

Honolulu, Hawaii

MAR 06 2012

RE: H.B. No. 2096

H.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committees on Judiciary and Labor and Ways and Means, to which was referred H.B. No. 2096, H.D. 1, entitled:

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

beg leave to report as follows:

The purpose and intent 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 seventy 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 seventy-five 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, until January 1, 2013, 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 that the amounts collected but not applied to interest payments due in 2012 shall remain in the employment and training fund; and
- (7) Authorizes the Director of Labor and Industrial Relations to borrow monies from the federal government to cover the insolvency of the unemployment compensation fund and to use the loan proceeds only to pay unemployment benefits.

Your Committees received testimony in support of this measure from International Longshore and Warehouse Union Local 142; the Molokai Chamber of Commerce; the Hawaii Restaurant Association; the Maui Chamber of Commerce; the Hawaii Alliance for Nonprofit Organizations; the Hawaii Credit Union League; Big Island Electric, Inc.; Gyotaku Restaurants; Zippy's Restaurants; the Chamber of Commerce of Hawaii; Monsato Company; the Retail Merchants of Hawaii; the Hawaii Food Industry Association; LH Gamble Co., Ltd.; the Hawaii Automobile Dealers Association; City Mill Company, Ltd.; the Kona-Kohala Chamber of Commerce; Ocean Sports; the Hilton Hawaiian Village Waikiki Beach Resort; the Hawaii Island Chamber of Commerce; Trans-Pacific Design; Budar Insurance Agency; the Molokai Farm Bureau; American Savings Bank; ProService Hawaii; the Hawaii Business League; and fifty-four private individuals. The Department of Labor and Industrial Relations and two private individuals submitted comments.

Your Committees find that the economic downturn that occurred over the past several years resulted in increasing unemployment and, concomitantly, a dwindling reserve in the unemployment trust fund. As such, the insolvency of the unemployment trust fund in December 2010 required the State to borrow money from the federal government under Title XII, Section 1202(b) of the Social Security Act, as amended. However, stabilizing unemployment rates as well as efforts by the Department of Labor and Industrial Relations allowed for the loan to be repaid and the unemployment trust fund to realize a positive balance, although the situation is still precarious.



Although economic growth appears to be improving and Hawaii appears to be heading toward an economic recovery, the process is a slow one. Under existing law, the rate schedule for unemployment insurance contributions is scheduled to increase. Your Committees further find that maintaining the schedule at its current rate for an additional year will help mitigate the effect of this increase on businesses and provide stability and certainty during this economic recovery period.

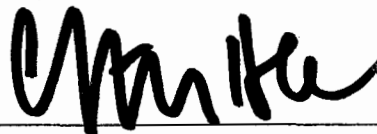
Your Committees recognize that pursuant to section 103-6, Hawaii Revised Statutes, there is a 2011 memorandum of understanding between the Department of Labor and Industrial Relations and the Department of Budget and Finance that essentially extends a line of credit to the Department of Labor and Industrial Relations to address any insolvency issues of the unemployment compensation fund, if needed.

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. 2096, H.D. 1, 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 Ways and Means
WAM

Bill / Resolution No.:* HB 2096, HD1	Committee Referral: JDL/WAM	Date: 3-1-12		
<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	✓			
TOTAL	10	0	0	4
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes