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

STAND. COM. REP. NO. **198** -12 Page 3

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

State of Hawaii House of Representatives The Twenty-sixth Legislature

H5CR298-12

Record of Votes of the Committee on Finance

HB 2096 HD Committee	LAB, F	Date:	02/10	1/12
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)				
2. LEE, Marilyn B. (VC)				
3. CHOY, Isaac W.				
4. CULLEN, Ty				
5. HAR, Sharon E.				
6. HASHEM, Mark J.				
7. ICHIYAMA, Linda	V			
8. JORDAN, Jo				
9. KAWAKAMI, Derek S.K.				
10. LEE, Chris				V
11. MORIKAWA, Dee				
12. TOKIOKA, James Kunane				
13. YAMASHITA, Kyle T.				· .
14. MARUMOTO, Barbara C.	V/			
15. RIVIERE, Gil				
16. WARD, Gene				
				· - · ·
			<u> </u>	
				
TOTAL (16)	19			2
The recommendation is: If joint referral,				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				