

**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SIXTH LEGISLATURE, 2012**

ON THE FOLLOWING MEASURE:

H.B. NO. 2096, RELATING TO EMPLOYMENT SECURITY.

BEFORE THE:

HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

DATE: Friday, January 27, 2012 **TIME:** 9:00 a.m.

LOCATION: State Capitol, Room 309

TESTIFIER(S): David M. Louie, Attorney General, or
Randall S. Nishiyama, Deputy Attorney General

Chair Rhoads and Members of the Committee:

The Department of the Attorney General provides following comments regarding this bill.

This bill:

1. Extends the 75% maximum weekly benefit amount of unemployment insurance to December 31, 2012;
2. Sets, for calendar year 2012, the employer contribution rate at schedule F;
3. Makes available a line of credit of general funds for the Unemployment Compensation Fund between March 1, 2012 and June 1, 2013;
4. Requires, before June 29, 2013, that the general fund be repaid for all general fund revenues loaned to the Unemployment Compensation Fund;
5. Requires, on June 30, 2013, that the repaid general fund revenues be transferred to the Emergency and Budget Reserve Fund; and
6. Requires the bill to apply retroactively to January 1, 2012.

Our comments will be limited to section 3 of the bill, which addresses the establishment of a line of credit for the Unemployment Compensation Fund, the repayment of borrowings under the line of credit, and the deposit of moneys into the Emergency and Budget Reserve Fund. We are concerned that several provisions of section 3 are duplicated by existing measures.

It appears that the goal of establishing a line of credit for the Unemployment Compensation Fund is to provide for the uninterrupted payment of unemployment insurance benefits.

We understand that the Department of Labor and Industrial Relations has already established with the Department of Budget and Finance a \$10,000,000 "line of credit" for the Unemployment Compensation Fund utilizing section 103-6, Hawaii Revised Statutes.

Section 103-6 states in pertinent part:

§103-6 Temporary use of funds. The state and county directors of finance may, with the consent of the governor, in the case of state funds, and of the council, in the case of county funds, use any portion of moneys belonging to any funds under their control, except pension or retirement funds, funds set aside for the redemption of bonds or the payment of interest thereon, and private trust funds, for the purpose of paying warrants drawn against any fund temporarily depleted. All sums so used shall be repaid to the credit of the fund from which taken immediately after the replenishment of such depleted fund.

Under section 103-6, the Director of Finance, with the consent of the Governor, may loan moneys to state departments "for the purpose of paying warrants drawn against any fund temporarily depleted." Repayment of the loan is required, subject to the availability of funds to make the repayment ("All sums so used shall be repaid to the credit of the fund from which taken immediately after the replenishment of such depleted fund"). Section 103-6 is silent regarding interest on the loan; consequently, the Department of Budget and Finance ("B&F") does not charge interest on loans made under section 103-6.

Further, we note that Title XII of the Social Security Act authorizes the U.S. Department of Labor to make advances to the Unemployment Compensation Fund. We understand that the U.S. Department of Labor has already approved advances for the months of January 2012, February 2012, and March 2012, to the Unemployment Compensation Fund.

Given the existing availability of state and federal moneys to provide for the uninterrupted payment of unemployment insurance benefits, we suggest that section 3 of the bill be amended to read as follows:

"SECTION 3. The director of labor and industrial relations may utilize section 103-6, Hawaii Revised Statutes, or may borrow moneys from the federal government pursuant to title XII of the Social Security Act, to cover the insolvency of the unemployment compensation fund."

We note that there is currently no appropriation for the proposed deposit of \$20,000,000 in general funds to the Emergency and Budget Reserve Fund on June 30, 2013.

Please call Randall S. Nishiyama at 586-1267 if you have any questions regarding this matter.



**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.hawaii.gov/labor
Phone: (808) 586-8842 / Fax: (808) 586-9099
Email: dllr.director@hawaii.gov

January 26, 2012

To: The Honorable Karl Rhoads, Chair, Kyle T. Yamashita, Vice Chair,
and Members of the House Committee on Labor & Public Employment

Date: January 27, 2012
Time: 9:00 a.m.
Place: Conference Room 229, State Capitol

From: Dwight Takamine, Director
Department of Labor and Industrial Relations

Re: HB 2096 - Relating to Employment Security

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. 2096 proposes to do the following:

- Amend section 383-22, Hawaii Revised Statutes (HRS), to retain the maximum weekly benefit amount (MWBA) at 75% of the average weekly wage (AWW) until 12/31/2012 and return the MWBA to 70% of the AWW on 1/1/2013.
- Amend section 383-68, HRS, to extend the employer contribution rate at schedule F for calendar year 2012.
- Make available a line of credit of \$20 million in general revenues for the unemployment trust fund between March 1, 2012 and June 1, 2013 and requires repayment of all outstanding general revenue loans to the fund by June 29, 2013 and further requires the repaid revenues to be transferred to the emergency and budget reserve fund.
- All provisions in the bill will apply retroactively to January 1, 2012.

The department is strongly committed to strengthening our economic recovery. A healthy unemployment system is essential to further this recovery, and provides support to workers and their families, who have suffered layoffs due to no fault of their own. Therefore, actions that undermine the health of the unemployment insurance trust fund, and potentially increase the financial burden on the business community are of concern to the department. The department offers comments below.

II. CURRENT LAW

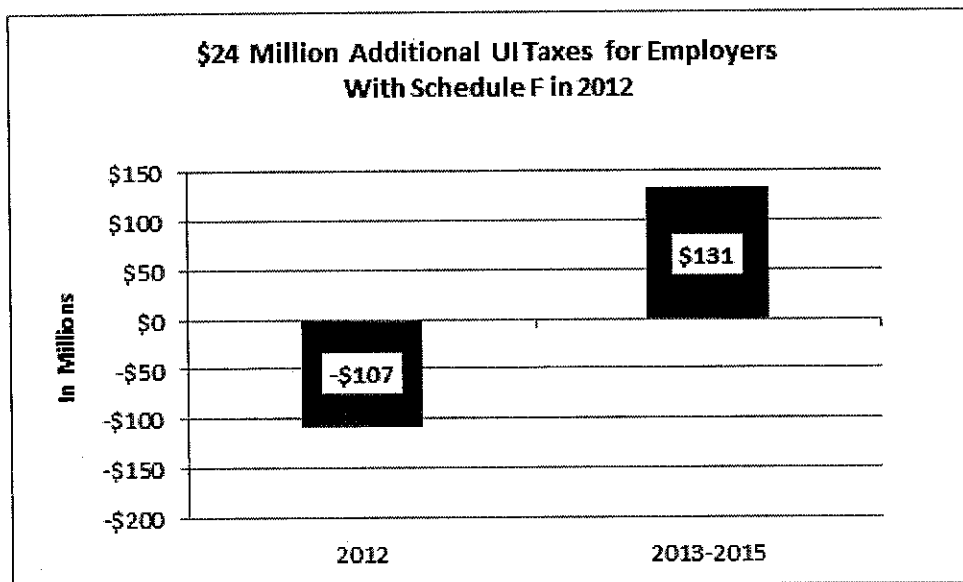
Section 383-22(b), HRS, was amended in 2007 by Act 110 to temporarily increase the MWBA from 70% to 75% of the state's average weekly wage (AWW) from January 1, 2008 to December 31, 2010. In 2010, Act 2 extended this provision until December 31, 2011. Effective January 1, 2012, under current law, the MWBA is 70% of the state AWW.

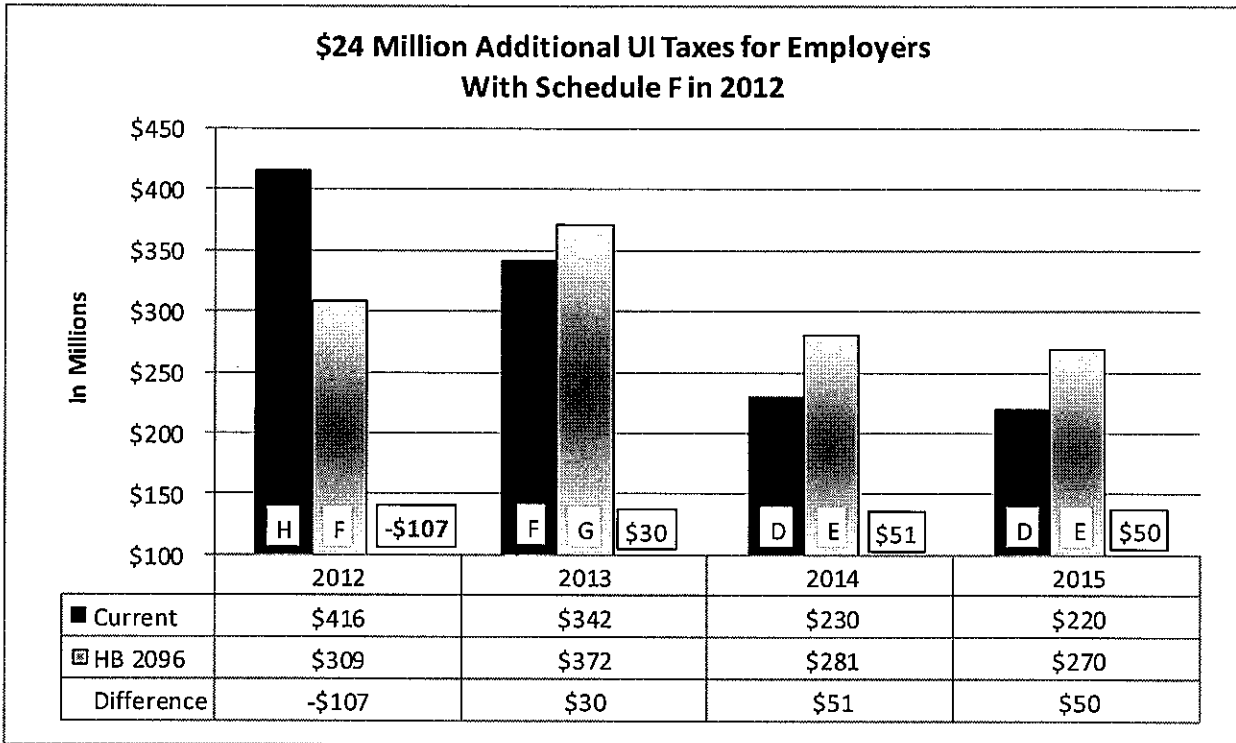
Section 383-68, HRS, provides that the contribution rate schedule shall be determined by the ratio of the current reserve fund to the adequate reserve fund. In 2007, Act 110 changed the definition of the adequate reserve fund causing the tax rate schedule to drop from schedule B to schedule A. In 2010, Act 2 set the schedule at D for calendar year 2010 and schedule F for calendar year 2011. Under current law, schedule H is applicable for calendar year 2012.

III. COMMENTS ON THE HOUSE BILL

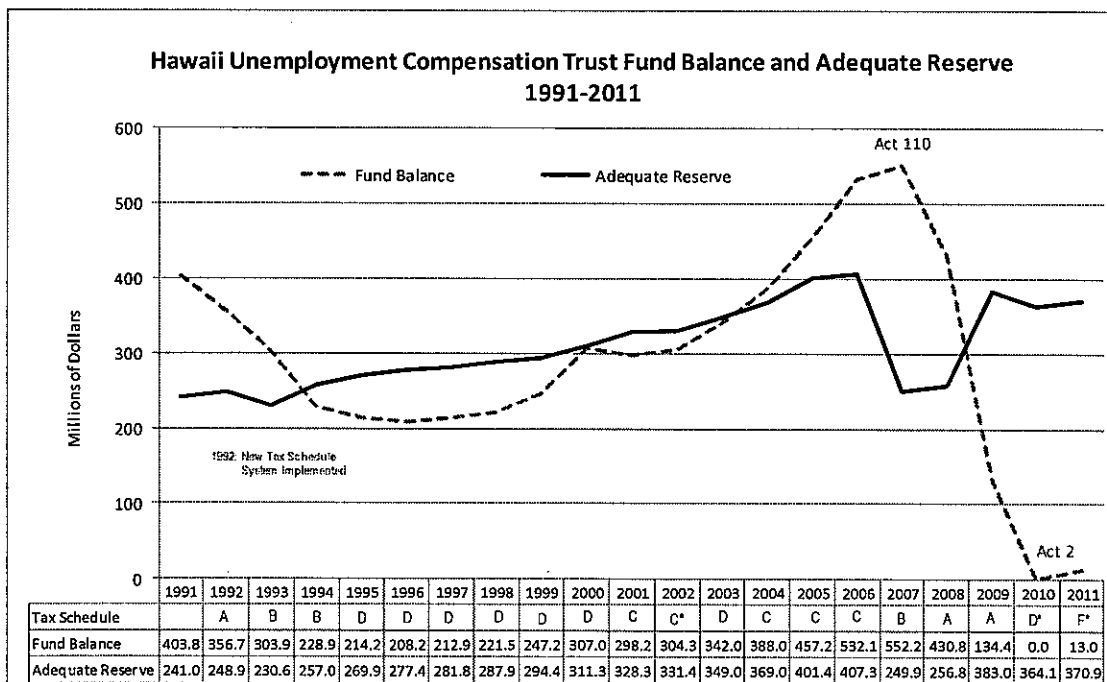
The department offers the following comments: :

- ❖ HB 2096 will actually increase the tax burden on the employers. The measure proposes to reduce taxes by setting the tax schedule for 2012 to F. Employers would save an estimated \$107 million in UI taxes in 2012, only to pay an estimated additional \$131 million in taxes in 2013, 2014, and 2015—resulting in a net tax increase of \$24 million over 4 years.

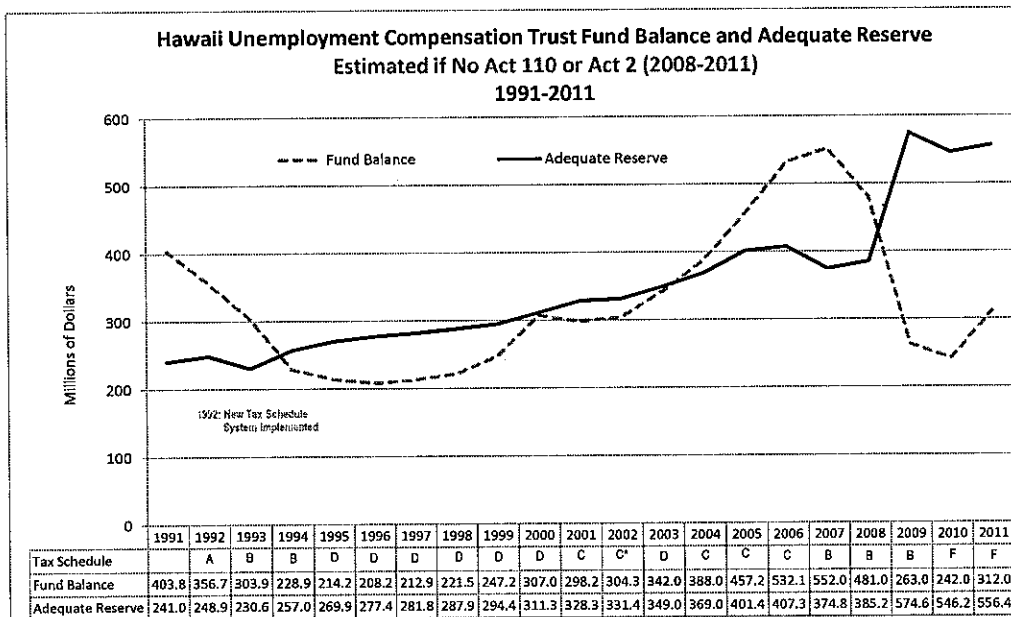




- ❖ HB 2096 proposes to reduce incoming revenue by delaying automatic tax schedule adjustments tied to trust fund levels and increasing the benefit outgo when the UI trust fund's balance at the end of 2011 is only \$13 million or 3.5% of the adequate level. This proposal is similar to legislation that led to the bankruptcy of the UI trust fund in December 2010.



If Act 110 and Act 2 were not enacted, the UI trust fund balance would have been at \$312 million at the end of 2011 and would have withstood the great recession of 2008 without imposing significant tax increases on employers. Under the changes made by Act 110 and Act 2, however, the UI Trust Fund went from a balance of \$552 million at the end of 2007 to \$431 million in 2008, \$134 million in 2009, and negative \$12 million in 2010.



- ❖ HB 2096 also proposes to retroactively modify the MWBA provision. Such a provision will not only detrimentally affect the solvency of the UI Trust fund but also impose a heavy administrative burden to identify and make payment adjustments on all new initial claims with the MWBA since January 1, 2012.
- ❖ Section 3 does not conform to federal law. The provision provides for \$20 million in general funds for which loans may be made to the unemployment compensation fund for the payment of benefits or administrative expenses. Section 3304(a)(4) of the Federal Unemployment Tax Act prohibits withdrawals from a state's unemployment fund for purposes other than the payment of unemployment compensation. Furthermore, under section 103-6, HRS, the department has already secured a line of credit arrangement in the amount of \$10 million with the Department of Budget and Finance for the payment of benefits.
- ❖ If the legislature should choose to pass this measure, the department requests fast tracking of the measure so any changes in the law are enacted by March 9, 2012. Fast tracking this measure is essential because of the tight schedule to run the experience rating job, print the experience rating notices, mail out the experience rating notices, run the UC-B6 quarterly contribution rate job, print the UC-B6 forms, mail out the UC-B6 forms and allow enough time for employers to appeal their experience rating notices.



