

STAND. COM. REP. NO.

3005

Honolulu, Hawaii

MAR 23 2012

RE: H.B. No. 2264  
H.D. 2  
S.D. 1

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

Sir:

Your Committee on Judiciary and Labor, to which was referred H.B. No. 2264, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to increase the contribution rates of employers to the unemployment compensation fund up to a maximum of 6.6 percent. Specifically, this measure:

- (1) Increases the employer's maximum unemployment insurance contribution rates under section 383-68(d), Hawaii Revised Statutes, in twenty-one of the one hundred eighty tax rates in the tax schedule system on a graduated basis beginning on July 1, 2013; and
- (2) Makes housekeeping amendments to section 383-66, Hawaii Revised Statutes, relating to the determination of the standard rate of employer contributions.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations.

Your Committee finds that the existing contribution rate schedule under section 383-68(d), Hawaii Revised Statutes, consists of eight tax schedules ranging from the lowest schedule at A to the highest schedule at H. The maximum tax rate is 5.4 percent for each schedule. This measure increases an employer's



maximum unemployment insurance contribution rates in twenty-one of the one hundred eighty tax rates in the tax schedule system on a graduated basis up to a maximum rate of 6.6 percent.

The Department of Labor and Industrial Relations indicated that it cannot perform mid-year rate recalculations without a complete redesign of the existing unemployment insurance tax system, including its software and web-based applications. Accordingly, your Committee has amended this measure by adopting the suggestion made by the Department to change the effective date from July 1, 2013, to January 1, 2013, to avoid an expensive redesign of the unemployment insurance tax system.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2264, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2264, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Labor,



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CLAYTON HEE, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:* <b>HB 2264, HD2</b>	Committee Referral: <b>JDL, WAM</b>	Date: <b>3/19/12</b>		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile (VC)	✓			
GABBARD, Mike				✓
IHARA, Jr., Les				✓
SLOM, Sam			✓	
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes