Qtr	(Sept UHERO)	3.50%	20,300	105,000,000	0	96,000,000	3,000,000			
CY 2011	7.5%	3.50%	20,300	453,000,000	0	383,000,000	3,000,000			



Laney 11/5/2009 Total Unemployment Rate forecast of 7.2% in 2009, 7.5% in 2010, UHERO = 7.5% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME Taxes	OUTGO Interest	BALANCE			
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145			
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998			
4th Qtr		3.30%	19,100	6,000,000	1,600,000	90,000,000	Schedule A		
CY 2009	7.2%	3.41%	20,100	42,100,000	12,400,000	376,200,000	0.7%	\$13,000	\$90
1st Qtr		3.60%	20,800	5,000,000	800,000	97,000,000			
2nd Qtr		3.60%	20,800	107,000,000	400,000	97,000,000			
3rd Qtr		3.50%	20,300	93,000,000	400,000	96,000,000			
4th Qtr		3.50%	20,300	71,000,000	300,000	97,000,000	Schedule F		
CY 2010	7.5%	3.50%	20,600	276,000,000	1,900,000	387,000,000	2.75%	\$38,800	\$1,070
1st Qtr		3.50%	20,300	50,000,000	0	96,000,000			
2nd Qtr		3.50%	20,300	160,000,000	0	95,000,000			
3rd Qtr		3.50%	20,300	138,000,000	600,000	96,000,000			
4th Qtr	(Sept UHERO)	3.50%	20,300	105,000,000	900,000	96,000,000	Schedule H		
CY 2011	7.5%	3.50%	20,300	453,000,000	1,500,000	383,000,000	3.90%	\$39,100	\$1,520

Summary:

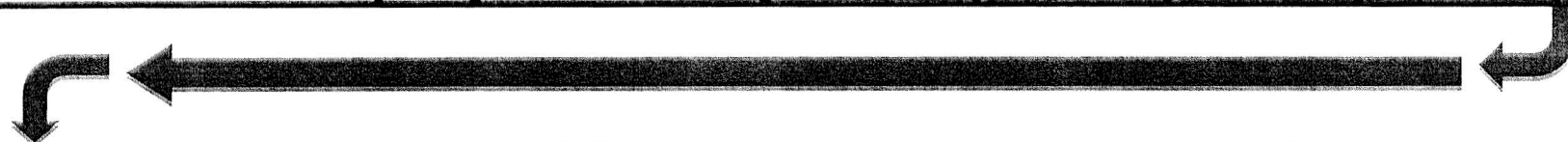
Tax schedules are still F in 2010 and H in 2011 under current law and economic projections.

CURRENT LAW



DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

Specific Adjustments	CY	UHERO Projected Total Unemployment Rate (12/09)	Benefits to be Paid (in millions)	End of Year Fund Balances (in millions)	Interest on Federal Loans (in millions)	Adequate Reserve Amount (in millions)	Taxes to be Collected (in millions)
CURRENT LAW	2009	7.0%	\$380	\$128		\$257	\$42
	2010	7.3%	\$382	\$24	\$0	\$383	\$276
	2011	6.7%	\$350	\$128	\$0	\$581	\$453
	2012	5.9%	\$308	\$262	\$0	\$611	\$433
	2013	5.4%	\$292	\$358	\$0	\$638	\$374
	2014	4.9%	\$270	\$488	\$0	\$667	\$381



Total Tax Savings (in millions)	Adj. to Tax Schedule	Taxable Wage Base	Tax Rate per Schedule			Annual Taxes Per Employee See Note 5			Annual Tax Cut per Employee See Note 6		
			Minimum	Average	Maximum	Min	Avg	Max	Min	Avg	Max
N.A.	A	\$13,000	0%	0.70%	5.40%	\$0	\$90	\$700	N.A.	N.A.	N.A.
	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100			
	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110			
	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170			
	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210			
	F	\$42,000	1.20%	2.75%	5.40%	\$180	\$1,160	\$2,270			

STATE LAW VARIABLES (ORIGINAL PROPOSED ADJUSTMENTS)

Type of Adjustment	Specific Adjustments	CY	UHERO Projected Total Unemployment Rate	Benefits to be Paid (in millions)	End of Year Fund Balances (in millions)	Interest on Federal Loans (in millions)	Adequate Reserve Amount (in millions)	Taxes to be Collected (in millions)	Total Tax Savings (in millions)	Adj. to Tax Schedule	Taxable Wage Base	Tax Rate per Schedule			Annual Taxes Per Employee See Note 5			Annual Tax Cut per Employee See Note 6			Comments	
												Minimum	Average	Maximum	Min	Avg	Max	Min	Avg	Max		
												M	N	O	P	Q	R	S	T	U		
CURRENT LAW		2009	7.1%	\$380	\$128	\$0	\$257	\$42		A	\$13,000	0%	0.70%	5.40%	\$0	\$90	\$700				Current Law Projections	
		2010	8.1%	\$402	\$3	\$0	\$383	\$276		F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100					
		2011	7.5%	\$383	\$75	\$0	\$581	\$453	NA	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	NA	NA	NA		
		2012	6.6%	\$347	\$231	\$0	\$611	\$497		H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170					
		2013	5.9%	\$316	\$314	\$0	\$638	\$386		F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210					
Alt #	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
1	Tax Schedule	Set "E" as default	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	High negative balance and interest See Note 4
			2011	7.5%	\$383	<\$167>	\$6	\$581	\$267	\$186	E	\$39,100	0.60%	2.20%	5.40%	\$90	\$850	\$2,110	\$270	\$660	\$0	
			2012	6.6%	\$347	<\$233>	\$10	\$611	\$281	\$216	E	\$40,100	0.60%	2.20%	5.40%	\$90	\$880	\$2,170	\$270	\$680	\$0	
			2013	5.9%	\$316	<\$257>	\$11	\$638	\$292	\$94	E	\$41,000	0.60%	2.20%	5.40%	\$90	\$900	\$2,210	\$90	\$230	\$0	
2	Tax Schedule	Set "E" for 2010	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	2010 tax relief only
			2011	7.5%	\$383	\$9	\$0	\$581	\$443	\$10	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$347	\$161	\$0	\$611	\$497	\$0	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$303	\$0	\$638	\$450	<\$64>	G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,350	\$2,210	<\$90>	<\$220>	\$0	
3	Tax Schedule	Set "E" for 2010, "G" for 2011	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	2010 & 2011 tax relief; low debt service; negative tax relief in 2013 alleviated by combining alternative #3 and #4 to #5.
			2011	7.5%	\$383	<\$52>	\$2	\$581	\$382	\$71	G	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,290	\$2,110	\$90	\$230	\$0	
			2012	6.6%	\$347	\$88	\$0	\$611	\$486	\$11	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$295	\$0	\$638	\$517	<\$131>	H	\$41,000	2.40%	3.90%	5.40%	\$360	\$1,600	\$2,210	<\$180>	<\$470>	\$0	
4	Tax Schedule / Adequate Reserve	Change Adequate Reserve (AR) multiplier from 1.5 to 1.0 from 2011	2010	8.1%	\$402	\$3	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No immediate tax relief because fund balance is so low.
			2011	7.5%	\$383	\$75	\$0	\$388	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$347	\$165	\$0	\$408	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$316	\$231	\$0	\$426	\$374	\$12	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
5	Tax Schedule / Adequate Reserve	Adjust AR multiplier from 1.5 to 1.0 and set "E" for 2010 and "G" for 2011	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	Combination of tax relief and Adequate reserve adjustment.
			2011	7.5%	\$383	<\$52>	\$2	\$388	\$382	\$71	G	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,290	\$2,110	\$90	\$230	\$0	
			2012	6.6%	\$347	\$88	\$0	\$408	\$486	\$11	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$227	\$0	\$426	\$450	<\$64>	G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,350	\$2,210	<\$90>	<\$220>	\$0	
6	Wage Base	Change Taxable Wage Base from 100% to 50% of average annual wage	2010	8.1%	\$402	<\$94>	\$0	\$383	\$179	\$97	F	\$19,400	1.20%	2.75%	5.40%	\$180	\$530	\$1,050	\$0	\$540	\$1,050	Low wage employers will not benefit from low wage base; high negative balances and interest due. See Note 4.
			2011	7.5%	\$383	<\$179>	\$7	\$581	\$298	\$165	H	\$19,600	2.40%	3.90%	5.40%	\$360	\$760	\$1,060	\$0	\$760	\$1,060	
			2012	6.6%	\$347	<\$197>	\$8	\$611	\$329	\$168	H	\$20,100	2.40%	3.90%	5.40%	\$360	\$780	\$1,090	\$0	\$780	\$1,080	
			2013	5.9%	\$316	<\$172>	\$8	\$638	\$341	\$45	H	\$20,500	2.40%	3.90%	5.40%	\$360	\$800	\$1,110	<\$180>	\$330	\$1,100	
7	Benefits	Change maximum weeks of benefits from 26 weeks to 20 weeks	2010	8.1%	\$362	\$44	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No immediate tax relief because fund balance is so low.
			2011	7.5%	\$345	\$155	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$312	\$284	\$0	\$611	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$284	\$386	\$0	\$638	\$374	\$12	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
8A	Benefits	Change MWBA formula from 75% to 70% of average w/v wage (70% from 2011). See Note 2	2010	8.1%	\$350	\$16	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No tax relief. Formula automatically returns to 70% from 2011.
			2011	7.5%	\$383	\$97	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$347	\$242	\$0	\$611	\$497	\$0	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$323	\$0	\$638	\$386	\$0	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
8B	Benefits	Change MWBA formula from 75% to 60%. See Note 2	2010	8.1%	\$366	\$40	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No tax relief until 2012.
			2011	7.5%	\$361	\$135	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$326	\$248	\$0	\$611	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$296	\$338	\$0	\$638	\$374	\$76	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
8C	Benefits	Change MWBA formula from 75% to 50%. See Note 2	2010	8.1%	\$334	\$73	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No tax relief until 2012.
			2011	7.5%	\$330	\$200	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$298	\$345	\$0	\$611	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$272	\$462	\$0	\$638	\$374	\$12	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	



Analysis

- **Adjustments Analysis:**
 - Focus is on tax rate and wage base adjustments only
 - Reduction of benefits yields little immediate tax relief because of low trust fund balance
 - Wage base adjustments alone do not benefit small business owners/low wage employers
 - Interest on federal loans must be paid by general fund dollars or special surcharge
 - Adequate reserve ratio irrelevant until we have high balance
 - 3/12/10 administrative deadline for adjustments
- **Final Criteria:**
 - Balancing Macro Tax Savings v. Negative Fund Balance and High Interest Payments
- **Stakeholder proposal:** (See R9)
- **Stakeholder proposal:** (See C3-R)
- **Stakeholder proposal:** (See UI-D)

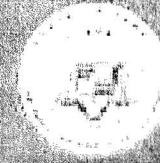
COMPARISON OF STAKEHOLDER ALTERNATIVES



DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

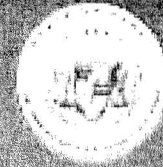
Specific Adjustments	CY	UHERO Projected Total Unemployment Rate (*12/09)	Benefits to be Paid (in millions)	End of Year Fund Balances (in millions)	Interest on Federal Loans (in millions)	Adequate Reserve Amount (in millions)	Taxes to be Collected (in millions)	Total Tax Savings (in millions)	Adj. to Tax Schedule	Taxable Wage Base	Tax Rate per Schedule			Annual Taxes Per Employee See Note 5			Annual Tax Cut per Employee See Note 6			
											Minimum	Average	Maximum	Min	Avg	Max	Min	Avg	Max	
CURRENT LAW	2009	7.0%	\$380	\$128		\$257	\$42		A	\$13,000	0%	0.70%	5.40%	\$0	\$90	\$700				
	2010	7.3%	\$382	\$24	\$0	\$383	\$276		F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100				
	2011	6.7%	\$350	\$128	\$0	\$581	\$453	N.A.	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	N.A.	N.A.	N.A.	
	2012	5.9%	\$308	\$262	\$0	\$611	\$433		G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170				
	2013	5.4%	\$292	\$358	\$0	\$638	\$374		F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210				
	2014	4.9%	\$270	\$488	\$0	\$667	\$381		F	\$42,000	1.20%	2.75%	5.40%	\$180	\$1,160	\$2,270				
Alt #	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
R9	2010: TWB 90% / Sched D 2011: TWB 100% / Sched G MWBA = 75% of AWW	2010	7.3%	\$382	<\$76>	\$0	\$383	\$177	\$99	D	\$34,900	0.20%	1.80%	5.40%	\$30	\$630	\$1,880	\$150	\$440	\$220
		2011	6.7%	\$359	<\$60>	\$3	\$581	\$375	\$78	G	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,290	\$2,110	\$90	\$230	\$0
		2012	5.9%	\$316	\$111	\$0	\$611	\$486	<\$53>	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	<\$90>	<\$240>	\$0
		2013	5.4%	\$300	\$269	\$0	\$638	\$450	<\$76>	G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,350	\$2,210	<\$90>	<\$220>	\$0
		2014	4.9%	\$278	\$398	\$0	\$667	\$392	<\$11>	F	\$42,000	1.20%	2.75%	5.40%	\$180	\$1,160	\$2,270	\$0	\$0	\$0
C3-R	Sched DFHH TWB: 90% AR = 1x	2010	7.3%	\$382	<\$76>	\$0	\$383	\$177	\$99	D	\$34,900	0.20%	1.80%	5.40%	\$30	\$630	\$1,880	\$150	\$440	\$220
		2011	6.7%	\$350	<\$115>	\$5	\$388	\$311	\$142	F	\$35,200	1.20%	2.75%	5.40%	\$180	\$970	\$1,900	\$180	\$550	\$210
		2012	5.9%	\$308	\$41	\$0	\$408	\$465	<\$32>	H	\$36,100	2.40%	3.90%	5.40%	\$360	\$1,410	\$1,950	<\$90>	<\$90>	\$220
		2013	5.4%	\$292	\$260	\$0	\$426	\$506	<\$132>	H	\$36,900	2.40%	3.90%	5.40%	\$360	\$1,440	\$1,990	<\$180>	<\$310>	\$220
		2014	4.9%	\$270	\$337	\$0	\$444	\$332	\$49	E	\$37,800	0.60%	2.20%	5.40%	\$90	\$830	\$2,040	\$90	\$330	\$230
UI-D	Adeq Res=1x Set EEFF TWB=70%, then 80%	2010	7.3%	\$382	<\$72>	\$0	\$383	\$181	\$95	E	\$27,200	0.60%	2.20%	5.40%	\$90	\$600	\$1,470	\$90	\$470	\$630
		2011	6.7%	\$350	<\$190>	\$7	\$388	\$232	\$221	E	\$31,300	0.60%	2.20%	5.40%	\$90	\$690	\$1,690	\$270	\$830	\$420
		2012	5.9%	\$308	<\$196>	\$8	\$408	\$302	\$131	F	\$32,100	1.20%	2.75%	5.40%	\$180	\$880	\$1,730	\$90	\$440	\$440
		2013	5.4%	\$292	<\$164>	\$7	\$426	\$324	\$50	F	\$32,800	1.20%	2.75%	5.40%	\$180	\$900	\$1,770	\$0	\$230	\$440
		2014	4.9%	\$270	\$23	\$0	\$444	\$457	<\$76>	H	\$33,600	2.40%	3.90%	5.40%	\$360	\$1,310	\$1,810	<\$180>	<\$150>	\$460

COMPARISON OF STAKEHOLDER ALTERNATIVES (**NOTES**)



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

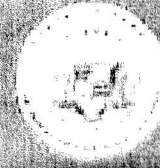
1. Projections assumes 12/09 UHERO projected unemployment rates: 2010 = 7.3%; 2011 = 6.7%; 2012 = 5.9%; 2013 = 5.4%; 2014 = 4.9%
2. Under R9, the maximum weekly benefit amount (MWBA) is permanently set at 75% average weekly wage (AWW). Under C3-R and UI-D, it reverts to 70% of AWW in 2011.
3. Adequate Reserve multiplier for R9 automatically reverts to 1.5 beginning with 2011 tax schedule computation. C3-R and UI-D assumes multiplier is changed to 1 from 2011; has no immediate effect on tax schedules for forecast period because the adequate reserve amount is not used to set the tax schedule for those years.
4. Interest must be paid by special assessment and/or general funds; cannot be paid from UI trust fund balance.
5. Taxes per Employee: Minimum = lowest tax rate on schedule times wages for minimum wage worker; Average = average tax rate times taxable wage base; Maximum = highest tax rate on schedule times taxable wage base
6. Tax Savings per Employee: Minimum = tax savings at lowest tax rate for minimum wage worker; Average = tax savings at average tax rate for worker paid taxable wage base; Maximum = tax savings at highest tax rate for worker paid taxable wage base



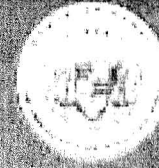
TRUST FUND AND LEGISLATION SURVEY

1/22/10

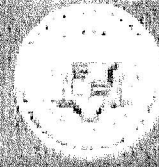
STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
AL	Insolvent – 9/09 federal loan	Taxable wage base \$8,000. Min/Max tax rate = 0.44%/6.04%	Tax increase in 2010.	
AK		Taxable wage base \$32,700. Min/Max tax rate = 1.00%/5.40%		
AZ		Tax rate schedule adjustments by calculating the fund ratio and identifying required income rate. Taxable wage base \$7,000. Min/Max tax rate = 0.02%/5.40%		None planned.
AR	Insolvent – 3/09 federal loan	Taxable wage base \$10,000, \$12,000 in 2010. Min/Max tax rate = 0.90%/6.80%	Increases taxable wage base to \$12,000 in 2010.	
CA	Insolvent – 1/09 federal loan (\$17.8 billion deficit by 12/2010 if no changes.)	15% surcharge required when trust fund below specified level. (Tax collection of \$11 billion for 2009-2010.) Taxable wage base \$7,000. Min/Max tax rate = 1.50%/6.20%		Proposed: increase taxable wage base to \$16,000 in 2009 or \$21,000 upon enactment.
CO	Insolvent – 1/10 federal loan	Taxable wage base \$10,000. Min/Max tax rate = 0.0%/5.4%		
CT	Insolvent – 10/09 federal loan	Taxable wage base \$15,000. Min/Max tax rate = 1.90%/6.80%		
DE		Taxable wage base \$10,500. Min/Max tax rate = 1.00%/8.00%		
DC		Taxable wage base \$9,000. Min/Max tax rate = 1.30%/6.60%		
FL	Insolvent - 8/09 federal loan	Automatic provisions to increase tax rates but trust fund level was adjusted downward in 2002. Taxable wage base \$7,000; \$8,500 in 2010 – 2014. Min/Max tax rate = 0.12%/5.40%	Temporarily increases taxable wage base to \$8,500 in 2010 to 2014.	



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
GA	Insolvent – 12/09 federal loan	Taxable wage base \$8,500. Min/Max tax rate = 0.025%/5.40%		
HI		Taxable wage base \$13,000; \$37,800 in 2010. Min/Max tax rate = 0.00%/5.40%		
ID	Insolvent – 6/09 federal loan	Employer tax rate increases 70% and maximum weekly benefit amount decreases 3% in 2009. Taxable wage base \$33,200. Min/Max tax rate = 0.447%/5.40%	70% tax rate increase in 2009. Adjusts benefits in conjunction with taxes.	
IL	Insolvent – 7/09 federal loan	Taxable wage base \$12,300. Min/Max tax rate = 0.60%/6.80%		
IN	Insolvent – 11/08 federal loan	Taxable wage base \$7,000. Min/Max tax rate = 1.10%/5.60%	Increases taxable wage base to \$9,500 in 2010; hike in tax rate.	
IA		Taxable wage base \$23,700. Min/Max tax rate = 0.00%/8.00%		
KS		Taxable wage base \$8,000. Min/Max tax rate = 0.00%/7.40%		
KY	Insolvent – 1/09 federal loan	Taxable wage base \$8,000. Min/Max tax rate = 1.00%/10.00%	Freeze benefit increases if trust fund level drops.	Created UI Task Force in 2009.
LA		Taxable wage base \$7,000. Min/Max tax rate = 0.10%/6.20%		
ME		Taxable wage base \$12,000. Min/Max tax rate = 0.44%/5.40%	Tax increase in 2010.	
MD		Taxable wage base \$8,500. Min/Max tax rate = 0.60%/9.00%	2005 law introduced trigger mechanism.	UI Oversight Committee.



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
MA		Employer & govt contribute to fund. Taxable wage base \$14,000. Min/Max tax rate = 1.26%/12.27%		No tax rate freeze. May impose higher tax on certain employers such as construction & seasonal.
MI	Insolvent – 12/07 federal loan	Solvency tax applicable to negative balance employers during period of federal loan – deferred due to ARRA. Employers with positive reserve balance as of a certain date receive 50% SUTA credit of the increased expense due to FUTA credit reduction of .3% beginning 2010. Taxable wage base \$9,000. Min/Max tax rate = 0.60%/10.30%		Tax policy work group. Education efforts since 9/08. Likely recommend TWB increase.
MN	Insolvent – 7/09 federal loan	Taxable wage base \$26,000. Min/Max tax rate = 0.556%/10.70%		
MS		Taxable wage base \$7,000. Min/Max tax rate = 0.70%/5.40%		
MO	Insolvent 2/09 – federal loan	No automatic provisions for fund or automatic rate increase. Tax rates increased 30% when average balance in fund is less than \$350m. Taxable wage base \$12,500. Min/Max tax rate = 0.00%/9.75%		Unemployment Council formed. No plans to raise tax rates in 2010.
MT		10 rate schedules, automatic rate increases, and taxable wage base changes according to trust fund level. Taxable wage base \$25,100. Min/Max tax rate = 0.00%/6.12%		
NE		Taxable wage base \$9,000. Min/Max tax rate = 0.00%/5.40%	Tax rate increase in 2010.	



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
NV	Insolvent – 11/09 federal loan	Taxable wage base \$27,000. Min/Max tax rate = 0.25%/5.40%	Emergency regulation for 120 days to keep reduced tax rates.	Employment Security Council urges no change to tax. Gov wanted to lower tax. Taxes will have to go up in 2011.
NH		Taxable wage base \$8,000. Min/Max tax rate = 0.10%/6.50%	Increases taxable wage base to \$10,000 in 2010, \$12,000 in 2011, & \$14,000 in 2012. 1 week delay in benefits.	
NJ	Insolvent – 3/09 federal loan	Transferred state money to trust fund to prevent tax increase. Taxable wage base \$28,900. Min/Max tax rate = 0.30%/5.40%	25% reduction in tax when fund reserves exceed cap.	
NM		Taxable wage base \$20,800. Min/Max tax rate = 0.03%/5.40%		
NY	Insolvent – 1/09 federal loan	Taxable wage base \$8,500. Min/Max tax rate = 0.70%/8.70%		
NC	Insolvent – 2/09 federal loan	Taxable wage base \$19,300. Min/Max tax rate = 0.00%/6.84%		
ND		Taxable wage base \$23,700. Min/Max tax rate = 0.20%/9.86%	Increases taxable wage base to \$24,700 in 2010.	
OH	Insolvent – 1/09 federal loan	Taxable wage base \$9,000. Min/Max tax rate = 0.30%/9.00%		
OK		Taxable wage base \$14,200. Min/Max tax rate = 0.10%/5.50%	Freeze benefit increases.	
OR		Taxable wage base \$31,300. Min/Max tax rate = 0.90%/5.40%		



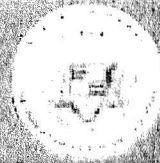
STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
PA	Insolvent – 3/09 federal loan	Automatic solvency taxes when trust fund reaches certain levels but capped at 1988 levels. Taxable wage base \$8,000. Min/Max tax rate = 1.8370%/13.1576%		No plans to raise TWB.
PR		Taxable wage base \$7,000. Min/Max tax rate = 1.40%/5.40%		
RI	Insolvent – 3/09 federal loan	When trust fund level is below 0 at the end of the second month of a quarter, automatic surtax of .3% added to employer's tax rate. Taxable wage base \$18,000. Min/Max tax rate = 1.69%/9.79%	Waive the surtax while tax waiver on interest due to federal loan in effect. Allows gov to make <u>interfund</u> transfer from TDI fund to UI fund.	Round table meeting w/employers, labor, government to be scheduled.
SC	Insolvent – 10/08 federal loan	Taxable wage base \$7,000. Min/Max tax rate = 1.14%/6.00%	Increases taxable wage base from to \$12,000 & modify tax rate schedule.	Round table forum – surcharge & increase TWB?
SD	Insolvent federal loan	Taxable wage base \$10,000. Min/Max tax rate = 0.00%/8.50%	Surcharge of 1.5% effective 10/09.	UI Advisory Council
TN		Taxable wage base \$9,000. Min/Max tax rate = 0.50%/10.00%	Increases taxable wage base from \$7,000 to \$9,000 in 2009 & raised tax rate 0.6%.	Raise taxes & consider automatic increases.
TX	Insolvent 7/09 federal loan	Tax rates adjusted based on trust fund balance as of 10/1. If balance is below 1% of taxable wages then employer's prior tax rate is adjusted up by a "deficit ratio". Taxable wage base \$9,000. Min/Max tax rate = 0.26%/6.26%	Tax rate increase in 2010 to 0.72%/8.6%.	No plans to raise TWB.
UT		Taxable wage base \$27,800. Min/Max tax rate = 0.20%/9.20%		



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
VT	Insolvent 12/09?	Taxable wage base \$8,000. Min/Max tax rate = 0.80%/6.50%	Increases taxable wage base to \$10,000 in 2010; freeze weekly benefit amount.	Unemployment committee – tax increase for employers & benefit cuts for employees.
VA	Insolvent 11/09 federal loan	Taxable wage base \$8,000. Min/Max tax rate = 0.18%/6.28%	Higher tax rates. Fund builder tax 1/1/10 and deduct 50% of SSA.	Economic Crisis Strike Force created 5/09.
VI	Insolvent federal loan	Taxable wage base \$22,100. Min/Max tax rate = 0.00%/6.00%		
WA		Automatic adjustments to employer rates depending on balance in trust fund. Taxable wage base \$35,700. Min/Max tax rate = 0.00%/5.40%	Employers charged based on 2 highest quarter of wages. Reduced rates in schedule & reduced triggers for the social cost factor.	
WI	Insolvent – 2/09 federal loan	Higher tax schedules if reserve fund balance is reduced. Current state law limits amount of tax increase for employer. Taxable wage base \$12,000; \$13,000 in 2011; \$14,000 in 2013. Min/Max tax rate = 0.00%/8.5%		Increase taxes, decrease benefits.
WV		Recd one-time transfer from worker's comp of \$40m. Taxable wage base \$12,000 but decreases to \$9,000 when trust fund balance exceeds \$220m. Min/Max tax rate = 1.50%/7.50%	Temporarily increases taxable wage base to \$12,000 in 2009 until trust fund level increases & thereafter indexed to annual wages. Freeze benefit increases until trust fund level rises.	



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
WY		Taxable wage base \$21,500. Min/Max tax rate = 0.30%/9.10%		



Free UI Federal Loan Provisions

- Section 2004 of Public Law 111-5 waived payment of interest on loans made by states to continue payment of unemployment insurance benefits. The amendments provided that any interest due on loans during February 17, 2009 to December 31, 2010 is waived. Further, no interest accrues on any advances made during this period.
- No loans are needed for 2010 under current law projections. However, lowering tax rates etc. will require loans in the 3rd quarter 2010. Applications for loans must be made 1 month prior to a zero balance to fund the following 3 months.



Impact of the Furlough/Layoffs on the UI Trust Fund

- No direct impact on the UI Trust Fund as no unemployment payouts would occur under HRS § 383. (25 hours worked / 15 hours max. furlough per week)
- Fund is not depleted by State Worker UI benefits paid since under HRS § 383-62, the State is a reimbursable employer – the State pays dollar for dollar UI benefits to State workers.
- Layoffs would also not deplete fund balance. (Layoff savings would be initially diminished by benefit payouts estimated to be a maximum of 62% for the initial 26 weeks.)



UI Taxes – 1970 - 1989

CY	Tax Schedule ¹	Minimum Tax Rate	Maximum Tax Rate	New Employer Tax Rate	Average Tax Rate ¹	Taxable Wage Base ²	Average taxes at Taxable Wage Base ³	New Employer taxes at Taxable Wage Base ⁴	Minimum taxes at Taxable Wage Base ⁵	Maximum taxes at Taxable Wage Base ⁶
1970	II	0.4%	3.0%	3.0%	1.2%	\$5,500	\$70	\$165	\$20	\$170
1971	II	0.4%	3.0%	3.0%	1.4%	\$6,000	\$80	\$180	\$20	\$180
1972	I	0.8%	3.0%	3.0%	1.9%	\$6,300	\$120	\$189	\$50	\$190
1973	I	0.8%	3.0%	3.0%	1.8%	\$6,500	\$120	\$195	\$50	\$200
1974	I	0.8%/1.3%	3.0%	3.0%	1.9%	\$6,800	\$130	\$204	\$50	\$200
1975	I	1.3%/3.0%	3.0%	3.0%	2.6%	\$7,300	\$190	\$219	\$90	\$220
1976	-	3.0%	3.0%	3.0%	2.9%	\$7,800	\$230	\$234	\$230	\$230
1977	-	3.5%	3.5%	3.5%	3.5%	\$9,300	\$330	\$326	\$330	\$330
1978	-	3.5%	3.5%	3.5%	3.5%	\$9,800	\$340	\$343	\$340	\$340
1979	1.6%	1.8%	4.5%	4.5%	2.8%	\$10,400	\$290	\$468	\$190	\$470
1980	0.8%	1.0%	4.5%	4.5%	2.1%	\$11,200	\$240	\$504	\$110	\$500
1981	0.4%	0.6%	4.5%	4.5%	1.8%	\$12,200	\$220	\$549	\$70	\$550
1982	0.4%	0.6%	4.5%	4.5%	1.8%	\$13,100	\$240	\$590	\$80	\$590
1983	0.8%	1.0%	4.5%	4.5%	2.3%	\$13,800	\$320	\$621	\$140	\$620
1984	0.4%	0.6%	4.5%	4.5%	1.9%	\$14,600	\$280	\$657	\$90	\$660
1985	0.0%	0.2%	5.4%	3.6%	1.6%	\$15,100	\$240	\$544	\$30	\$820
1986	0.0%	0.2%	5.4%	3.6%	1.7%	\$15,600	\$270	\$562	\$30	\$840
1987	0.0%	0.2%	5.4%	3.6%	1.7%	\$16,500	\$280	\$594	\$30	\$890
1988	-0.5%	0.0%	5.4%	3.1%	1.3%	\$8,700	\$110	\$270	\$0	\$470
1989	-0.5%	0.0%	5.4%	3.1%	1.3%	\$18,600	\$240	\$577	\$0	\$1,000