Chair Karl Rhoads
House Committee on Labor & Public Employment
Conference Room 309
State Capitol
415 South Beretania Street
Honolulu, HI 96813

RE: HB 2096 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Lisa Maruyama, president and CEO of the Hawaii Alliance of Nonprofit Organizations (HANO). I appreciate the efforts made by the chair and the committee to address the unemployment insurance tax increase.

HANO is a statewide alliance of nonprofit organizations working to strengthen and unite Hawaii's nonprofit sector as a collective force to improve the quality of life in Hawaii.

HANO supports HB 2096, but supports the same level of tax for two years rather than one at schedule "F".

Nonprofit organizations are employers too, dealing with the same cost of doing business as for-profit organizations. In this economy, with the rising costs of running a business and with giving down, it has been a struggle for many nonprofits to stay afloat and ensure the level and quality of the valuable services they provide to the community.

An extension of schedule "F" through 2013 would provide extended relief to all businesses to see us through a lingering down economy.

Thank you for the opportunity to submit written testimony.



Hawai'i Island Chamber of Commerce

117 Keawe Street, Suite 205
Hilo, Hawai'i 96720-2851
Phone: (808) 935-7178
Fax: (808) 961-4435
E-mail: admin@hicc.biz
www.hicc.biz

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Kimberly Shimabuku
Alice Sledge
Donald Straney
Art Taniguchi
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William Walter
Noreen Yamane

January 26, 2012

Submitted On-Line at <http://www.capitol.hawaii.gov/submittestimony.aspx>

Honorable Karl Rhoads, Chair
House Committee on Labor & Public Employment
State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Testimony in Support of HB 2096 Unemployment Insurance Tax

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Vaughn Cook and I am the President-Elect of the Hawaii Island Chamber of Commerce. With more than 230 member businesses and over 500 member representatives, the Chamber serves as an important voice of business in Hawaii.

The Chamber **strongly supports** HB 2096 which will maintain the same level of Unemployment Insurance Tax for an additional two (2) years.

I don't need to tell you all that the current economy has been devastating for many of our members – especially here on the Big Island. Our members represent a wide spectrum of employers that provide employment opportunities for so many in our community as well as give back through donations of time and money to worthy causes in our community. This current economic downturn has been deep and prolonged. It has caused much uncertainty in the market and the currently scheduled increase in the UI tax would negatively affect the bottom line, but also, maybe more importantly, it would have a negative impact on business' confidence for the future. ***Businesses that do not have confidence for the future do not generally feel free to expand employment opportunities.*** To allow the UI tax rate to increase as current law provides would result in the UI increasing to Schedule H and would impose an additional average tax increase of \$550 per employee. This increased cost would erode confidence for our members and should be delayed.



Hawai'i Island Chamber of Commerce

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www.hicc.biz

We urge you to support this HB 2096 that allows the UI rates to remain at Schedule F levels for 2012 and 2013. It will certainly provide more certainty to employers justifiably concerned about the future and their economic survival.

We appreciate your consideration of this testimony and ask for the Committee to support employment in our community.

Very Truly Yours

Vaughn G. T. Cook
President-Elect



1654 South King Street
Honolulu, Hawaii 96826-2097
Telephone: (808) 941.0556
Fax: (808) 945.0019
Web site: www.hcul.org
Email: info@hcul.org



Testimony to the House Committee on Labor and Public Employment
Friday, January 27, 2012, at 9:00 a.m.

Testimony in support of HB 2096, Relating to Employment Security

To: The Honorable Karl Rhoads, Chair
The Honorable Kyle Yamashita, Vice-Chair
Members of the Committee on Labor and Public Employment

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 83 Hawaii credit unions, representing approximately 811,000 credit union members across the state. We appreciate the efforts made by the Chair and the committee in addressing the unemployment insurance tax increase.

We support HB 2096, however, due to the tough economic times, maintaining the same tax level for two years is preferable. Extending the tax level to 2013 would assist HCUL as well as its member credit unions, which have been adversely impacted by the slow economic recovery. Credit unions are not-for-profit, member-owned financial cooperatives, and controlling expense helps credit unions deliver products and services at low or no cost to its members.

Thank you for the opportunity to testify.



Representative Karl Rhoads, Chair
Representative Kyle Yamashita, Vice Chair
Committee on Labor & Public Employment
State Capitol, Honolulu, Hawaii 96813

HEARING Friday, January 27, 2012
 9:00 am
 Conference Room 309

RE: HB2096, Relating to Employment Security

Chair Rhoads, Vice Chair Yamashita, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing almost 25% of the labor force.

RMH very much appreciates the initiative and the efforts of the Chair and the Legislature to address the impending Unemployment Insurance tax increase in a very timely manner.

While HB2096 provides welcome and much needed relief, considering the vulnerability of the economy, we believe that **extending the Unemployment Tax Rate at Schedule F for two more years, through calendar years 2012 and 2013** will provide greater stability and certainty for employers. We understand that the Unemployment Fund has recovered far quicker than original projections and the risk of insolvency is now gone.

The retail industry has experienced slow but steady growth over the past year or so, with existing companies opening new locations and new retailers entering the marketplace. New jobs at all levels are being created. But there are still hundreds of small retailers hovering on the edge of survival. This tax relief most assuredly will provide an unexpected and welcome resource at this critical time.

Thank you for your consideration and for the opportunity to submit testimony.

Carol Pregill, President

RETAIL MERCHANTS OF HAWAII
1240 Ala Moana Boulevard, Suite 215
Honolulu, HI 96814
ph: 808-592-4200 / fax: 808-592-4202

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 2:06 PM
To: LABtestimony
Cc: pacificpaws@gmail.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Matt McCullough
Organization:
E-mail: pacificpaws@gmail.com
Submitted on: 1/26/2012

Comments:

Pacific Paws is a pet care business that grosses substantially less than \$1M a year. We provide direct employment for 5 individuals and subcontract work for 3 others. Including the owner and wife who also work in the business, the business provides a living for 10 Hawaii taxpayers and their dependants. In this very prolonged recession, we do not have a great ability to raise prices. So any increase in costs, including taxes, has an immediate direct negative impact without any offset.

Please act to limit the UI tax increase to preserve the viability of Hawaii's small family owned businesses.

Thank you.

yamashita2 ---Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 12:50 PM
To: LABtestimony
Cc: jwayman@hicoffeeco.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: James Wayman
Organization:
E-mail: jwayman@hicoffeeco.com
Submitted on: 1/26/2012

Comments:

Hawaii Coffee Company
1555 Kalani Street

Honolulu, Hawaii 96817

PH#: 847-3600
FAX#: 847-7900

January 26, 2012

Testimony to the House Committee on Labor & Public Employment Friday, January 27, 2012;
9:00 a.m.

Conference Room 309
State Capitol
415 South Beretania Street

RE: HOUSE BILL 2069 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is James Wayman, President of Hawaii Coffee Company, we employ sixty personal. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support HB 2096, however, due to the tough economic times, maintaining the same tax level for two years is preferable.

An increase will limit our ability to upgrade plant equipment and hire new personnel. The last two years have been difficult for us. We did not layoff any employees but we have had a hiring freeze in place. A two year term will give us a chance to get back on our feet.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at Hawaii Coffee Company, my phone number is 843-4201.

MONSANTO COMPANY
94-520 KUNIA ROAD
KUNIA, HAWAII 96759

Testimony before the
House Committee on Labor & Public Employment
Friday, January 27, 2012; 9:00 a.m.
Conference Room 309

**HOUSE BILL 2096
RELATING TO EMPLOYMENT SECURITY**

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Frederick Perlak, Vice President of Research and Business Operations for Monsanto Hawaii. We **support** HB 2096 that addresses the continued concerns over unemployment insurance tax increases. We respectfully ask that this measure regarding Schedule F be expanded over a two year period to help stabilize Hawaii's businesses and economy overall.

Monsanto Hawaii has farm sites located on the islands of Maui, Molokai, and Oahu and employs about 1,000 employees. We are a seed nursery research farm that primarily grows seed corn and soy beans for U.S. farmers across the nation. This measure will help stabilize the cost of doing business in Hawaii and provides some certainty and predictability as many of the farm businesses develop their business and production plans over a longer period of time. Farm businesses invest a large amount of resources and capital hoping to realize a profit in years to come. Expanding Schedule F to cover a two year period will help Hawaii's farm businesses to become more viable and sustainable.

Thank you for the opportunity to submit testimony. If you have any questions, please feel free to contact myself or Alan Takemoto at 685-8371.



HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)

1050 Bishop St. Box 235

Honolulu, HI 96813

Fax : 808-791-0702

Telephone : 808-533-1292

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012; 9:00 a.m.
Conference Room 309
State Capitol
415 South Beretania Street**

RE: HOUSE BILL 2069 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Lauren Zirbel and I am here on behalf of the Hawaii Food Industry Association. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support HB 2096, however, due to the tough economic times, maintaining the same tax level for two years is preferable.

