
A BILL FOR AN ACT

RELATING TO EMPLOYMENT SECURITY.

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

1 PART I.

2 SECTION 1. The legislature finds that this Act is
3 necessary to maintain the recovery of the state economy. This
4 Act allows many employers to spend additional income on
5 employees and investments rather than on unemployment insurance
6 contributions.

7 The purpose of this Act is to address employment security
8 by adjusting unemployment insurance contribution rates and
9 unemployment benefits.

10 Part II:

11 (1) Sets the employer contribution rate at "schedule F"
12 for calendar years 2012 and 2013; and

13 (2) Extends the maximum weekly benefit rate of seventy-
14 five per cent of the average weekly wage until
15 December 31, 2013. The percentage is restored to
16 seventy per cent on January 1, 2014.

17 The provisions of part II have specific expiration dates.



1 Part III increases the maximum contribution rate applicable
2 to certain employers. Part III is intended to require employers
3 with higher unemployment experience to pay more contributions.
4 The provisions of part III do not have expiration dates.

5 PART II.

6 SECTION 2. Section 383-22, Hawaii Revised Statutes, is
7 amended by amending subsection (b) to read as follows:

8 "(b) In the case of an individual whose benefit year
9 begins prior to January 5, 1992, the individual's weekly benefit
10 amount shall be, except as otherwise provided in this section,
11 an amount equal to one twenty-fifth of the individual's total
12 wages for insured work paid during the calendar quarter of the
13 individual's base period in which such total wages were highest.
14 In the case of an individual whose benefit year begins after
15 January 4, 1992, the individual's weekly benefit amount shall
16 be, except as otherwise provided in this section, an amount
17 equal to one twenty-first of the individual's total wages for
18 insured work paid during the calendar quarter of the
19 individual's base period in which such total wages were highest.
20 The weekly benefit amount, if not a multiple of \$1, shall be
21 computed to the next higher multiple of \$1. If an individual's
22 weekly benefit amount is less than \$5, it shall be \$5. The



1 maximum weekly benefit amount shall be determined annually as
2 follows: On or before November 30 of each year the total
3 remuneration paid by employers, as reported on contribution
4 reports submitted on or before such date, with respect to all
5 employment during the four consecutive calendar quarters ending
6 on June 30 of the year shall be divided by the average monthly
7 number of individuals performing services in the employment
8 during the same four calendar quarters as reported on the
9 contribution reports. The amount thus obtained shall be divided
10 by fifty-two and the average weekly wage (rounded to the nearest
11 cent) thus determined. For benefit years beginning prior to
12 January 1, 1992, two-thirds of the average weekly wage shall
13 constitute the maximum weekly benefit amount and shall apply to
14 all claims for benefits filed by an individual qualifying for
15 payment at the maximum weekly benefit amount in the benefit year
16 commencing on or after the first day of the calendar year
17 immediately following the determination of the maximum weekly
18 benefit amount. For benefit years beginning January 1, 1992,
19 but prior to January 1, 2008, and beginning again on January 1,
20 [~~2012,~~] 2014, seventy per cent of the average weekly wage shall
21 constitute the maximum weekly benefit amount and shall apply to
22 all claims for benefits filed by an individual qualifying for



1 payment at the maximum weekly benefit amount in the benefit year
 2 commencing on or after the first day of the calendar year
 3 immediately following the determination of the maximum weekly
 4 benefit amount. For benefit years beginning January 1, 2008,
 5 and ending December 31, [~~2011~~] 2013, seventy-five per cent of
 6 the average weekly wage shall constitute the maximum weekly
 7 benefit amount and shall apply to all claims for benefits filed
 8 by an individual qualifying for payment at the maximum weekly
 9 benefit amount in the benefit year commencing on or after the
 10 first day of the calendar year immediately following the
 11 determination of the maximum weekly benefit amount. The maximum
 12 weekly benefit amount, if not a multiple of \$1, shall be
 13 computed to the next higher multiple of \$1.