UI Taxes – 1990 - 2008

1990	-0.5%	0.0%	5.4%	3.1%	1.3%	\$19,900	\$260	\$617	\$0	\$1,070
1991	-0.5%	0.0%	5.4%	3.1%	1.3%	\$7,000	\$90	\$217	\$0	\$380
1992	A	0.0%	5.4%	1.7%	0.6%	\$22,700	\$140	\$386	\$0	\$1,230
1993	B	0.0%	5.4%	1.9%	1.0%	\$23,900	\$240	\$454	\$0	\$1,290
1994	B	0.0%	5.4%	1.9%	1.1%	\$25,000	\$280	\$475	\$0	\$1,350
1995	D	0.2%	5.4%	3.0%	2.2%	\$25,500	\$560	\$765	\$50	\$1,380
1996	D	0.2%	5.4%	3.0%	2.1%	\$25,800	\$540	\$774	\$50	\$1,390
1997	D	0.2%	5.4%	3.0%	1.9%	\$26,000	\$490	\$780	\$50	\$1,400
1998	D	0.2%	5.4%	3.0%	1.8%	\$26,400	\$480	\$792	\$50	\$1,430
1999	D	0.2%	5.4%	3.0%	1.7%	\$27,000	\$460	\$810		\$1,460
2000	D	0.2%	5.4%	3.0%	1.7%	\$27,500	\$470	\$825	\$60	\$1,490
2001	C	0.0%	5.4%	2.4%	1.1%	\$28,400	\$310	\$682	\$0	\$1,530
2002	C	0.0%	5.4%	2.4%	1.2%	\$29,300	\$350	\$703	\$0	\$1,580
2003	D	0.2%	5.4%	3.0%	1.7%	\$30,200	\$510	\$906	\$60	\$1,630
2004	C	0.0%	5.4%	2.4%	1.2%	\$31,000	\$370	\$744	\$0	\$1,670
2005	C	0.0%	5.4%	2.4%	1.3%	\$32,300	\$420	\$775	\$0	\$1,740
2006	C	0.0%	5.4%	2.4%	1.3%	\$34,000	\$440	\$816	\$0	\$1,840
2007	B	0.0%	5.4%	1.9%	0.8%	\$35,300	\$280	\$671	\$0	\$1,910
2008	A	0.0%	5.4%	1.7%	0.7%	\$13,000	\$90	\$221	\$0	\$700

Shaded areas indicate temporary changes due to special legislation.

¹From 1970 to 1978, one of three tax schedules triggered on depending on level of the fund; effective July 1, 1974 through March 31, 1975 all employers' tax rates were increased by 0.5%, up to a maximum of 3.0%; from April 1975 through the end of 1976, all employers paid 3.0% tax rate; for 1977 and 1978 all employers paid 3.5% tax rate; from 1979 to 1991, depending on ratio of current to adequate reserve, a fund solvency rate ranging from -0.5% to +2.4% was triggered on each year and added to each employer's basic contribution rate; from 1992 to the present, one of eight tax schedules, A through H triggers on depending on ratio of current to adequate reserve; for 2002, Schedule C remained in effect due to special legislation as a result of terrorist attacks.

²CY 1988, taxable wage base cut by special legislation due to high fund balance; CY 1991, wage base set at \$7,000 by special legislation due to Persian Gulf War;

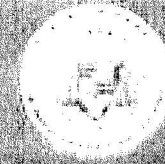
CY 2008-2010, taxable wage base set at \$13,000 by special legislation; 2010 base reverts to regular formula (100% of average annual wage) as fund drops below Adequate Reserve level.

³Taxable wage base times average tax rate

⁴Taxable wage base times new employer tax rate

⁵Taxable wage base times minimum tax rate

⁶Taxable wage base times maximum tax rate



Average UI Employee Taxes

(UI Taxes on an employee with annual wages at or above taxable wage base at average tax rate)

YEAR	Tax Wage Base (TWB)	X	TAX SCHEDULE	=	AVG. TAXES AT TWB
2007	\$35,300	X	Schedule B 0.8%	=	\$280
2008 (Act 110)	\$13,000	X	Schedule A 0.7%	=	\$90
2009 (Based on fund balance at end of 2008)	\$13,000	X	Schedule A 0.7%	=	\$90
Projection 2010	\$38,800	X	Schedule F 2.75%	=	\$1,070
Projection 2011	\$39,100	X	Schedule H 3.9%	=	\$1,520



DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

Number of Employers by Industry Sectors and 2009 Tax Rates under Schedule A with Comparison to Schedule F Tax Rates

Col 1: Tax rates assigned to employers for calendar year 2009 under Schedule A

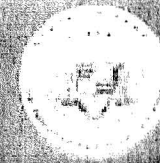
Col 2: Tax rates under Schedule F, projected to be in effect for calendar year 2010. For 2010, employers may move into different groups based on their 2009 tax and benefit experience.

This table shows that employers are distributed among a wide range of tax rates within industry groups.

For example, although employers in the Construction industry (Col 5) tend to experience high unemployment, 349 employers are assigned the zero rate for calendar year 2009.

New employers are assigned the 1.7% tax rate under Schedule A. This is the reason for the large number of employers in Col 21, Unknown industry in the 1.7% group. New employers do not qualify for experience rating until they have one year of employment and their industry assignment may still be pending.

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16	Col 17	Col 18	Col 19	Col 20	Col 21	Col 22	Col 23
2009 Tax Rates Schedule A	Schedule F Tax Rates	Natural Resources & Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation & Warehousing	Information	Finance & Insurance	Real Estate, Rental & Leasing	Professional & Technical Services	Management of Companies & Enterprises	Administrative & Waste Services	Educational Services	Health Care & Social Assistance	Arts, Entertainment & Recreation	Accommodation & Food Service	Other Services, except Public Administration	Unknown Industry	All Employers	Percent distribution
0.0%	1.2-2.0%	132	13	349	363	778	1125	220	130	383	686	1306	55	498	146	1338	104	724	1353	9	9712	31%
0.1%	2.2%	20	2	103	62	128	211	34	26	73	93	200	18	105	35	170	50	196	212	5	1743	6%
0.3%	2.4%	16	2	117	46	117	231	37	20	61	98	170	9	95	26	178	31	196	169	2	1621	5%
0.5%	2.6%	27	1	102	56	89	170	41	20	52	77	194	12	106	38	149	34	198	167	4	1537	5%
0.7%	2.8%	16	3	120	43	108	148	50	21	57	85	190	10	110	31	112	22	153	159	1	1439	5%
0.9%	3.0%	15	1	142	50	104	162	42	23	57	85	206	16	105	28	110	25	131	155	9	1466	5%
1.1%	3.2%	37	8	300	89	180	361	100	44	128	170	455	29	275	63	243	61	335	327	85	3290	11%
1.3%	3.6%	22	2	196	41	59	140	58	21	36	58	127	4	138	23	106	24	156	120	8	1339	4%
1.7%	4.0%	38	4	468	84	214	350	104	102	154	201	576	19	362	83	263	79	397	331	1109	4938	16%
2.1%	4.4%	12		222	24	26	65	19	17	17	23	55	3	60	9	27	4	51	57	1	692	2%
2.5%	5.0%	9	1	143	16	13	21	15	8	6	20	28	3	26	6	10	9	17	55		406	1%
2.9%	5.4%	18	1	397	20	30	42	23	25	16	28	79	1	53	8	19	9	23	102	4	898	3%
3.4%	5.4%	11		137	4	2	6	4		2	7	10	1	6	3	4	2		7	2	208	1%
4.1%	5.4%	8		51	2	2		1	1	1	1	1	1	2		1	4	2	1		79	0%
4.7%	5.4%	2		23	3	1	1		1	1		3							1		36	0%
5.4%	5.4%	42	2	270	61	66	136	74	40	54	64	152	5	141	19	80	29	158	135	340	1868	6%
Total		425	40	3140	964	1917	3169	822	499	1098	1696	3752	186	2082	518	2810	487	2737	3351	1579	31272	100%



DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

Employment (Number of Workers in calendar year 2008) by Industry Sectors and 2009 Tax Rates under Schedule A with Comparison to Schedule F Tax Rates

Col 1: Tax rates assigned to employers for calendar year 2009 under Schedule A

Col 2: Tax rates under Schedule F, projected to be in effect for calendar year 2010. For 2010, employers may move into different groups based on their 2009 tax and benefit experience.

This table shows the number of workers the employers in Table 1 employed in calendar year 2008. Employment is also distributed among a wide range of tax rates within industry groups. Using the same group in the Table 1 example, Construction industry, (Col 5), the 349 employers assigned the zero rate for calendar year 2009 had 1,656 workers in 2008.

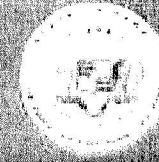
Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16	Col 17	Col 18	Col 19	Col 20	Col 21	Col 22	Col 23
2009 Tax Rates Schedule A	Schedule F Tax Rates	Natural Resources & Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation & Warehousing	Information	Finance & Insurance	Real Estate, Rental & Leasing	Professional & Technical Services	Management of Companies & Enterprises	Administrative & Waste Services	Educational Services	Health Care & Social Assistance	Arts, Entertainment & Recreation	Accommodation & Food Service	Other Services, except Public Administration	Unknown Industry	All Employers	Percent distribution
0.0%	1.2-2.0%	1327	2304	1656	6504	7605	31921	11641	5336	12051	3901	8164	290	6787	3037	15178	2815	30455	8859	42	159873	35%
0.1%	2.2%	318	414	959	1408	2775	7453	1063	1438	1521	1098	2035	158	3398	587	2855	1699	9624	1958	3	40764	9%
0.3%	2.4%	156	161	1221	963	2275	10686	927	291	2141	1490	1535	46	2247	393	2654	676	10963	2385		41210	9%
0.5%	2.6%	651	16	807	727	854	4673	1340	340	469	850	2088	91	2782	770	2514	998	10303	1851	2	32126	7%
0.7%	2.8%	185	61	1147	717	1077	3232	922	296	704	918	1481	13	4161	316	2806	419	4851	1065		24371	5%
0.9%	3.0%	981	9	1216	644	1280	2265	1251	693	350	1382	1230	82	3509	312	3774	726	5494	968	4	26170	6%
1.1%	3.2%	330	71	1695	738	961	3195	968	547	465	765	1998	178	6252	448	2595	389	6025	1626	83	29329	6%
1.3%	3.6%	983	26	2898	911	491	2232	2610	446	417	720	1212	45	4036	343	3481	418	6999	1251	9	29528	6%
1.7%	4.0%	949	4	3658	583	557	1996	1435	747	515	704	1483	24	11261	362	1736	585	3716	989	311	31615	7%
2.1%	4.4%	326		4196	375	247	523	1114	179	137	155	281	75	2948	29	132	84	1421	269		12491	3%
2.5%	5.0%	179	3	4077	309	32	61	268	25	9	82	149	6	246	52	26	52	890	163		6629	1%
2.9%	5.4%	274		8614	52	53	99	263	574	19	55	456	1	296	36	51	62	136	257	6	11304	2%
3.4%	5.4%	284		2006	32	1	35	2			10	18		17	6	5			3		2419	1%
4.1%	5.4%	36		417	1	2		1	67	2	2	1	12	11		2	131	3			688	0%
4.7%	5.4%	2		395	230	1	1		57			1									687	0%
5.4%	5.4%	55	2	500	150	120	250	1172	69	80	160	289	7	396	61	226	112	1948	219	83	5899	1%
Total		7036	3071	35462	14344	18331	68622	24977	11105	18880	12292	22421	1028	48347	6752	38035	9166	92828	21863	543	455103	100%



Estimated UI Taxes at Schedules A through H on CY 2010 and CY 2011

Note: Taxes are collected on a one quarter lag, so taxes shown below will be collected from April of the current year through March of the following year.

Tax Schedule	Estimated Average Tax Rate	Estimated taxes	
		CY 2010	CY 2011
A	0.71%	\$82,700,000	\$86,200,000
B	0.90%	\$104,800,000	\$109,300,000
C	1.35%	\$157,200,000	\$163,900,000
D	1.80%	\$209,700,000	\$218,500,000
E	2.20%	\$256,300,000	\$267,100,000
F	2.75%	\$320,300,000	\$333,900,000
G	3.30%	\$384,400,000	\$400,600,000
H	3.90%	\$454,300,000	\$473,500,000
Estimated taxable wages:		\$11,648,100,000	\$12,140,600,000



Estimated Unemployment Insurance (UI) Taxes Per Employee for Calendar Year 2010

UI taxes owed per employee = employer's tax rate times wages paid to employee.

Wages taxed per employee per year limited to "taxable wage base" (TWB) amount. No taxes due on wages over TWB.
TWB for calendar year 2010 = \$38,800.

Employer's UI tax rates vary depending on their tax and benefit experience and the Tax Schedule in effect for the year.
Projected Tax Schedule for CY 2010 = F
Under Schedule F: Employer tax rates range from minimum of 1.2% to maximum of 5.4%.

The following tables show the estimated UI taxes per employee at Schedule F at three levels of wages.

Taxes on an employee earning the MINIMUM WAGE

Hourly wage:

\$7.25

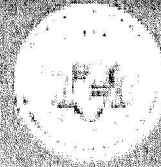
Annual wage (40 hrs/wk x 52 weeks)

\$15,080

If Schedule F

- If employer is at minimum tax rate
- If employer tax rate is average tax rate
- If employer is at maximum tax rate

Tax Rate	CY 2010 taxes
1.20%	\$180
2.75%	\$410
5.40%	\$810



Taxes on an employee earning \$10 PER HOUR

Hourly wage:

\$10.00
\$20,800

Annual wage (40 hrs/wk x 52 weeks)

If Schedule F

- If employer is at minimum tax rate
- If employer tax rate is average tax rate
- If employer is at maximum tax rate

Tax Rate

CY 2010 taxes

1.20%	\$250
2.75%	\$570
5.40%	\$1,120

Taxes on an employee earning \$20 (OR MORE) PER HOUR

Hourly wage:

\$20.00
\$41,600
\$38,800

Annual wage (40 hrs/wk x 52 weeks)

Wages taxed, limited to TWB:

Employee was paid more than the TWB of \$38,800, therefore wages in excess of TWB not subject to UI tax.

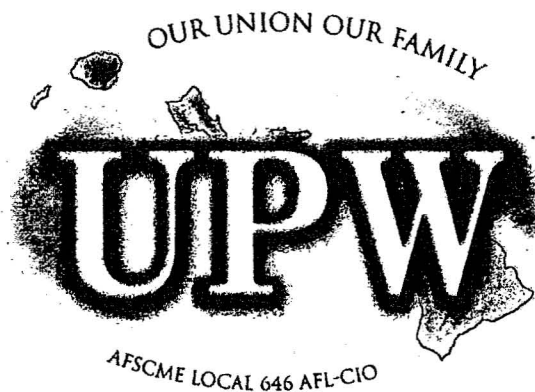
If Schedule F

- If employer is at minimum tax rate
- If employer tax rate is average tax rate
- If employer is at maximum tax rate

Tax Rate

CY 2010 taxes

1.20%	\$470
2.75%	\$1,070
5.40%	\$2,100



LATE

House of Representatives
The Twenty-Fifth Legislature
Regular Session of 2010

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

DATE: Tuesday, January 26, 2010
TIME: 9:00 a.m.
PLACE: Conference Room 309

**TESTIMONY OF THE UNITED PUBLIC WORKERS, LOCAL 646, ON HB 2169,
RELATING TO EMPLOYMENT SECURITY**

HB 2169 authorizes special assessments on employers to pay the interest on loans from the Secretary of Labor; retains the maximum weekly benefit rate beginning 01/01/2011 at 75% of the average weekly wage; and sets the employer contribution rate at schedule D and the wage base at 90% of the average annual wage for calendar year 2010, and the employer contribution rate at Schedule G for calendar year 2011.

UPW supports the general intent and purpose of this measure: the replenishment and protection of the unemployment compensation fund, and ensuring that unemployed workers receive the maximum weekly benefit rate under law.

Although we empathize with employers who face an increase in their unemployment tax rates, we have concerns that the consequences of adjusting the employer contribution rate and wage base are not fully understood. Unemployment insurance remains the critical safety net for unemployed workers and their families and adequate benefits must be provided particularly during periods of long-term unemployment.

Thank you for the opportunity to testify.

LATE



Hawaii Credit Union League

Your Partner For Success

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Email: info@hcul.org



Testimony to the House Committee on Labor & Public Employment
Tuesday, January 26, 2010

Testimony supporting the intent of HB 2169, Relating to Employment Security

To: The Honorable Karl Rhoads, Chair
The Honorable Kyle Yamashita, Vice-Chair
Members of the Committee on Labor & Public Employment

My name is Stefanie Sakamoto and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for over 90 Hawaii credit unions, representing approximately 810,000 credit union members across the state.

We support the intent of HB 2169, and appreciate the efforts of the Legislature to address the impact of the unemployment tax increase on Hawaii's businesses. However, we respectfully ask that every effort be made to spread out the unemployment tax increase over time, so as to minimize the "tax-shock" to Hawaii's credit unions. An immediate tax increase could severely impact our ability to provide low-cost services to our members.

Thank you very much for the opportunity to testify.



Engineering Partners, Inc.

Progressive Solutions

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 RELATING TO EMPLOYMENT SECURITY

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

My name is Edward A. Bernal and I'm the Accounting Mgr. for Engineering Partners, 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.

The shock of a full Unemployment tax increase will force us to re-consider any new hire prolonging indefinitely the high unemployment rate in the State.

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

Thanks and regards,

A handwritten signature in black ink, appearing to read 'E. Bernal'.

Edward A. Bernal
Accounting Mgr.

LATE

January 26, 2010

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

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

My name is Jo E. Youngs and my company is Senior Options LLC . I am a small business that provides quality compassionate care for the Kapuna of Hawaii in the privacy of their own home. I currently have a hand selected team that provides excellent care. Fifteen employees, nine are part-time. Some are students; others are mothers. When providing care for the elderly at home it is important to have a team ready to work at all times. Most clients do not eat or even drink if we are not there for them.

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 \$1,000.00 per employee has forced me to take a hard look at my ability to pay \$15,000.00 just in unemployment fee alone. I will have to cut out 5-9 jobs. I currently am down to eight clients, I may possibly no longer be able to offer service to some of them. I have already had a loss of 44% of income compared to the prior year. I have always paid my team a much higher pay rate then other companies. I am not able to increase any pay, and had already reduced pay last year. It is already tough economically for my team. I can not raise prices on the client's either. If you pass this bill as is, you will only be increasing your unemployment status.

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 808-772-1312 or mail at 150 Hamakua Drive #511 Kailua, Hawaii 96734

Jo E. Youngs

Senior Options LLC

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 Colleen O'Shea Wallace and my company is Mental Health Association in Hawaii, Maui County Branch. 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 a one staff office on Maui, charged with raising our own budget in order to continue as part of the Honolulu-based non-profit. In Honolulu, they only have 2 employees, so our statewide total is three. On Maui, we have never paid unemployment tax and can barely raise enough to cover our expenses. Please be aware that the non-profits are doing our best to cover the gaps in mental health services, which are huge during the past year of State budget cuts. Our County funding is threatened due to low County tax projections. If neighbor island tourist taxes are taken from us, our County will be in a state of poverty.

With only one staff and many programs on Maui, there is no where to cut back. Cutting back hours with furloughs would only put us out of business as Staff much write grants, reports, and fundraise in addition to coordinating 150+ volunteers to carry out all of our Maui support groups and education for the police, elementary schools and community.

The County has charged us with cutting back the budget by another 10%, as in 2009. We already can barely bring in enough fundraising revenue to balance our budget. An increase in unemployment tax would put us out of business.

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.

LATE

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 808-242-6461.

Kauai County Farm Bureau*Affiliated with Hawaii Farm Bureau Federation*

P.O. Box 3895 • Lihue HI 96766

808-337-9944 (phone/fax) 808-652-3217 (cell)

kcfb@hawaiiintel.net

The Voice of Kauai's Agriculture**LATE****GROW****KAUAI**

January 25, 2010

ATTN: Committee on Labor & Public Employment
Rep. Karl Rhoads (Chair), Rep. Kyle T. Yamashita (Vice Chair) and
Members of the Committee

RE: Labor & Public Employment - Unemployment Insurance (HF2169 and 2207)

HEARING DATE: Tuesday, January 26 9:00am, State Capitol Room 309

I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

We do not support HB 2169 and 2207 as currently written, but would consider support with amendments to reduce the impact on small farms and businesses, which are struggling in this economy.

In this economic climate it is so important to help reduce the "tax shock" and safeguard the statewide unemployment rate. Agricultural costs are rising such as fuel and fertilizer, yet revenue is not keeping up, at the same time global competition is fierce. A tax increase at this point will be very difficult for some farmers to bear and we don't want to be in the position of losing even more farms and ranches, which are so valuable to the state of Hawaii. We ask you to consider these implications when negotiating this tax increase, and to include agriculture in the discussions.

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.

Thank you for the opportunity to submit testimony. Please do not hesitate to contact me if you have questions.

Sincerely,

Roy Oyama, President
Kauai County Farm Bureau
Phone: 808-332-9426
Email: oyama_farm@yahoo.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 Gretchen G Voxland, CIU, ChFC and my company is Horizon Financial, LLC. I am a small business owner with two 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.

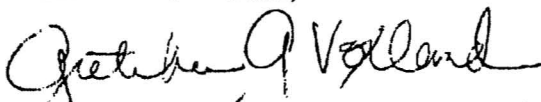
If the unemployment insurance tax becomes too costly I may find it necessary to lay off an employee to cover the cost. In this economy I have already needed to find ways to cut back but have been determined to keep my loyal hard working staff employed even at the expense of my own income. It doesn't make sense to me to raise the tax only to place more burden on the Unemployment claims. A better solution is to cut the length of unemployment benefits to a maximum of 6 months - and you can be sure that people will be getting back to work more quickly as long as jobs are available. You will find more ingenuity and new small businesses begin to arise and creating jobs- not entitlement!

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 Horizon Financial, LLC, 353 Hanamau Street #21, Kahului, HI 96732. My email address is gvoxland@finsvcs.com.

With Sincerest Aloha,



Gretchen G Voxland, CLU, ChFC

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 Dawn Morais Webster, and I am the President/CO of Loomis-ISC, an integrated marketing communication agency in Honolulu.

I currently have 7 employees on payroll, although 3 of them, myself included, only work 4 days a week at 80% of our annual salary in an effort to reduce expenses to weather this economic storm. But as anyone who works in the service industry knows, customers expect and deserve 100% of our attention to detail and responsiveness regardless of the office hours we keep.

The proposed unemployment tax increase would negate any savings we've enjoyed these past few months from reducing work weeks, forcing us to either further reduce work weeks (and relative pay), or make the very hard decision to reduce the work force until we are able to increase our revenues sufficiently to offset it. But in the service industry, how can we legitimately increase our revenues by simultaneously cutting our staff? What client would be willing to pay more for less service?

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 dawn@loomis-isc.com or directly at 853-3039

LATE

RE: HOUSE BILL 2169 and 2207 RELATING TO EMPLOYMENT SECURITY

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

My name is Fredrick G. Brooks and my company is Pacific Panel Cleaners, my company is brand new and currently I do not have any 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.

Being a start up business and trying to get everything in order to be a successful new business this tax increase is really making it difficult to set up any new employees since I do not have much money to start with, this hike is going to be a hindrance in my company's growth. It may sound odd that someone who does not have any employees can be effected by this proposed unemployment insurance tax increase, but this is going to affect all small start up sole proprietorships that are just getting their feet in the water and are trying to make 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 111 Hekili Street, Ste A#1607, Kailua Hi, 96734. Office phone number is 772-4705.

Thank you very much for your time and all your efforts

Respectfully

Fredrick G. Brooks
Owner Pacific Panel Cleaners

LATE

January 26, 2010

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

My name is Heidi Van Dresser and my company is Pacific Oasis, Inc. dba Spices Restaurant at the Maui Coast Hotel. I employ 40 people full-time/part-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.

While the past year and ½ has been very challenging for small businesses, I have conserved as much as possible to keep our restaurant operating at breakeven. With the proposed increase in the Unemployment Insurance Tax I will have to take even more drastic measures by cutting back hours of operation and services offered. These cutbacks while reducing my operating costs will additionally reduce the number of employees required to operate the business to keep it profitable. While these cuts will not allow me an expansion which is preferable, it will allow most of my employees to remain employed.

I have calculated an approximate cost for my business at the currently proposed Schedule D. My costs will increase from last year's 1st quarter payment of \$750 to an estimate of \$2400. While this may seem to be a small increase in dollars, it will have a huge impact on my small business and my 40 employees.

The proposed reduction of 60% will allow me to minimize impact on my employees and find even more ways to ensure their employment continues at Spices Restaurant. 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 Spices Restaurant, 2259 S. Kihei Rd. Phone 808-891-8860.

Heidi Van Dresser
President – Pacific Oasis, Inc.
Dba Spices Restaurant and Tradewinds Poolside Cafe

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 Sean Uezu, I'm the president of Popeys Chicken and Biscuits and we have about 120 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.

Running a quick service restaurant in Hawaii, we operate on very low price margins. It is absolutely essential to keep our costs down. A tax increase of this magnitude will result in either raising prices or worse, cutting costs such as labor. It would be ironic that the employment tax could result in increasing unemployment.

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 small businesses such as us. 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 841-6600 or you can e-mail me at Sean@PopeyesHawaii.com.

VALLEY ISLE PUMPING, INC.
General Engineering Contractors
License Number ABC-13196

LATE

291 L. Kula Road
Pukalani, HI 96768
PH: 808-878-8807
FAX: 808-878-8907
email dom@maui.net
www.mauisewer.com

Wet/Dry Vac Truck Pumping Service
Closed Circuit TV (CCTV) pipe Inspection
Maui's Largest Sewer & Drain Cleaners
Sewer Lift Station/Treatment Plant O&M
Treatment Plant Sales
Pipe Lining and Rehabilitation

FACSIMILE

TO: **Chair Rhodes & Committee Members**
FAX: 1-800-535-3859
FROM: Dominick Marino
RE: Testimony on Unemployment
PAGES: 1
DATE: January 25, 2010

Aloha,

My company currently employees a dozen people. A sister company employees eight more. A total of 20.

I understand a massive increase in unemployment insurance is being considered.

If my insurance premium increases by the amount being published, I will have to lay off a couple people.

Those people will collect unemployment and the need to raise the premium will be more next year. And then I lay off more. Looks like a vicious cycle to me.

Guys, you have a really tough job. MAHALO! I appreciate all your hard work.

Sincerely,

Dominick Marino
President, VIP, Inc.

"30 Year Member of Hawaii's Water Environment Association"

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 Cathy Brogan and my company is NorthStar Family of Companies. 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.

Like many other small businesses we have retooled and streamlined our workforce. The economic downturn has made it difficult for employees who are no longer with our company to find new positions.

The new formula will greatly impact us, and we will be hesitant to hire full time employees in the future ,if there is no tax relief.

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.

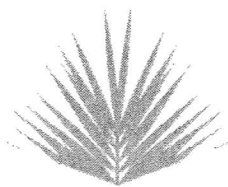
Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808 536-3656.

Sincerely,



Cathy Brogan
President and CEO

LATE



Island Landscape

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:

I am submitting testimony today as I am extremely concerned about the tremendous hike planned for the Unemployment Insurance (UI) Tax and request your help with legislative relief.

As a small business who is working hard to not only maintain my staff, but grow the staff and my business in this difficult economy, an increase of this magnitude will prevent me from adding new employees and will require that I cut the hours of one or more employee, depending on my revenue this year.

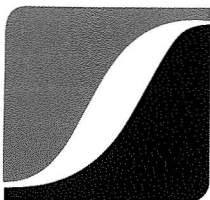
Our business is tied to construction and has seen revenue declines just as the construction industry has. We need and hope for continued stimulus funds and a strengthened economy to move construction projects and the industry forward and generate additional work. We also need a more business friendly environment to do business in, not additional taxes and fees.

I understand as a member of the Maui Chamber of Commerce that legislators recognize the difficulties we face on this issue and support UI tax relief and that a number of bills, including the two mentioned above, have been introduced to help. I appreciate your efforts to find the best possible solution and ask that you include language from HB 2201 as it keeps the tax rate schedule to D in 2010 and holds in to F in 2011. It also sets the tax wage base at no more than 90%. These measures, along with keeping the adequate reserve multiplier at one year of benefits, give businesses like mine more time to afford the increase, although any increase right now is a real hardship.

Thank you for keeping our plight in mind and for holding down the UI tax increase and delaying it as much as possible so that my and other businesses have time to recover.

Sincerely,

Brian Kashima
President



SUISAN Company, Ltd.

1965 KAMEHAMEHA AVE. P.O. BOX 366 HILO, HAWAII 96720

PHONE: 808-935-8511

LATE

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

Re: House Bill 2169 Relating to Employment Security

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

My name is Glenn Hashimoto, Executive Vice-President and General Manager of Suisan Company, Ltd. on the Big Island. We are a food distribution company that provides food and food-related products to the Big Island community, which includes hotels, supermarkets, schools, hospitals, and restaurants. Our company employs 170 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.

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

The impact of the unemployment tax increase slated for March 2010 will deeply hurt our business. At a time when our company is striving to survive this recession, this tax increase would force us to implement deeper cuts in addition to the internal cutbacks already implemented that allowed us to survive the recession thus far.

Extending the tax increase beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy.

We humbly ask for your consideration and support of our position. Thank you for the opportunity to submit testimony. If you have any questions, please feel free to contact me.

Sincerely yours,
SUISAN COMPANY, LTD.

Glenn T. Hashimoto
Executive Vice-President & General Manager

yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 26, 2010 8:50 AM
To: LABtestimony
Cc: gm@napilikai.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: Gregg Nelson
Organization: Resort Hotel
Address: 5900 Honoapiilani Rd. Lahaina
Phone: 808-669-9500
E-mail: gm@napilikai.com
Submitted on: 1/26/2010

Comments:

House Committte on Labour and Public Employment, I represent a small resort on Maui with approximately 140 employees and though I wish I could be there to testify in person, I do appreciate the opportunity to submit testmony to you. We all appreciate your efforts to examine closer this issue of unemployment insurance tax increases, but feel that HB 2169 does not go far enough to assist business from the effects of this potentially crippling increase. Businesses in Hawaii have been hammered the past year and a half and we do not need this tax increase just when there may start to appear to be light at the end of this dismal economic tunnel. We strongly encourage you to consider support for HB 2201 which will aide business by providing some relief at a most critical time. Again I apologize for not being able to submit testmony in person but this is difficult to do living on Maui. Thank you for your consideration and keep up the good fight.

Aloha

Gregg Nelson
Napili Kai Beach Resort
Maui, Hawaii.