

STAND. COM. REP. NO.

444

Honolulu, Hawaii

FEB 18 2011

RE: H.B. No. 1077  
H.D. 2

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committees on Judiciary and Labor and Ways and Means, to which was referred H.B. No. 1077, H.D. 2, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize the payment of interest on Title XII loans advanced under provisions of Section 1202(b) of the Social Security Act, as amended, from the Employment Training Fund; and
- (2) Allow for an increase in employer assessments to the Employment and Training Fund in increments of .01 percent for the 2011 calendar year to fund the payment of the interest on the loans.

Your Committees received testimony in support of this measure from the Department of Labor and Industrial Relations. Your Committees received comments on this measure from The Chamber of Commerce of Hawaii.

Your Committees find that based on the testimony from the Department of Labor and Industrial Relations, Hawaii's Unemployment Trust Fund is currently insolvent and federal Title XII loans were received beginning December 2010. Federal law requires that the interest payment on outstanding loans be paid by September 30, 2011. Current projections show that the outstanding



loan balances will be \$7,000,000 in September 2011 and the interest due will be approximately \$1,000,000. Barring any further changes to the law that could affect solvency, the Unemployment Trust Fund is expected to repay all advances due in 2012.

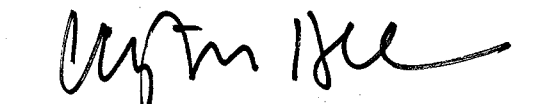
Failure to pay interest when due may result in a loss of certain tax credits and the loss of approximately \$15,000,000 in administrative grants to operate the Unemployment Insurance Program in Hawaii. Employers may see an increase from \$56 to \$434 per employee annually in federal unemployment tax. If the administrative grant is withheld, jobless workers will not be able to file unemployment insurance claims due to the total shutdown of all unemployment insurance offices.

Your Committees believe that the method of Title XII loan repayment proposed under this measure is the most feasible. Additionally, based on the potential repercussions of not paying the interest when due, your Committees believe that passage of this measure is imperative.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1077, H.D. 2, and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committees on Judiciary and  
Labor and Ways and Means,

  
\_\_\_\_\_  
DAVID Y. IGE, Chair

  
\_\_\_\_\_  
CLAYTON HEE, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:* <b>H.B. 1077 HD2</b>	Committee Referral: <b>JDL / WAM</b>	Date: <b>2/18/11</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile (VC)	✓			
GABBARD, Mike				✓
IHARA, Jr., Les				✓
SLOM, Sam			✓	
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1077, HD 2	JDL/WAM	2-18-11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312	<input type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
FUKUNAGA, Carol	✓			
KIM, Donna Mercado				✓
KAHELE, Gilbert	✓			
KOUCHI, Ronald D.				✓
RYAN, Pohai	✓			
TOKUDA, Jill N.	✓			
WAKAI, Glenn				✓
SLOM, Sam	# 020		✓	
<b>TOTAL</b>	9	0	1	4
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Suzanne Chun Oakland</i>				
Distribution:				
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