Many of our members are struggling to survive these tough economic times and an increase in UI insurance would be devastating.

Thank you for the opportunity to submit testimony.

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 9:24 AM
To: LABtestimony
Cc: syardley@waileagolf.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Oppose
Testifier will be present: No
Submitted by: Suzanne Yardley
Organization: Wailea Golf LLC
E-mail: syardley@waileagolf.com
Submitted on: 1/26/2012

Comments:

Going from Schedule F to Schedule G will create a hardship for Wailea Golf LLC. We are just barely starting to see some recovery from the economic crisis. Our slightly increased revenues must go towards infrastructure maintenance and capital expenditures that have been deferred for the past 3 1/2 years. If you must raise the SUI, please do it gradually over the next couple of years. Thank you for consideration.



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Kailua-Kona, HI 96740
Phone: 329-1758 Fax: 329-8564
www.Kona-Kohala.com info@kona-kohala.com

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012; 9:00 a.m.
Conference Room 309
State Capitol
415 South Beretania Street

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Vivian Landrum, and I am the President/CEO of the Kona-Kohala Chamber of Commerce (KKCC). KKCC represents over 520 business members and is the leading business advocacy organization on the west side of Hawai'i Island. KKCC also actively works to enhance the environment, unique lifestyle and quality of life in West Hawai'i for both residents and visitors alike.

Mahalo for understanding that while our business climate is improving, the uptick is slow and unpredictable, and varies from island to island. While the State, particularly Oahu, is experiencing a nice recovery, the neighbor islands are still challenged. Unemployment figures for December for Hawaii Island were at 9.2% - higher than the national average as well as Oahu. While our tourism is improving, though not at the rate of Oahu, many other industries, particularly construction, continue to struggle.

KKCC conducted an Economic Outlook survey with our members in December, 2011. The results revealed 45% felt their business had increased from 2010 to 2011, 27% remained the same and 25% felt business had decreased. Optimism for the future was shown as projections for business revenue for 2012 indicated 69% felt their business would increase, 24% thought it would remain flat and 7% felt it would decrease. However when asked if their business plan called for hiring additional employees, only 33% indicated they may, while 47% said No and 19% were unsure. I believe this demonstrates that while our West Hawaii business community is experiencing a positive resurgence, they continue to be wary of the future and lack the confidence to expand their business and bring on new hires.

We support HB 2096 however encourage you to maintain the employer contribution rate at Schedule F through 2013, not 2012. This will provide employers with a lower, longer term fixed rate with which to calculate expenses and assist in the continued recovery and stabilization of our economy. Continued support from the Legislature is needed to avoid any future labor cuts, encourage hiring and help instill confidence and trust in our future.

Mahalo for the opportunity to submit our testimony. I can be reached at 808.329.1758.

Sincerely,

A handwritten signature in cursive script that reads 'Vivian Landrum'.

Vivian Landrum
President/CEO

[HMAA]

“We’re Passionate About Your Health”

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012; 9:00 a.m.
Conference Room 309
State Capitol
415 South Beretania Street**

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

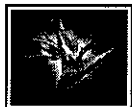
My name is [Terry C. Levenson] and my company is [HMAA AND WE PROVIDE HEALTHCARE INSURANCE. WE HAVE AN ESTIMATED STAFF LEVEL OF ABOUT 150 # EMPLOYEES]. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I believe in supporting this bill because, it follows a much needed approach towards having an understanding; about how to constructively contribute through practical demonstration our willingness to take a leadership position in assuring our local businesses can continue their recovery process.

Without the aid of this bill; the added economical burden being placed on any business at this time, will surely add to the already omnipresence erosion of their confidence to maintain their already reduced workforce levels, force them to strip further the benefits they now are offering to their employees for which they are already struggling to maintain and any further taxation will most definitely cripple any growth process that realistic forecasting should be affording them, that will help us all towards the overall achievement towards economical recovery.

It is imperative that we keep the schedule F in place with an extension of two years instead of one because; our economy is just beginning to emerge with signs of confidence that most businesses are starting to show signs of increase productivity and stability. If we impose any further weight upon their primary obligations in such a pivotal moment, then the academics of talking about how to help our economy, translates only the inevitable...stagnation, more instability, lack luster performance reviews economically speaking and more finger pointing.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at my office [808-791-7593].



Paradise Beverages, Inc.

94-1450 MOANIANI STREET
WAIPAHU, HAWAII 96797
TEL 808.678.4000
FAX 808.677.8280

January 26, 2012

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012; 9:00 a.m.
Conference Room 309
State Capitol
415 South Beretania Street**

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Paul Ah Cook and I am the President of Paradise Beverages. We are a wholesale beverage distributor with 400 employees. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support HB 2096, however, due to the tough economic times, maintaining the same tax level for two years is preferable. This will help our business recover during this slow growth period and provide stability and certainty during these uncertain times. The increase will impact our business including potential lay-offs, cut in benefits, wages, and overall performance as well as cost per employee.

Thank you for the opportunity to submit testimony. Please feel free to contact me at 808-678-4002 should there be any questions or concerns regarding this matter.

Sincerely,

Paul Ah Cook
President



January 26, 2012

House Committee on Labor & Public Employment
Conference Room 309, State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY
Friday, January 27, 2012; 9:00 a.m.

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Barron Guss and I am the President and CEO of ALTRES, Inc. a 43-year old Hawaii company.

I understand the conundrum of the State and our Legislators in balancing the funding of our unemployment accounts while providing benefits to our unemployed residents. I am in support of the internal borrowing of funds to cash flow the benefits; but believe the further increased taxation to the very businesses who keep our residents employed is self-defeating.

My firm, ALTRES/SimplicityHR, acts as the human resources department for over 800 small businesses in our State. I witnessed firsthand the negative impact last year's unemployment tax increase had on these small businesses with further layoffs and closures because they could simply no longer afford to operate. To think that the new schedule change will increase the taxable contribution for each employed person an additional \$550 is unimaginable. This, in essence, is a **60% increase in taxation**.

May I suggest that you modify the current law to keep in place the current tax schedule and take into account that we are at the doorstep of financial recovery and to further tax businesses would simply lock out prosperity.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 591-4976 or barron@altres.com

Sincerely,

A handwritten signature in black ink, appearing to read "Barron L. Guss", written over a horizontal line.

Barron L. Guss
President and CEO

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 4:10 PM
To: LABtestimony
Cc: sushia11@yahoo.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Susan & Jason Aragaki
Organization: Paia Family Dental
E-mail: sushia11@yahoo.com
Submitted on: 1/26/2012

Comments:

We support any bills to hold back increases on unemployment taxes. Businesses, especially small businesses are struggling to survive let alone try to hire more to grow our economy.



**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012; 9:00 a.m.
Conference Room 309
State Capitol
415 South Beretania Street**

RE: HOUSE BILL 2069 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Jozette Montalvo and I am the Human Resources Director for Hawaii Petroleum, Inc. We are an independent petroleum marketer located and operating on the Island of Hawaii. We have offices in both Hilo and Kona, and we employ twenty nine full time employees. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support HB 2096, however, due to the tough economic times, maintaining the same tax level for two years is preferable.

An increase in the unemployment tax rate will increase our operating costs, and we will be forced to pass on these cost increases to our customers. The economy on the Big Island is still flat, and many of our customers are struggling financially. A cost increase to us or our customers at this time would be a huge burden.

Two years of status quo is preferable to allow for further economic revival and recovery of our business and others and to provide stability during these uncertain times.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at (808) 270-2852 or by email at Jozette@piikey.com .

yamashita2 ---Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 4:04 PM
To: LABtestimony
Cc: ernest.nishizaki@sheraton.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Ernest K. Nishizaki
Organization:
E-mail: ernest.nishizaki@sheraton.com
Submitted on: 1/26/2012

Comments:

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 4:09 PM
To: LABtestimony
Cc: maku@est8planning.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Scott Makuakane
Organization: Est8Planning Counsel LLLC
E-mail: maku@est8planning.com
Submitted on: 1/26/2012

Comments:
Thank you for considering this testimony.



**TESTIMONY TO THE
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
ON
HB 2096 RELATING TO EMPLOYMENT SECURITY.
By
Richard Parry
President and Chief Executive Officer
Aloha Petroleum, Ltd.**

Committee on Labor & Public Employment
 Chair: Representative Karl Rhoads
 Vice Chair: Representative Kyle T. Yamashita

HB 2096 Relating to Employment Security
 Hearing Date: Friday, January 27, 2012
 Time: 9:00 a.m.
 Place: Conference Room 309
 State Capitol, 415 South Beretania

Copies requested: 3

Chair Rhoads and Members of the House Committee on Labor & Public Employment, I am Richard Parry, President and Chief Executive Officer of Aloha Petroleum, Ltd.

The intent of HB 2096 is to forestall a scheduled hefty increase this year in the unemployment insurance tax rate that would force businesses to pay as much as \$650 more annually for every employee for unemployment insurance. The scheduled tax increase will effectively double employers' unemployment insurance costs since businesses in Hawaii already pay an annual average of \$650 per employee. By averting the tax increase for 2012, this Bill will help businesses recover from the recent recessionary period in order to sustain the current economic recovery in Hawaii.

Aloha Petroleum also supports averting the scheduled tax increase in 2013 for the same reasons. Hawaii is one of the most expensive states in the nation in terms of the cost of doing business, and without this tax relief, the cost of living in Hawaii, including the price of food, consumer goods and gasoline, will all continue to increase.

Thank you for the opportunity to testify in support of House Bill 2096.

The Twenty-Sixth Legislature
Regular Session of 2012

HOUSE OF REPRESENTATIVES
Committee on Labor & Public Employment
Rep. Karl Rhoads, Chair
Rep. Kyle T. Yamashita, Vice Chair
State Capitol, Conference Room 309
Friday, January 27, 2012; 9:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 2096
RELATING TO EMPLOYMENT SECURITY**

The ILWU Local 142 supports (with concerns) H.B. 2096, which extends the 75% maximum weekly benefit amount to 12/31/12, sets the employer contribution rate at Schedule F, makes a line of credit from general revenue available for the UI fund from 3/1/12 to 6/1/13, requires that loans from the general fund be repaid before 6/29/13, requires the repaid revenues be transferred to the Emergency and Budget Reserve Fund on 6/30/13, and requires the Act to apply retroactively to 1/1/12.

In January 2008, the Unemployment Insurance (UI) Trust Fund had a balance of \$552 million. Seeking to tap into this resource and arguing that their payments made the Fund grow, employers were successful in having Act 110 enacted, which provided for a reduction in employer contributions to the Fund. Very soon thereafter, however, the recession was fully upon us. Thousands of Hawaii workers were laid off or had their work hours reduced and sought assistance from UI.

In 2010, employers continued to struggle and again sought relief. Act 2 was enacted, deepening the strain on the Trust Fund, which eventually went broke. The State was forced to borrow from the federal government to pay benefits to which workers were entitled. Employers were assessed for the interest owed on the loan.

This scenario should never have happened. It is imperative that the UI Trust Fund remain solvent to be able to sustain payments to claimants in bad times. This means that through good times and bad, contributions must be consistent and follow the schedules determined by law. The law was carefully crafted to ensure that the Fund would be adequate to meet unforeseen need.

When bad times come, and they inevitably and unexpectedly will, the Fund should have sufficient monies to provide benefits to those needing support. These benefits allow UI claimants to have income (even if it is not what they had while working) to support themselves and their families. Every penny will be spent in the community: at supermarkets and small mom-and-pop stores for food and other necessities, to landlords for rent, to the neighborhood gas station, to TheBus for bus passes and bus fare, to the utility companies for electricity and telephone service, etc., etc. UI benefits help to keep the economy going in hard times.

Employers cannot have it both ways. They cannot ask for what amounts to a rebate when the Fund is flush, then turn around and say they want to be exempted from higher contributions when the Fund is broke. When the Fund does go broke, benefits must still be paid, forcing the State has to borrow from the federal government and pay interest when the loans are not repaid on time. In addition, employers will inevitably have to pay even more to bring the Trust Fund up to a reasonably adequate level to meet present and future needs.

This week, we learned that the unemployment rate in Hawaii is at 6.6%, much higher than expected, considering Hawaii has been slowly recovering from the recession. Mass layoffs like those recently experienced at Hawaii Medical Centers will take their toll. These layoffs are unexpected and cannot be fully planned for. Yet workers facing these layoffs deserve to expect that unemployment insurance will be there for them, however inadequate the benefits may be to cover their living expenses. Without these benefits, the unemployed person can easily become destitute and seek government assistance.

We fully support extending the 75% maximum weekly benefit amount at least to the end of 2012. This will provide additional benefits to laid-off workers who earned higher wages. However, we have concerns about using Schedule F for the employer contribution rate when the current law would seem to require Schedule H. Our main concern is for adequacy of the UI Trust Fund to provide benefits to all who are eligible and apply. At some point, employers will have to "bite the bullet" and pay what they must. No one knows when the next employment crisis will occur, but we must be prepared for it.

We further disagree with the retroactivity provided for in this bill. Going back to January 1, 2012 will not only impact the Trust Fund but will impose a huge burden on the Department, which is already short-staffed.

The ILWU urges passage of H.B. 2096, but we have strong and serious concerns about the adequacy of the UI Trust Fund if Schedule F is adopted. Thank you for the opportunity to testify on this matter.



**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

ProService Hawaii provides employee administration services to over 1,000 small businesses in Hawaii. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase. An increase of over \$550 per employee per year would hinder Hawaii businesses' ability to retain employees and hire staff, and it would put further strain on this state's recovering economy.

Since 1992, when the current unemployment contribution tax schedule was enacted, and until 2011, the tax schedule had never been above Schedule D, even during periods of economic growth. In the past two years, Hawaii businesses have contributed at the highest levels in state history. We believe that a further increase to Schedule H in 2012 would place a burden on Hawaii employers which will likely lead to reductions in their workforce.

ProService has performed an extensive analysis of the current law, and the various bills intended to provide UI tax relief (i.e., HB2096, HB2224, and HB2264). **While all three of the proposals provide tax relief to businesses, ProService believes that fixing the tax schedule to F in 2012 and 2013 sufficiently extends the period of tax relief, while replenishing the Unemployment Trust Fund toward the adequate reserve level.**

- If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local businesses. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
- Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment Trust Fund will grow by \$130 million over the next two years.
- If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We understand that the recent closure of some organizations in the state may cause concern in regards to Trust Fund solvency. The loan provisions in HB 2096 should be sufficient to cover any temporary decrease in the Trust Fund balance, until the quarterly tax contributions are applied.

We urge this committee to consider an option that temporarily reduces the Tax Rate Schedule for two years, but does not increase benefit levels to 75%, versus 70% under current law. This hybrid approach will benefit the employers and will therefore provide safeguards against further job losses due to the shock of a dramatic and sudden increase in unemployment taxes, above already historic high levels of taxation.

Thank you for the opportunity to submit testimony.



94-547 Uke'e Street. Bay 206 * Honolulu, HI. 96797 * Telephone: 808-678-0709 * Fax (808)680-0519

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Stacy Bautista, and I represent Environ Control, Inc.. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

We, at Environ Control, Inc. work tirelessly to keep our business profitable, to support our employees and customers. A significant increase in UI tax would be detrimental to our business plan. We vote in favor of HB 2096 as stated above.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Tanya Aynessazian, and I represent Volcano Art Center. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

As a nonprofit small business organization, Volcano Art Center already is already experiencing staff reductions to ensure financial viability of our future. It is difficult to see how we can hire new staff when expenses related to employment, including taxes and medical insurance premiums, continue to increase at an exponential rate. We appreciate the State looking at all options to increase revenue, but this course will hinder growth and economic recovery. Small

businesses **do want to hire** new staff in order to meet community demands for services, but HB2096 is a step in the wrong direction and will impact our ability to create jobs negatively.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Rickey Cunningham and I represent Cunningham's Air Systems Cleaning Specialists, LLC. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase. I have a small business which has 14 employees and we are barely able to keep this amount. Any other taxes, governmental fees would cause us to have to lay people off to keep overhead cost down and manageable. This in turn would send them to the unemployment office. How is this going to help the State of Hawaii economy recover?
Thank you for the opportunity to submit testimony.

Rickey Cunningham, ASCS, IICRC

Owner

Cunningham's

Air Systems Cleaning Specialists, LLC

96-1272 Waihona St. Bay#1

Pearl City, HI 96782

Office: 456-7619

Fax: 456-6595

Cell: 429-9420

www.cairductcleaning.com

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Paul Dziuban, and I represent Dasher Corporation, dba Home Instead Senior Care #727. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

By keeping the tax schedule at current levels will help our business keep our services affordable and not have to have a price increase to our seniors. An increase will increase our cost of doing business and will keep us from expanding our business and limit our hiring.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment

Friday, January 27, 2012

9:00 a.m.

Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is **Debra Sundberg** and I represent **Alii Health Center, as its Executive Director**. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Alii Health Center has worked tirelessly over the past 18 months on correcting deficiencies and improving day-to-day operations in order to continue to provide high quality healthcare for the West Hawaii community, in support of and collaboration with Kona Community Hospital. We are just at the point of being able to grow the organization and bring in desperately needed physicians in specialties not currently represented in West Hawaii. To do this, requires hiring additional staff to support those physicians. A UI tax increase could jeopardize that goal.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Kimberly Loper and I represent Hawaii Forest & Trail Ltd. and Kohala Zipline LLC. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

As a company in the tourism industry, our business revenue was significantly impacted by the economic downturn. We have successfully weathered that period of time and are still in recovery from it, as are many other businesses in Hawaii. If we pay such a large increase in UI taxes in 2013, we will be required to raise those funds by reducing other payroll costs – either by reducing other benefits or again freezing wage increases.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Robin Ledson, and I represent West Hawaii Electric. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

We are doing our best to keep the employees that we have employed, but with an increase like that that could happen without this measure, it is going to become very difficult to do. We are a very small business and cannot afford an increase like that.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Melissa Nitta, and I represent Tropical Smiles Dental. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

It has been difficult the past few years to keep my employees working full time due to our patients losing jobs and insurance benefits, and trying to afford regular dental care while keeping up with the high cost of living in Hawaii. I have tried to decrease costs and integrate creative duties to keep my employees earning a wage that will help them buy food, pay utility and housing payments, daycare, etc....

I run a dental practice and while all of my expenses have exponentially increased, I have kept fees as low as possible for patients so they can afford to stay healthy. It has been proven that healthy dentition creates an overall healthy body. Over the past two years the insurance companies have not increased my reimbursement fees enough to keep up with inflation. How can I continue to run my business adequately, provide jobs for my employees which includes the steep cost of healthcare coverage, and keep fees to my patient's low without going out of business because I have to pay more in expenses than I can generate in income?

My staff and I provide a service to our patients that keeps them healthy, which in turn keeps them out of hospitals and keeps them from missing work due to unforeseen illnesses for themselves and their families. Keeping my employees busy full time, and keeping patients healthy so they can be active participants in the workforce will generate money circulating in the economy so taxes don't have to be increased.

The focus should be on creating jobs instead of increasing the unemployment taxes.

Thank you for the opportunity to submit testimony.

Melissa M. Nitta, D.D.S.

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Russell Nitta, and I represent Lepika Sportfishing. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

As a small business owner I have felt a tremendous burden keeping my business afloat with the current state of the economy. I ask that you keep costs to business owners as low as possible during the upcoming years so I am able to stay in business. My business is small but I do generate income and provide other businesses with a generation of that income through my expenses. This in turn keeps more employees in the workforce and less people needing to use

their unemployment insurance. The focus should be on creating jobs instead of increasing the unemployment taxes.

Thank you for the opportunity to submit testimony.

Captain Russ Nitta

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Lisa L. Wong M.D. and I represent Lisa L. Wong, M.D. Inc. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
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3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is David Matto, and I represent Ala Moana Dental Care. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Lynn Solu, and I represent Kihei Rent A Car. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Keeping the tax schedule at the current levels would help us to hire new employees, rather than use temporary hires. With increased costs of Medical Insurance and Unemployment Insurance, we can't afford to hire permanent full time workers.

Thank you for the opportunity to submit testimony.

R&M Painting LLC



January 26, 2012

Testimony to the House Committee on Labor & Public Employment

Friday, January 27, 2012

9:00 a.m.

Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Roy Kaululaau and I represent R&M Painting LLC. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 7.0% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase. We are just trying to recover from these past years construction slow down and as a very small business keeping the tax schedule at current levels will help us to be able to come back. Even though we had some jobs this past year, the jobs we had were jobs we bid 3-4 years ago and we were not allowed to put in an increase for time and material, which made us struggle by. Now with more increases in taxes coming up, it will hurt us instead of helping us.

Thank you for the opportunity to submit testimony.

Sincerely,

Roy Kaululaau

Owner

R&M Painting LLC

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Larry Martin, and I represent Martin Steel Design Company. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

The current taxes are tough as it is. The increase will only add to the financial hardship of keeping our business 'in business'.

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Patricia Saito, and I represent Pacific American Lumber, Inc. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

To keep the current tax rates at the current level will help to stabilize our economy and generate more income for the individual companies. This amendment will afford us to hire more employees and get Hawaii back to a healthy economy.

Thank you for the opportunity to submit testimony.

**No Ka Oi
Guard Services**

445 Lauone Place • Wailuku • Maui • Hawaii • 96793 • Phone/Fax 244-2215 • Cell 870-8011
L i c e n s e d • B o n d e d • I n s u r e d



**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Natalie Lee Kwai, and I represent No Ka Oi Guard Services, LLC. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

With all the rising costs especially in taxes this would be very detrimental in our business of security guards. This is one of the first services that is cut in most businesses with lower revenue security is the first thing they cut out of their budget.

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is John Edney, President, and CEO of Edney and Sellers, Limited, DBA Tropical Dreams Ice Cream. Our address is 66-1250 Lalamilo Farm Road Kamuela, HI 96743. Contact number 808-885-8820. **Our Company supports the intent of HB 2096** to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

We are an ice cream manufacturer on the Big Island, we employ 15 people. We are a growing company and this increase would hamper our ability to continue our growth.

Thank you for the opportunity to submit testimony.



STONEWORKS LLC
Bringing Craftsmanship, Natural Beauty
and Partnerships to Life.

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Debra Newman, and I represent Stoneworks, LLC. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

The impact on our business to continue operating would be immeasurable if the unemployment insurance rate is raised. An increase would definitely impact our survival as a growing company. Please keep the tax schedule at Schedule F for both 2012 and 2013.

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Guy Nishihira, and I represent the Toddler Program. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is **Héctor Euredjian**, and I represent **Discount Hotels Hawaii**. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Keeping the tax schedule at current levels is what will allow my company to continue to recover from the economic slowdown of the last few years. I had to resort to reduce my labor force and even hire part time help in an effort to keep my business afloat, any increase in labor expense will surely force me to cut down the number of people we can hire, I urge you to consider these facts that I am sure are shared by every employer.

Thank you for the opportunity to submit testimony.

Hector Euredjian
Discount Hotels Hawaii

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Sara Sing, and I represent MW Group, Ltd. and its affiliates employing over 150 people. We appreciate the efforts made by the chair and the committee. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Keeping the tax schedule at the current levels will greatly help giving our business an opportunity for further expansion and additions of new jobs.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me on my direct line at (808) 275-5329.

Sincerely,

Sara Sing
Administrative & HR Manager

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORT WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Tommy Silva and I am the CEO & President of T&T Tinting Specialists, Inc., a Hawaii Corporation since 1982. We strongly support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

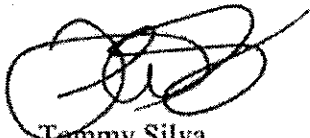
1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers like me that are already struggling to survive will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery which I feel has really just begun.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years which will ease the burden on all of the small businesses that provide revenue to the State.

Keeping the Tax Schedule at Schedule F will allow me to consider expanding and hiring and not be afraid of the SUI tax impact that will come if it is allowed to increase.

Thank you for the opportunity to submit testimony.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Tommy Silva', written in a cursive style.

Tommy Silva
President / CEO – T&T Tinting Specialists Inc.

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Graham Peake, and I represent Peake & Levoy, LLC and Cornerstone Building Maintenance, Inc. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Due to the recent loss of several accounts in both businesses, we have experienced a significant decrease in revenue. With close to 25 employees combined, a \$550 per employee would be a great economic hardship.

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Tom McFadden, and I represent Professional Contractors Inc. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

The construction industry down side and with a reduction in production and the increases of health care and taxes I am struggling to keep everyone employed. Adding a greater tax burden could very well make the difference in my business of having to let people go or even considering closing my business. It is the small business's that will grow America. Please don't tax us of existence. Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Kaila Quintal and I represent Quintal Farms, Inc. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Keeping the tax schedule at current levels will help my business by keeping my cost down so we can afford to keep employees.

Thank you for the opportunity to submit testimony.

Kaila Quintal

Quintal Farms, Inc.

P.O. Box 462

Kurtistown Hi 96760

(808)966-7370

sales@Quintalfarms.com

**Testimony to the House Committee on Labor & Public
Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Randy Flanigan and I represent Douglas R. Dauterman Co., Inc. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

As a small business owner here in Hawaii I am already subject to one of the nation's highest tax burden percentages. A huge increase in tax will cause employers such as me further hardship to stay in business. When businesses like me have to cut back in order to pay higher taxes we cut jobs and cause more of Hawaii's employees to be out of work. Therefore, raising the tax burden on employers only serves to propagate the problem of unemployment rather than decreasing unemployment.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Ian MacNaughton, and I represent BlackSand Capital LLC. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

In these uncertain and fragile times, an increase in the current tax schedule would compound an already difficult environment in which to create and support growth and jobs in our community and would ultimately force cost reductions in other areas that would likely lead to further job losses in my company or other companies that provide services to me. The financial impacts of these tax increases should not be underestimated and should be viewed in context of the already

rapidly rising cost of doing business in the State of Hawaii. I ask for your support in keeping the tax schedule at current levels and to support the small business owners in this State in their quest to create jobs and growth in our community.

Thank you for the opportunity to submit testimony.

