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A BILL FOR AN ACT

RELATING TO EMPLOYMENT SECURITY LAW.

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

1           SECTION 1. Section 383-123, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§383-123 Withdrawals; administrative use.** (a)  
4 Withdrawals. Moneys requisitioned from the State's account in  
5 the unemployment trust fund shall be used exclusively for the  
6 payment of benefits and for refunds of contributions pursuant to  
7 section 383-76 and section [†]383-7(a)(6)[†], except that moneys  
8 credited to this State's account pursuant to section 903 of the  
9 Social Security Act, as amended, shall be used exclusively as  
10 provided in subsection (b). The director of finance shall from  
11 time to time, with the approval of the department of labor and  
12 industrial relations in accordance with rules prescribed by the  
13 comptroller of the State, requisition from the unemployment  
14 trust fund such amounts, not exceeding the amount in the State's  
15 account, as it deems necessary for the payment of benefits and  
16 refunds of contributions for a reasonable future period. The  
17 moneys shall be deposited in the benefit account. Expenditures  
18 of such moneys in the benefit account and refunds from the  
19 clearing account shall not be subject to any provisions of law

1 requiring specific appropriations or other formal release by  
2 state officers of moneys in their custody. All benefits and  
3 refunds of contributions shall be paid from the fund upon  
4 warrants drawn upon the director of finance by the comptroller  
5 of the State supported by vouchers approved by the department.  
6 Any balance of moneys requisitioned from the unemployment trust  
7 fund which remains unclaimed or unpaid in the benefit account  
8 after the expiration of the period for which the sums were  
9 requisitioned shall either be deducted from estimates for, and  
10 may be utilized for the payment of, benefits and refunds during  
11 succeeding periods, or, in the discretion of the department,  
12 shall be redeposited with the Secretary of the Treasury of the  
13 United States, to the credit of this State's account in the  
14 unemployment trust fund, as provided in section 383-122.

15 (b) Administrative use. Moneys credited to the account of  
16 this State in the unemployment trust fund by the Secretary of  
17 the Treasury of the United States pursuant to section 903 of the  
18 Social Security Act, as amended, may be requisitioned and used  
19 for the payment of benefits and for the payment of expenses  
20 incurred for the administration of this State's unemployment  
21 compensation law and public employment offices pursuant to a  
22 specific appropriation of the legislature; provided that the  
23 expenses are incurred and the money is requisitioned after the  
24 enactment of an appropriation law that:

- 1 (1) Specifies the purposes for which the moneys are  
2 appropriated and the amounts appropriated therefor;
- 3 (2) Limits the period within which the moneys may be  
4 obligated to a period ending not more than two years  
5 after the date of the enactment of the appropriation  
6 law; and
- 7 (3) Limits the amount that may be obligated to an amount  
8 that does not exceed the amount by which the aggregate  
9 of the amounts credited to the account of this State  
10 pursuant to section 903 of the Social Security Act, as  
11 amended, exceeds the aggregate of the amounts  
12 obligated pursuant to this subsection and charged  
13 against the amounts credited to the account of this  
14 State.

15 Moneys credited to the account of this State pursuant to  
16 section 903 of the Social Security Act, as amended, may not be  
17 withdrawn or used except for the payment of benefits and for the  
18 payment of expenses for the administration of this chapter  
19 pursuant to this subsection.

20 The appropriation, obligation, and expenditure or other  
21 disposition of moneys appropriated under this subsection shall  
22 be accounted for in accordance with standards established by the  
23 United States Secretary of Labor. Moneys appropriated for the  
24 payment of expenses of administration pursuant to this

1 subsection shall be requisitioned as needed for the payment of  
2 obligations incurred under the law appropriating the moneys and,  
3 upon requisition, shall be deposited in the employment security  
4 administration fund from which the payments shall be made.

5 Moneys so deposited, until expended, shall remain a part of the  
6 unemployment compensation fund and, if not expended within one  
7 week after withdrawn from the unemployment trust fund, shall be  
8 returned at the earliest practical date to the Secretary of the  
9 Treasury of the United States for credit to this State's account  
10 in the unemployment trust fund.

11 (c) Notwithstanding subsection (b), moneys credited to the  
12 State's account in federal fiscal years ending in 2000, 2001,  
13 and 2002 shall be used solely for the administration of the  
14 unemployment compensation program and are not subject to the  
15 specific appropriation requirements of subsection (b), except  
16 that moneys credited in calendar year 2002 with respect to P.L.  
17 107-147 shall not be subject to the conditions of this  
18 subsection or the two-year limitation requirement specified in  
19 subsection (b).

20 (d) Notwithstanding subsection (b), moneys credited to the  
21 account of this State pursuant to the special transfer made  
22 under section 903(g) of the Social Security Act, as amended, in  
23 2009 shall be used solely for the payment of expenses for the  
24 administration of this chapter."

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1 SECTION 2. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_

*Calvin K. King*

BY REQUEST

JAN 24 2011

HB 1076

**Report Title:**

Employment Security

**Description:**

Appropriates 2009 special administrative transfer for payment of Unemployment Insurance administration expenses.

JUSTIFICATION SHEET

DEPARTMENT: Labor and Industrial Relations

TITLE: A BILL FOR AN ACT RELATING TO EMPLOYMENT SECURITY LAW.

PURPOSE: The purpose of this bill is to designate the use of the special administrative transfer in the amount of \$2,180,480, which was distributed in March 2009 as a result of the Assistance for Unemployed Workers and Struggling Families Act, Title II of Division B of the American Recovery and Reinvestment Act, Public Law No. 111-5.

MEANS: Amend section 383-123, Hawaii Revised Statutes.

JUSTIFICATION: Section 2003(a) of Public Law No. 111-5 added a new subsection (g) to section 903, Social Security Act (SSA), to provide a special transfer to all states. Currently, under section 383-123(b), moneys received under section 903, SSA, can be used for the payment of benefits. However, the 2009 special administrative transfer is not available for the payment of benefits and is restricted to certain administrative uses only. As such, section 383-123 must be amended to exclude the 2009 special administrative transfer from what is allowable under subsection (b) to preclude any violation of federal law.

The Unemployment Insurance (UI) Division is requesting the special administrative transfer moneys to cover expenses for new internet applications, improving the interactive voice response system, improving the tax system, improving the capability of the benefit system, enhancements to the UI website to respond to the claimants' and employers' need for information, and required systems security assessments.

Impact on the public: Improvements will facilitate easier filing by claimants and employers to comply with UI requirements.

Impact on the department and other agencies: Provide more automated improvements to eliminate data entry by staff and speed up the taking of claims and payment process.

GENERAL FUND: None.

OTHER FUNDS: Federal.

PPBS PROGRAM  
DESIGNATION: LBR-171.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval.