



GOV. MSG. NO. 1102

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NEIL ABERCROMBIE
GOVERNOR

February 23, 2011

The Honorable Shan Tsutsui, President
and Members of the Senate
Twenty-Sixth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Calvin Say, Speaker
and Members of the House
Twenty-Sixth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

President
Speaker
Members
Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on February 23, 2011, the following bill was signed into law:

HB1077 HD2

RELATING TO EMPLOYMENT SECURITY LAW.
ACT 002 (11)

Alaka
Neil Abercrombie

NEIL ABERCROMBIE
Governor, State of Hawaii

A BILL FOR AN ACT

RELATING TO EMPLOYMENT SECURITY LAW.

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

1 SECTION 1. Act 2, passed during the regular session of
2 2010, assisted employers by providing relief from a scheduled
3 increase in the unemployment insurance contribution rates for
4 the 2010 and 2011 calendar years. This action, however,
5 contributed to the insolvency of the unemployment trust fund
6 beginning in December 2010 and required the State of Hawaii to
7 borrow moneys from the federal government to pay unemployment
8 insurance benefits.

9 The employment and training fund is the only cost effective
10 mechanism available to collect an assessment from employers. It
11 is for this reason that the current law must be amended to
12 include the payment of interest on Title XII loans advanced
13 under the provisions of Section 1202(b) of the Social Security
14 Act, as amended, as one of the uses of the employment and
15 training fund and to expand the assessment on all employers.
16 The assessment must be included in the notices that are mailed
17 out to the employers in early March of each year in order for
18 the State to make timely payment on the interest due.



1 The purpose of this Act is to provide for a mechanism for
2 collecting special assessments from employers in a fair and
3 equitable manner to pay for interest on unpaid Social Security
4 Act, Title XII loans that are due on September 30, 2011.

5 SECTION 2. Section 383-128, Hawaii Revised Statutes, is
6 amended by amending subsection (b) to read as follows:

7 "(b) The moneys in the employment and training fund may be
8 used for funding:

- 9 (1) The operation of the state employment service for
10 which no federal funds have been allocated;
- 11 (2) Business-specific training programs to create a more
12 diversified job base and to carry out the purposes of
13 the new industry training program pursuant to section
14 394-8;
- 15 (3) Industry or employer-specific training programs where
16 there are critical skill shortages in high growth
17 occupational or industry areas;
- 18 (4) Training and retraining programs to assist workers who
19 have become recently unemployed or are likely to be
20 unemployed;



- 1 (5) Programs to assist residents who do not otherwise
2 qualify for federal or state job training programs to
3 overcome employment barriers; [~~and~~]
- 4 (6) Training programs to provide job-specific skills for
5 individuals in need of assistance to improve career
6 employment prospects[-]; and
- 7 (7) The payment of interest due on Title XII advances made
8 under the provisions of Section 1202(b) of the Social
9 Security Act, as amended, to the unemployment
10 compensation fund."

11 SECTION 3. Section 383-129, Hawaii Revised Statutes, is
12 amended by amending subsection (a) to read as follows:

13 "(a) In addition to contributions determined by section
14 383-68, every employer, except an employer who has selected an
15 alternative method of financing liability for unemployment
16 compensation benefits pursuant to section 383-62, [~~or an~~
17 ~~employer who has been assigned a minimum rate of zero per cent~~
18 ~~or the maximum rate of five and four tenths per cent in~~
19 ~~accordance with section 383-68,]~~ shall be subject to an
20 employment and training fund assessment at a rate of .01 per
21 cent of taxable wages as specified in section 383-61. If
22 interest is due on a Title XII advance under the provisions of



1 Section 1202(b) of the Social Security Act, as amended, the
2 employment and training fund assessment shall be increased to
3 pay the interest due. The director shall have the discretion to
4 determine the amount of the increase in the employment and
5 training assessment rate for the calendar year 2011. The
6 increase in the employment and training assessment rate shall be
7 in increments of .01 per cent. Notwithstanding any provisions
8 of this chapter to the contrary, if interest payments on a Title
9 XII advance are subsequently waived by federal law, the
10 aggregate amount of interest payments collected shall constitute
11 the total employment and training assessments payable by
12 employers for the calendar year 2012 only, and no employment and
13 training assessment shall be collected from any employer in that
14 year and no refund shall be paid retroactively to any employer
15 based on the federal waiver of interest payments."

16 SECTION 4. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 5. This Act shall take effect upon its approval
19 and shall apply retroactively to January 1, 2011; provided that
20 on January 1, 2012, this Act shall be repealed and sections 383-
21 128 and 383-129, Hawaii Revised Statutes, shall be reenacted in
22 the form in which they read on December 31, 2010.



APPROVED this 23 day of FEB, 2011

A handwritten signature in black ink, reading "Neil Abernethy". The signature is written in a cursive style. Below the signature is a horizontal line.

GOVERNOR OF THE STATE OF HAWAII