

STAND. COM. REP. NO. 684-12

Honolulu, Hawaii
March 1, 2012

RE: H.B. No. 2024
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2024 entitled:

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

begs leave to report as follows:

The purpose of this measure is to assist unemployed individuals by providing an opportunity to these individuals to become self-sufficient and less dependent on unemployment insurance benefits for economic support. Specifically, this measure provides for the payment of self-employment assistance benefits in lieu of regular unemployment benefits under certain conditions allowing recipients to focus on receiving training and assistance to become self-employed.

The General Contractors Association of Hawaii testified in opposition to this measure. The Department of Labor and Industrial Relations provided comments.

The recent economic downturn that has affected Hawaii, as well as the rest of the nation, has resulted in an increased number of individuals receiving unemployment insurance benefits. This has not only put a strain on unemployment insurance trust funds but has also slowed economic recovery. Providing an opportunity for unemployed individuals to become self-sufficient and less dependent on unemployment insurance benefits for economic support by allowing for the payment of self-employment assistance benefits in lieu of regular unemployment benefits that would allow

HB2024 HD1 HSCR LAB HMS 2012-2443-1 .



recipients to focus on receiving training and assistance to become self-employed is one method to employ more individuals and improve the economy.

While this measure attempts to improve Hawaii's economic outlook and provide assistance to unemployed individuals, your Committee notes that, on February 22, 2012, the Middle Class Tax Relief and Job Creation Act of 2012 was enacted which, among other things, authorizes states to create Self-employment Assistance Programs. According to the Department of Labor and Industrial Relations, the United States Department of Labor will eventually provide model legislation which will allow states to conform state law to federal requirements. Until such time, however, it has been suggested that legislation be crafted to model legislation enacted in other states that have already adopted Self-employment Assistance Programs.

As such, your Committee has amended this bill by deleting its contents and replacing it with language that, among other things:

- (1) Establishes a temporary Self-Employment Assistance Program within the Department of Labor and Industrial Relations;
- (2) Establishes content and eligibility requirements for the Program;
- (3) Requires the Department to identify unemployed individuals that are likely to exhaust regular benefits before finding employment and notify these individuals of the opportunity to enroll in the Program;
- (4) Specifies that individuals participating in the Program shall be eligible to receive benefits under the federal Emergency Unemployment Compensation Program;
- (5) Stipulates that an individual participating in the Program who fails to participate in self-employment assistance activities or who fails, on a full-time basis, to actively engage in establishing a business and becoming self-employed shall be disqualified from participating in the Program;



- (6) Requires the Director of Labor and Industrial Relations to take all steps necessary to carry out the purposes of the Program to assure collaborative involvement of interested parties in the development of the Program, and to ensure that the Program meets all federal criteria for withdrawal under the federal Emergency Unemployment Compensation Program;
- (7) Allows the Director to approve, as self-employment assistance programs, existing self-employment training programs available through community colleges, workforce investment boards, or other organizations;
- (8) Stipulates that the Director is not obligated to expend any departmental funds for the operation of self-employment assistance programs, unless specific funding is provided to the Department for that purpose through federal or state appropriations;
- (9) Provides non-compete provisions for individuals completing the Program with the individual's separating employer for a specific time period and in a specific geographic area as determined by the Director;
- (10) Requires the Director to adopt rules; and
- (11) Repeals the Program on June 30, 2015.

Your Committee has also amended this measure by changing its effective date to January 1, 2049, to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2024, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2024, H.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



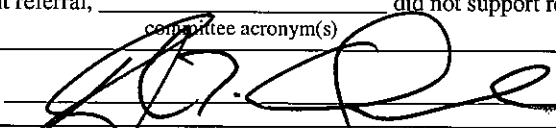
KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 684-12

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HD 2024	Committee Referral: LAB	Date: 2-28-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty				/
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.				/
7. LUKE, Sylvia				/
8. OKAMURA, Tom				
9. SAIKI, Scott K.				/
10. SOUKI, Joseph M.	/			
11. TAKUMI, Roy M.	/			
12. FONTAINE, George R.	/			
13. JOHANSON, Aaron Ling				/
TOTAL (13)	7	-	-	5
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				