

Honolulu, Hawaii

Feb 13, 2012

RE: H.B. No. 2096

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 Finance, to which was referred H.B. No. 2096, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to adjust the benefit amounts paid to employees from the Unemployment Insurance Trust Fund and the contribution rates for employers. Specifically, this measure:

- (1) Maintains the maximum weekly benefit amount for unemployment insurance benefits at 70 percent of the average weekly wage from January 1, 2012, until March 31, 2012, and beginning again on January 1, 2013;
- (2) Temporarily increases the maximum benefit amount for unemployment insurance benefits to 75 percent of the average weekly wage from April 1, 2012 to December 31, 2012;
- (3) Maintains the employer contribution rate amount at schedule F for calendar year 2012;
- (4) Authorizes, for one year, funds in the Employment and Training Fund to be used for the payment of interest due on Title XII advances made under section 1202(b) of the Social Security Act, as amended, to the Unemployment Compensation Fund;



- (5) Authorizes the Director of Labor and Industrial Relations to determine the employment and training assessment rate for the 2012 calendar year if any interest is due on a Title XII advance;
- (6) Specifies the amounts collected but not applied to interest payments due in 2012 remain in the Employment and Training Fund; and
- (7) Authorizes the Director of Labor and Industrial Relations to borrow moneys from the federal government to cover the insolvency of the Unemployment Compensation Fund and to use the loan proceeds only to pay unemployment benefits.

The Hawaii Island Chamber of Commerce, Hawaii Food Industry Association, ABC Stores, Monsanto Hawaii, The Chamber of Commerce of Hawaii, and a concerned individual testified in support of this measure. A concerned individual opposed this measure. The Department of Labor and Industrial Relations; ILWU Local 142; United Public Workers, AFSCME, Local 646, AFL-CIO; Hawaii Business League; Stoneworks LLC; ProService Hawaii; BB Embroidery; Retail Merchants of Hawaii; Environ Control, Inc.; Donna's Cookies Inc.; Ala Moana Dental Care; Hawaii Vision Clinic; Pomaika'i Construction; At Home Mobile Veterinary Services; Discount Hotels Hawaii; Global Technology Corporation; Hawaii Forest & Trail Ltd.; Kohala Zipline LLC; Bubbies Homemade Ice Cream and Desserts; Home Instead Senior Care; and Professional Contractors Inc., provided comments.

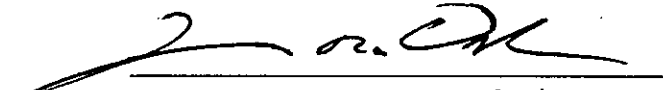
Your Committee acknowledges that, pursuant to section 103-6, Hawaii Revised Statutes, there was a memorandum of understanding between the Department of Labor and Industrial Relations and the Department of Budget and Finance in 2011 that essentially extended a line of credit to the Department of Labor and Industrial Relations if it was needed to address any insolvency issues of the Unemployment Compensation Fund. Should the Unemployment Compensation Fund face similar fiscal challenges due to this measure, your Committee recommends that the state's financial plan account for a potential liability of \$20,000,000.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your



Committee is in accord with the intent and purpose of H.B. No. 2096, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