	(Column A)	(Column B)	(Column C)	(Column D)
	High	Basic	Minimum	Maximum
	Quarter	Weekly	Qualifying	Total Benefits
	Wages	Benefit	Wages	in Benefit Year
19	\$ 37.50 - 125.00	\$ 5.00	\$ 150.00	\$ 130.00
20	125.01 - 150.00	6.00	180.00	156.00
21	150.01 - 175.00	7.00	210.00	182.00
22	175.01 - 200.00	8.00	240.00	208.00

1	200.01 - 225.00	9.00	270.00	234.00
2	225.01 - 250.00	10.00	300.00	260.00
3	250.01 - 275.00	11.00	330.00	286.00
4	275.01 - 300.00	12.00	360.00	312.00
5	300.01 - 325.00	13.00	390.00	338.00
6	325.01 - 350.00	14.00	420.00	364.00
7	350.01 - 375.00	15.00	450.00	390.00
8	375.01 - 400.00	16.00	480.00	416.00
9	400.01 - 425.00	17.00	510.00	442.00
10	425.01 - 450.00	18.00	540.00	468.00
11	450.01 - 475.00	19.00	570.00	494.00
12	475.01 - 500.00	20.00	600.00	520.00
13	500.01 - 525.00	21.00	630.00	546.00
14	525.01 - 550.00	22.00	660.00	572.00
15	550.01 - 575.00	23.00	690.00	598.00
16	575.01 - 600.00	24.00	720.00	624.00
17	600.01 - 625.00	25.00	750.00	650.00
18	625.01 - 650.00	26.00	780.00	676.00
19	650.01 - 675.00	27.00	810.00	702.00
20	675.01 - 700.00	28.00	840.00	728.00
21	700.01 - 725.00	29.00	870.00	754.00
22	725.01 - 750.00	30.00	900.00	780.00



1	750.01 - 775.00	31.00	930.00	806.00
2	775.01 - 800.00	32.00	960.00	832.00
3	800.01 - 825.00	33.00	990.00	858.00
4	825.01 - 850.00	34.00	1020.00	884.00
5	850.01 - 875.00	35.00	1050.00	910.00
6	875.01 - 900.00	36.00	1080.00	936.00
7	900.01 - 925.00	37.00	1110.00	962.00
8	925.01 - 950.00	38.00	1140.00	988.00
9	950.01 - 975.00	39.00	1170.00	1014.00
10	975.01 -1000.00	40.00	1200.00	1040.00
11	1000.01 -1025.00	41.00	1230.00	1066.00
12	1025.01 -1050.00	42.00	1260.00	1092.00
13	1050.01 -1075.00	43.00	1290.00	1118.00
14	1075.01 -1100.00	44.00	1320.00	1144.00
15	1100.01 -1125.00	45.00	1350.00	1170.00
16	1125.01 -1150.00	46.00	1380.00	1196.00
17	1150.01 -1175.00	47.00	1410.00	1222.00
18	1175.01 -1200.00	48.00	1440.00	1248.00
19	1200.01 -1225.00	49.00	1470.00	1274.00
20	1225.01 -1250.00	50.00	1500.00	1300.00
21	1250.01 -1275.00	51.00	1530.00	1326.00
22	1275.01 -1300.00	52.00	1560.00	1352.00



1	1300.01 -1325.00	53.00	1590.00	1378.00
2	1325.01 -1350.00	54.00	1620.00	1404.00
3	1350.01 and over	55.00	1650.00	1430.00."

4 SECTION 3. Section 383-68, Hawaii Revised Statutes, is
5 amended by amending subsection (c) to read as follows:

6 "(c) Effective with calendar year 1992 and thereafter,
7 before December 31 of the previous year, the contribution rate
8 schedule for the following calendar year shall be determined on
9 the basis of the relationship between the most recent current
10 reserve fund and the most recent adequate reserve fund, in
11 accordance with this subsection and subsection (d).

12 (1) Whenever the ratio of the current reserve fund to the
13 adequate reserve fund is greater than 1.69,
14 contribution rate schedule A shall apply.

15 (2) Whenever the ratio of the current reserve fund to the
16 adequate reserve fund is 1.3 to 1.69, contribution
17 rate schedule B shall apply.

18 (3) Whenever the ratio of the current reserve fund to the
19 adequate reserve fund is 1.0 to 1.29, contribution
20 rate schedule C shall apply.



1 (4) Whenever the ratio of the current reserve fund to the
2 adequate reserve fund is .80 to .99, contribution rate
3 schedule D shall apply.

4 (5) Whenever the ratio of the current reserve fund to the
5 adequate reserve fund is .60 to .79, contribution rate
6 schedule E shall apply.

7 (6) Whenever the ratio of the current reserve fund to the
8 adequate reserve fund is .40 to .59, contribution rate
9 schedule F shall apply.

10 (7) Whenever the ratio of the current reserve fund to the
11 adequate reserve fund is .20 to .39, contribution rate
12 schedule G shall apply.

13 (8) Whenever the ratio of the current reserve fund to the
14 adequate reserve fund is less than .20, contribution
15 rate schedule H shall apply.

16 Notwithstanding the ratio of the current reserve fund to
17 the adequate reserve fund, contribution rate schedule D shall
18 apply for calendar year 2010 and contribution rate schedule F
19 shall apply for calendar [~~year~~] years 2011[-], 2012, and 2013."

20 PART III.

21 SECTION 4. Section 383-66, Hawaii Revised Statutes, is
22 amended by amending subsection (a) to read as follows:



1 "(a) The department, for the nine-month period April 1,
2 1941, to December 31, 1941, and for each calendar year
3 thereafter, except as otherwise provided in this part, shall
4 classify employers in accordance with their actual experience in
5 the payment of contributions and with respect to benefits
6 charged against their accounts with a view to fixing the
7 contribution rates to reflect this experience. The department
8 shall determine the contribution rate of each employer in
9 accordance with the following requirements:

10 (1) The standard rate of contributions payable by each
11 employer for any calendar year through 1984 shall be
12 three per cent. For the calendar year 1985 and
13 thereafter, the standard rate of contributions payable
14 by each employer shall be [~~five and four tenths~~] six
15 and six-tenths per cent;

16 (2) No employer's rate for the calendar year 1942 and for
17 any calendar year thereafter shall be other than the
18 maximum rate unless and until the employer's account
19 has been chargeable with benefits throughout the
20 thirty-six consecutive calendar month period ending on
21 December 31 of the preceding calendar year, except
22 that, for the calendar year 1956 and for each calendar



1 year thereafter, an employer who has not been subject
2 to the law for a sufficient period to meet this
3 requirement may qualify for a rate other than the
4 maximum rate if the employer's account has been
5 chargeable throughout a lesser period but in no event
6 less than the twelve consecutive calendar month period
7 ending on December 31 of the preceding calendar year.
8 For the calendar years 1985 through 1991, the
9 contribution rate for a new or newly covered employer
10 shall be the sum of the employer's basic contribution
11 rate of three and six-tenths per cent and the fund
12 solvency contribution rate determined for that year
13 pursuant to section 383-68(a), until the employer's
14 account has been chargeable with benefits throughout
15 the twelve consecutive calendar month period ending on
16 December 31 of the preceding calendar year; except
17 that no employer's contribution rate shall be greater
18 than five and four-tenths per cent and no employer
19 with a negative reserve ratio shall have a
20 contribution rate less than the employer's basic
21 contribution rate. For calendar years 1992 and
22 thereafter, the contribution rate for a new or newly



1 covered employer shall be the contribution rate
2 assigned to any employer with .0000 reserve ratio,
3 until the employer's account has been chargeable with
4 benefits throughout the twelve consecutive calendar
5 month period ending on December 31 of the preceding
6 calendar year;

7 (3) Any amount credited to this State under section 903 of
8 the Social Security Act, as amended, which has been
9 appropriated for expenses of administration, whether
10 or not withdrawn from the trust fund, shall be
11 excluded from the fund for the purposes of this
12 paragraph. Any advance that may be made to this State
13 under section 1201 of the Social Security Act, whether
14 or not withdrawn from this trust fund, shall be
15 excluded from the fund for the purposes of this
16 paragraph. No employer's rate shall be reduced in any
17 amount that is not allowable as an additional credit,
18 against the tax levied by the federal Unemployment Tax
19 Act pursuant to section 3302(b) of the federal
20 Internal Revenue Code or pursuant to any other federal
21 statute, successor to section 3302(b), which provides



1 for the additional credit now provided for in section
2 3302(b);

3 (4) If, when any classification of employers is to be made
4 (which may be after the commencement of the period for
5 which the classification is to be made), the
6 department finds that any employer has failed to file
7 any report required in connection therewith or has
8 filed a report that the department finds incorrect or
9 insufficient, the department shall notify the employer
10 thereof by mail addressed to the employer's last known
11 address. Unless the employer files the report or a
12 corrected or sufficient report, as the case may be,
13 within fifteen days after the mailing of the notice,
14 the maximum rate of contributions shall be payable by
15 the employer for the period for which the contribution
16 rate is to be fixed. Effective January 1, 1987, the
17 director, for excusable failure, may redetermine the
18 assignment of the maximum contribution rate in
19 accordance with this section, provided the employer
20 files all reports as required by the department and
21 submits a written request for redetermination before



1 December 31 of the year for which the contribution
2 rate is to be fixed;

3 (5) For the purpose of sections 383-63 to 383-69, if after
4 December 31, 1939, any employing unit in any manner
5 succeeds to or acquires the organization, trade, or
6 business, or substantially all the assets thereof
7 (whether or not the successor or acquiring unit was an
8 "employing unit", as that term is defined in section
9 383-1 prior to the acquisition), or after
10 December 31, 1988 and prior to December 31, 1992,
11 acquires a clearly identifiable and segregable portion
12 of the organization, trade, or business of another
13 that at the time of the acquisition was an employer
14 subject to this chapter, and the successor continues
15 or resumes the organization, trade, or business and
16 continues to employ all or nearly all of the
17 predecessor's employees, or the successor continues or
18 resumes the clearly identifiable and segregable
19 portion of the organization, trade, or business and
20 continues to employ all or nearly all of the employees
21 of the clearly identifiable and segregable portion, an
22 application may be made for transfer of the



1 predecessor's experience record. If the predecessor
2 employer has submitted all information and reports
3 required by the department including amended quarterly
4 wage reports identifying the employees transferred or
5 retained and executed and filed with the department
6 before December 31 of the calendar year following the
7 calendar year in which the acquisition occurred on a
8 form approved by the department a waiver relinquishing
9 the rights to all or the clearly identifiable and
10 segregable portion of the predecessor's prior
11 experience record with respect to its separate
12 account, actual contribution payment, and benefit
13 chargeability experience, annual payrolls and other
14 data for the purpose of obtaining a reduced rate, and
15 requesting the department to permit the experience
16 record to inure to the benefit of the successor
17 employing unit upon request of the successor employing
18 unit, the experience record for rate computation
19 purposes of the predecessor shall thereupon be deemed
20 the experience record of the successor and the
21 experience record shall be transferred by the
22 department to the successor employing unit and shall



1 become the separate account of the employing unit as
2 of the date of the acquisition. Benefits chargeable
3 to the predecessor employer or successor employer in
4 case of an acquisition of a clearly identifiable and
5 segregable portion of the organization, trade, or
6 business, after the date of acquisition on account of
7 employment prior to the date of the acquisition shall
8 be charged to the separate account of the successor
9 employing unit. In case of an acquisition of a
10 clearly identifiable and segregable portion of the
11 organization, trade, or business, the experience
12 record that inures to the benefit of the successor
13 employer shall be determined as follows:

14 (A) Wages, as used in section 383-61, attributable to
15 the clearly identifiable and segregable portion
16 shall be for the period beginning with the most
17 recent three consecutive calendar years
18 immediately preceding the determination of rates
19 under sections 383-63 to 383-69 and through the
20 date of acquisition; and

21 (B) Reserve balance attributable to the clearly
22 identifiable and segregable portion shall be the



1 amount determined by dividing the wages, as used
2 in section 383-61, of the clearly identifiable
3 and segregable portion in the three calendar
4 years (or that lesser period as the clearly
5 identifiable and segregable portion may have been
6 in operation) immediately preceding the
7 computation date of the rating period prior to
8 which the acquisition occurred by the total
9 taxable payrolls of the predecessor for the
10 three-year period (or that lesser period as the
11 clearly identifiable and segregable portion may
12 have been in operation) and multiplying the
13 quotient by the reserve balance of the
14 predecessor employer calculated as of the
15 acquisition date;

16 provided the waiver or waivers required herein are
17 filed with the department within sixty days after the
18 date of acquisition, the successor employing unit,
19 unless already an employer subject to this chapter,
20 shall be subject from the date of acquisition to the
21 rate of contribution of the predecessor or of two or
22 more predecessors if they have the same contribution



1 rate. If there are two or more predecessors having
2 different contribution rates, the successor shall be
3 subject to the rate prescribed for new or newly
4 covered employers under paragraph (2) until the next
5 determination of rates under sections 383-63 to
6 383-69, at which time the experience records of the
7 predecessors and successor shall be combined and shall
8 be deemed to be the experience record of a single
9 employing unit and the successor's rate shall
10 thereupon be determined upon the basis of the combined
11 experience. If the successor at the time of the
12 transfer is an employer subject to this chapter, the
13 rate of contribution to which the successor is then
14 subject shall remain the same until the next
15 determination of rates under sections 383-63 to
16 383-69, at which time the experience records of the
17 predecessor and successor shall be combined and shall
18 be deemed to be the experience record of a single
19 employing unit and the successor's rate shall
20 thereupon be determined upon the basis of the combined
21 experience. For the purpose of determination of rates
22 under sections 383-63 to 383-69 of all successor



1 employing units, waivers as required herein, if not
2 previously filed as hereinabove provided, shall be
3 filed with the department not later than March 1 of
4 the year for which the rate is determined; provided
5 that no waiver shall be accepted by the department for
6 filing unless the employing unit executing the waiver
7 has filed all reports and paid all contributions
8 required by this chapter;

9 (6) The department may prescribe rules for the
10 establishment, maintenance, and dissolution of joint
11 accounts by two or more employers, and, in accordance
12 with the rules and upon application by two or more
13 employers to establish such an account, or to merge
14 their several individual accounts in a joint account,
15 shall maintain the joint account as if it constituted
16 a single employer's account. The rules shall be
17 consistent with the federal requirements for
18 additional credit allowance in section 3303 of the
19 federal Internal Revenue Code and consistent with this
20 chapter;

21 (7) Whenever there is an amendment to this chapter which,
22 if immediately effective, would change an employer's



1 rate of contributions, the rate of the employer shall
2 be changed in accordance with the amendment and the
3 new rate shall apply for the remainder of the calendar
4 year beginning with the calendar quarter immediately
5 following the effective date of the amendment
6 providing for the change, unless otherwise provided by
7 the amendment;

8 (8) For the purposes of this section, "contribution rate"
9 shall mean the basic contribution rate as defined in
10 section 383-68 when applied to calendar year 1978 or
11 any calendar year thereafter; and

12 (9) For the purposes of this section, the terms "employing
13 unit", "employer", "predecessor", and "successor"
14 shall include both the singular and the plural of each
15 term. Nothing in this section shall prevent two or
16 more successor employing units, which each succeed to
17 or acquire a clearly identifiable and segregable
18 portion of a predecessor employing unit, from gaining
19 the benefit of the clearly identifiable and segregable
20 portion of the predecessor's experience record;

21 provided that the terms of this section are complied with,
22 nothing herein shall bar a predecessor employer from waiving the



1 rights to all or the clearly identifiable and segregable portion
 2 of the predecessor's prior experience record in favor of a
 3 successor employer where the successor acquired a clearly
 4 identifiable and segregable portion of the predecessor's
 5 organization, trade, or business after December 31, 1988 and
 6 prior to December 31, 1992."

7 SECTION 5. Section 383-68, Hawaii Revised Statutes, is
 8 amended by amending subsection (d) to read as follows:

9 "(d) Subject to the requirements of ~~[section]~~ sections
 10 383-63 to 383-69, an employer's contribution rate for calendar
 11 year 1992 and for each calendar year thereafter shall be that
 12 rate which appears on the same line as the employer's reserve
 13 ratio for that year in the contribution rate schedule applicable
 14 for the year as specified in subsection (c).

15 CONTRIBUTION RATE SCHEDULES (rates in percentages)

16 Reserve Ratio	A	B	C	D	E	F	G	H
17 .1500 and over	0.0	0.0	0.0	0.2	0.6	1.2	1.8	2.4
18 .1400 to .1499	0.0	0.0	0.1	0.4	0.8	1.4	2.0	2.6
19 .1300 to .1399	0.0	0.0	0.2	0.6	1.0	1.6	2.2	2.8
20 .1200 to .1299	0.0	0.1	0.4	0.8	1.2	1.8	2.4	3.0
21 .1100 to .1199	0.0	0.2	0.6	1.0	1.4	2.0	2.6	3.2
22 .1000 to .1099	0.1	0.3	0.8	1.2	1.6	2.2	2.8	3.4



1	.0900 to	.0999	0.3	0.5	1.0	1.4	1.8	2.4	3.0	3.6
2	.0800 to	.0899	0.5	0.7	1.2	1.6	2.0	2.6	3.2	3.8
3	.0700 to	.0799	0.7	0.9	1.4	1.8	2.2	2.8	3.4	4.0
4	.0600 to	.0699	0.9	1.1	1.6	2.0	2.4	3.0	3.6	4.2
5	.0500 to	.0599	1.1	1.3	1.8	2.2	2.6	3.2	3.8	4.4
6	.0300 to	.0499	1.3	1.5	2.0	2.6	3.0	3.6	4.2	4.8
7	.0000 to	.0299	1.7	1.9	2.4	3.0	3.4	4.0	4.6	5.2
8	-.0000 to	-.0499	2.1	2.3	2.8	3.4	3.8	4.4	5.0	5.4
9	-.0500 to	-.0999	2.5	2.7	3.2	4.0	4.4	5.0	5.4	[5.4]
10										<u>5.6</u>
11	-.1000 to	-.4999	2.9	3.1	3.6	4.6	5.0	5.4	[5.4]	[5.4]
12									<u>5.6</u>	<u>5.8</u>
13	-.5000 to	-.9999	3.4	3.6	4.2	5.2	5.4	[5.4]	[5.4]	[5.4]
14								<u>5.6</u>	<u>5.8</u>	<u>6.0</u>
15	-1.0000 to	-1.4999	4.1	4.2	4.8	5.4	[5.4]	[5.4]	[5.4]	[5.4]
16							<u>5.6</u>	<u>5.8</u>	<u>6.0</u>	<u>6.2</u>
17	-1.5000 to	-1.9999	4.7	4.8	5.4	[5.4]	[5.4]	[5.4]	[5.4]	[5.4]
18						<u>5.6</u>	<u>5.8</u>	<u>6.0</u>	<u>6.2</u>	<u>6.4</u>
19	-2.0000 and less		5.4	5.4	[5.4]	[5.4]	[5.4]	[5.4]	[5.4]	[5.4]
20					<u>5.6</u>	<u>5.8</u>	<u>6.0</u>	<u>6.2</u>	<u>6.4</u>	<u>6.6"</u>

SECTION 6. Section 383-129, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

1 "(a) In addition to contributions determined by section
 2 383-68, every employer, except an employer who has selected an
 3 alternative method of financing liability for unemployment
 4 compensation benefits pursuant to section 383-62, or an employer
 5 who has been assigned a minimum rate of zero per cent or the
 6 maximum rate of [~~five and four-tenths~~] six and six-tenths per
 7 cent in accordance with section 383-68, shall be subject to an
 8 employment and training fund assessment at a rate of .01 per
 9 cent of taxable wages as specified in section 383-61."

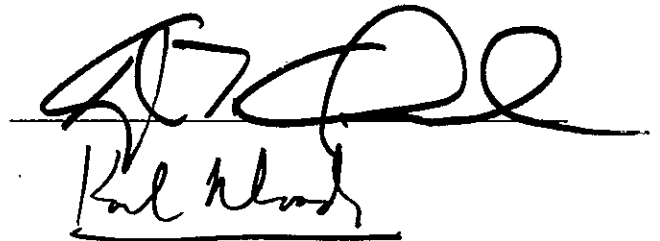
PART IV.

11 SECTION 7. This Act does not affect rights and duties that
 12 matured, penalties that were incurred, and proceedings that were
 13 begun before its effective date.

14 SECTION 8. Statutory material to be repealed is bracketed
 15 and stricken. New statutory material is underscored.

16 SECTION 9. This Act shall take effect upon its approval;
 17 provided that section 5 shall take effect on January 1, 2013.

INTRODUCED BY:



A large, stylized handwritten signature in black ink, appearing to read 'Karl Klumb', is written over a horizontal line. Below the signature, the name 'Karl Klumb' is printed in a cursive font.



Report Title:

Employment Security; Unemployment Insurance Contribution Rate Schedule; Unemployment Benefits; Unemployment Compensation Fund

Description:

Sets the unemployment insurance contribution rate schedule at "schedule F" for calendar years 2012 and 2013. Retains the maximum weekly benefit rate for unemployment at 75% of the average weekly wage until 12/31/13, and returns the rate to 70% on 01/01/14. Increases the maximum contribution rate, effective 1/1/13.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