Regards,
Ian MacNaughton

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is John Andrick and I represent Red Sand Productions, Inc.. I support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which will devastate mine and other local businesses' ability to keep employees and hire staff. It is amazing to me that this is even possibility. This will certainly impede Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

The costs associated with staffing are single biggest expense and challenge. An increase like this will absolutely cause me to layoff my employees. So instead of collecting more, the UI will instantly be paying more. I do not see how this makes sense, even if you took the

hardship to my business out of the equation. Please do not worsen the already difficult business environment.

Thank you for the opportunity to submit testimony.

Best Regards,

John Andrick
President, Red Sand Productions, Inc
808-298-6212

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Karen Rosen, and I represent Kohala Coffee Mill. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

Keeping the tax rate at the current rate is manageable. With the proposed increase, it makes it harder and harder for business owners to operate profitably. We want to have a situation that will work for everyone and allow us to keep our doors open. In these economic times it is important to maintain the ability to provide jobs.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Thank you for the opportunity to submit testimony.

Karen Rosen

RECEIVED

2012 JAN 26 P 5:52

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SERGEANT AT ARMS
HOUSE OF
REPRESENTATIVES**SUPPORTS WITH AMENDMENTS****RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY**

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Jean C. Patterson, and I represent Houseproud Inc.. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

[We are a very small family business, employing eight person, plus my son and I, owing to the economic turn down my business has dropped by 45% over the last three years. Most of my employees have been with me many years, varying from one and half to twenty-six years. These people rely on me for their jobs, I have, with the support of my employee's even had to freeze pay increases. The cost of doing business in this bad economy; with high increases in medical

and general operating expenses has put untold heavy burdens the business community. Please think of us small business people; we make up a very large portion of the business community in this State. More expenses will cause a lot of us to have to let people go to down size even again, and this could lead to some of us to even loose our business. Thus putting more un-employed into the already over burden system.

Thank you for accepting my comments; I hope they will be of help to you from someone who has been in business in the State of Hawaii thirty years.

Sincerely

Jean C. Patterson

President/Owner

RECEIVED

2012 JAN 26 P 4:46

Testimony to the House Committee on Labor & Public Employment**Friday, January 27, 2012****9:00 a.m.****Conference Room 309**SERGEANT-AT-ARMS
HOUSE OF
REPRESENTATIVES**SUPPORTS WITH AMENDMENTS****RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY**

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is John Remke, and I represent Kona Kwik Lube, LLC. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Many Hawaii businesses are just hanging on, like the kitten in those posters. We are trying to keep our people working. We have forgone raises, we have reduced hours, and we are making do with less. Help us help you, by keeping our employees working.

Thank you for the opportunity to submit testimony.



TURF & SHRUB CARE, HAWAII

RECEIVED Testimony to the House Committee on Labor & Public Employment

6 P 5:51

Friday, January 27, 2012

9:00 am

Conference Room 309

TURF & SHRUB CARE, HAWAII

47-875 AHILAMA ROAD

HAWAII 96744

808 239-9991

LICENSE C-12073

URGENT-AT-ARMS HOUSE OF REPRESENTATIVES

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Debra Miranda, and I represent Turf & Shrub Care Hawaii, Inc. and Waiahole Botanicals. We support the intent of HB 2096 to provide unemployment insurance tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase of over \$550.00 per employee will be imposed on our local businesses. It will hinder our local businesses' ability to retain employees.
2. Keeping the tax at Schedule F for two years will provide a moderate tax increase, growing the trust fund by over \$130 million over the next two years.
3. If tax relief is provided for only one year, our businesses will face a substantial tax increase in 2013. Please keep the tax at Schedule F for two years.

Our small business continues to see a 30% decline in gross income from 2008 levels. Our payroll costs have continued to rise as well as operational costs (fuel, electricity, medical etc....). We are limping by from payroll to payroll. I have cut back wherever I have been able to without laying off any employees to date. I don't know how much longer I can do this.....

Thank you for the opportunity to submit this testimony.

Sincerely,

Debra Miranda

OFFICE Manager For: Turf & Shrub Care Hawaii, Inc / Waiahole Botanicals

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is William K. Wong, Jr. MD, and I represent Hawaii Vision Clinic. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

I own and operate a small business as a Physician. We provide vital medical care to our community. We have traditionally been viewed as being wealthy with high profit margins. Not so any longer.

I directly employ 8 people not including myself. We indirectly support the local hospitals, medical supply companies, and pharmacies. Physicians in general are facing global declines in

payments from Medicare, Medicaid, and Insurance companies. Patients are increasingly delinquent on copays. It is illegal for us to raise our rates. It has become increasingly difficult to file and collect payments, especially when claims are denied. In conjunction with increased costs of medical supplies, rent, utilities, and equipment, we are also being forced to implement expensive electronic medical records, and comply with endless mandated regulations that decrease efficiency and add to our labor costs. If we are hit with increased UI taxes as well, we will be forced to decrease our labor costs by eliminating job positions or face bankruptcy. Physicians are no longer wealthy with deep pockets. We are going out of business all over the nation. This is a real trend. We can no longer treat anyone and everyone. We will be forced to treat only those patients that will pay the overhead. What business model can succeed that is mandated by law to lower its prices while its expenses, again by law, are increased! We are doomed to failure unless the restrictions are lifted and a normal business model can be implemented. Please consider these issues in your vote on this bill.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Rafael Li and I represent Pacific Western LLC. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

It will a huge burden on all of us, not only our customers and consumers but ultimately the local economy where families are already struggling to make end meet.

Thank you for the opportunity to submit testimony.



**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
State Capitol - Conference Room 309**

RE: HOUSE BILL NO. 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita, and members of the committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). I am here to state The Chamber's general support to House Bill No. 2096 relating to Employment Security. However, we respectfully ask that the committee extend Schedule F for two years (2012-2013).

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports legislation that will mitigate the tax increase of an additional average of \$550 per employee due to take place under the current law (Schedule H). However, the Chamber is urging the Legislature to keep the tax schedule at "F" for two years instead of one, which will help businesses recover during this slow growth period and provide stability and certainty during these uncertain times.

- **Under current law, the schedule jumps to H from F. Taxes will increase to an average of \$1,470 per employee, from \$920 (depends on your experience rating).**
- **Under HB 2096, the taxes would remain relatively the same for only 2012 at Schedule F. In 2013, it jumps to a higher tax bracket.**
- **Under the Chamber's proposal, taxes would remain at Schedule F for 2012 and 2013.**

State data supports keeping the unemployment tax rate schedule at the present "F" level for 2012-13. The Unemployment Fund has recovered far quicker than original projections. Risk of insolvency in the fund is limited unless a catastrophic or major event occurs, and the velocity of fund replenishment appears positive.

By slowing the fund replenishment, local businesses can use the funds to hire and grow their businesses. Mitigation of a tax increase will keep more money in the economy, which will then be spent and generate increased tax revenues for the State.

Many businesses are at the tipping point and any increases could lead to cut backs, job loss or even closure, which in turn, would affect the unemployment insurance fund.

Therefore, we urge the Committee to pass HB 2096 with amendments and for further discussion. Thank you very much for the opportunity to testify and for your hard work in coming up with legislation that is important to employers, employees, and the economy, as well as for your efforts in expediting a bill.



BIG ISLAND TOYOTA

De Luz Family of Companies • We'll Take Care of You.

January 26, 2012

State Capitol
415 South Beretania Street
Conference Room 309
Honolulu, Hawaii 96813

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY
Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012 at 9:00 a.m.

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Jacqueline De Luz Watanabe and our family's company is Big Island Toyota and we have over 100 employees in Hilo and Kona. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support **HB 2096**, however, due to the tough economic times, maintaining the same tax level for two years is preferable.

We need some stability and predictability as we strive to climb back from the recent recession. We are hopeful that 2012 and 2013 will be years that will be better for our economy and our business but we have had five difficult years. Keeping our costs and expenses constant will help us recover faster by putting money back into providing jobs and our island's economy. We are celebrating our 50th year in business this year and we would like to be around another 50!

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808.974.2237 or via email at ideluz@teamdeluz.com.

Sincerely,


Jacqueline De Luz Watanabe
Vice President of Human Resources & Risk Management

big island
toyota.com

HILO

811 Kanoelohua Avenue • Hilo, HI 96720
Sales: (808) 935-2920 • Service: (808) 969-3112 • Parts: (808) 969-1651
New & Pre-Owned Vehicles • 175 Waiwoole Street • (808) 961-3015

KONA

74-5504 Kaiwi Street • Kailua-Kona, HI 96740
Sales: (808) 329-8517 • Service: (808) 329-4520 • Parts: (808) 329-7724

**Orchid Isle Auto Center
1030 Kanoelehua Ave.
Hilo, Hawaii 96720**

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012; 9:00 a.m.
Conference Room 309
State Capitol
415 South Beretania Street.**

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Joseph Hanley Jr. and my company is Orchid Isle Auto Center. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support HB 2096, however, due to the tough economic times, maintaining the same tax level for two years or longer is preferable.

Due to the economic downturn over the past 5 Years I have had to reduce the size of my company by 43 employees to survive, this was in addition to reducing many of the employees pay from the top down as well as cost reductions across all departments. I also recently agreed to participate in a pension recovery plan for my bargaining unit employees union managed pension that is in severely endangered status as required by ERISA at a substantial cost to the company. Any additional increase's to my operating costs like the Unemployment Insurance Tax increase would force me to look at cutting more employees to offset the increased cost that the tax would create.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at: Joseph Hanley Jr. 1030 Kanoelehua Ave. Hilo, Hawaii 96720 or phone # 808-935-1191 ext 21.

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012; 9:00 a.m.
Conference Room 309
State Capitol
415 South Beretania Street**

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Mark Phillipson and my company is Syngenta Hawaii, LLC, a seed farming company in Oahu and Kauai. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support HB 2096, however, due to the tough economic times, ***maintaining the same tax level for two years is preferable.***

Good fiscal budgeting is very important to our operations. Providing consistency and showing that costs in Hawaii are stable provide us getting more work that could be allocated to other sites across the world. Having the same tax level for two years blends the economic realities that industry and government must deal with. This is called partnership and is of mutual benefit to both of us. We appreciate the opportunity to work together and move our great state forward in these more difficult times and keeping jobs here in Hawaii.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at mark.phillipson@syngenta.com or phone at 337-1407.

Sincerely,

Mark Phillipson
Syngenta Hawaii, LLC
Lead, Corporate Affairs

WRITTEN TESTIMONY ONLY

HB 2096

RELATING TO EMPLOYMENT SECURITY

**ROBERT REICH
SENIOR VICE PRESIDENT & CFO
HAWAIIAN TELCOM**

January 27, 2012

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

I am Robert Reich, Senior Vice President and CFO, testifying on behalf Hawaiian Telcom in support of HB 2096.

Hawaiian Telcom is in support of legislation that will mitigate the tax increase that is due to take place under the current law (schedule H). However, Hawaiian Telcom respectfully requests HB 2096 be amended to keep the tax schedule "F" for two years instead of one, which will help businesses recover during this slow growth period and provide stability and keep more dollars circulating in the economy via wages and purchases.

The Committee's support of HB 2096 will help the State's goal of stimulating the economy and growing employment.

Thank you for the opportunity to testify.



586 Kanoelehua Avenue, Suite 101
Tracy Lewis Building
Hilo, HI 96720
PH: (808) 935-6400
FAX: (808) 935-6405

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012; 9:00 a.m.
Conference Room 309
State Capitol
415 South Beretania Street**

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Karen Kline and my company is Karen Kline Home Loans, LLC which has 2 employees. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support HB 2096, however, due to the tough economic times, maintaining the same tax level for two years is preferable. We started our company in Feb. 2007. We have been able to maintain at a steady level the past 2 years, but have seen no growth. We have worked very hard to build a strong reputation with the Realtor community in East Hawaii and if we have to reduce any employee staff this could hinder our ability to provide the excellent customer service we offer our clients.

We are very hopeful 2012 will be the turning point. We had 1 full time employee and one part time employee and now have had 2 full time employees since 7/18/2011. Any increases to cost per employee could greatly impact our business.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-935-6400 or email karen@karenkline.com

Sincerely,

A handwritten signature in cursive script that reads "Karen Kline".

Karen L. Kline

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is [Morrison C. Huston III], and I represent [At Home Animal Hospital And Mobile Veterinary Services]. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

[Keeping per employee costs under control and predictable lets us provide more full time jobs to members of the Maui community and grow our businessß.

Thank you for the opportunity to submit testimony.

January 26, 2012

Testimony in SUPPORT OF HB2096

with the request to utilize UI Tax Schedule "F" for 2 years

RELATING TO EMPLOYMENT SECURITY

Presented to the House Committee on Labor & Public Employment

At the public hearing 9 a.m., Friday, January 27, 2012

in Conference Room 309, Hawaii State Capitol

Submitted by David H. Rolf, for the Hawaii Automobile Dealers Association

Hawaii's Franchised New Car Dealers

Chair Rhoads, Vice Chair Yamashita and members of the committee,

I'm David Rolf, representing Hawaii's franchised new car dealers. HADA stands in STRONG SUPPORT OF THE CONCEPT OF A UI TAX RATE THAT FACILITATES BUSINESS RECOVERY during these continuing difficult times for many businesses in Hawaii including the retail auto industry.

FACTS: THE HAWAII NEW VEHICLE AUTO INDSTRY AND THE UI TAX INCREASE FOR 2012

- Current law will increase in the Unemployment Insurance (UI) tax by about \$550 per employee in 2012.¹
- This will remove approximately \$1,701,000 cash collectively from the new car dealers' operating account reserves in 2012.
- This tax increase will pull approximately \$27,450 in cash away from each of Hawaii's 62 dealerships.
- That's enough cash to pay for slightly more than half of an employee's salary for a year.
- The average annual earnings of new-vehicle dealership employees in Hawaii is \$52,279².
- New car dealers currently employ 3,094. That's down from 4,062 in 2008, a reduction of 968 employees, almost 25%.
- The severe economic conditions in the state forced Hawaii dealers to make these painful cuts in order to survive.

¹ Hawaii Chamber of Commerce "average" for Hawaii's employee base

² NADA "Driving Hawaii's Economy" 2010

HADA testimony in SUPPORT of HB2096, page 2

- To paraphrase, many dealers have said reducing employee roles was the “toughest thing they’ve had to do in their lives.” Longtime employees are often considered much like family in long-held family-run businesses like Hawaii’s auto dealerships.
- But dealers know, that to survive when the money goes away, business costs must be reduced.
- During the past 3 years, new vehicle sales in the islands have dropped off by more than 50% from the state’s 2005 year high. Hawaii car dealerships have been, and continue to be, more severely affected by economic conditions than their mainland counterparts.
- Nowadays, in Hawaii, it will take 4 years to sell the same number of new vehicles that dealers formerly sold in two 2 years. Sales have remained low.
- Times definitely are still hard for Hawaii businesses.
- Times are especially hard for businesses like car dealerships which require significant amounts of cash to operate in order to maintain new vehicle and parts inventories.
- Dealerships are operating at bare-bones levels right now with regard to employee roles.
- Keeping the tax schedule at Schedule “F” for 2012 and 2013 will ameliorate the situation somewhat. At Level F, Employee UI TAX would still increase by \$130 per employee while the state would see a replenishing of the UI fund to a balance of \$386 million by 2017.

HADA respectfully requests that the committee pass HB2096 with an amendment to utilize the UI tax Level “F” for the years 2012 and 2013. This will send a signal of SUPPORT for businesses which are hard it by the current conditions.

Respectfully submitted,

David H. Rolf

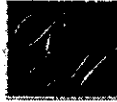
For the members of the Hawaii Automobile Dealers Association.

1100 Alakea St. Suite 2601

Honolulu, Hawaii 96813

Tel: 808 593-0031 Cell: 808 223-6015 Fax: 808 593-0569

Email: drolf@hawaiiidealer.com website: www.hawaiiautodealer.com



RESORT MANAGEMENT
COMPANY LLC

1100 Alakea Street, 12th Floor
Honolulu, HI 96813

January 26, 2012

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012
9:00 a.m.
Conference Room 309**

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Joseph Yamaoka, and I represent Resort Management Company LLC. We support the intent of HB 2096 to provide unemployment insurance (UI) tax relief to our local businesses, and request that this bill be amended to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic recovery.
2. Keeping the tax schedule at Schedule F for two years will provide a moderate tax increase, which will grow the reserve balance substantially. The Unemployment trust fund will grow by \$130 million over the next two years.
3. If tax relief is provided for only one year, our business will face a substantial tax increase in 2013 followed by a decrease in 2014. We can avoid the unnecessary spike in 2013 by keeping the tax schedule at Schedule F for 2 years.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase.

Our relatively small organization is very proud of the fact that its start-up company has been able to achieve even moderate growth during the worst of economic times. Not only have jobs (and the associate tax revenues for the state) been created, but this business will also directly account for more than a half-million dollars in combined General Excise and Transient Accommodation Taxes for the State this year. That said, we cannot possibly continue to sustain - much less grow - a business given the current scheduled increases.

Thank you for the opportunity to submit testimony.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph Yantaoka', with a stylized flourish extending to the right.

Joseph Yantaoka
General Manager



AMERICAN
Savings Bank

**Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012; 9:00 a.m.
Conference Room 309
State Capitol
415 South Beretania Street**

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Auli'i Graf and my company is American Savings Bank. Our 1,100 employees provide a full range of financial products and services, including commercial banking, consumer banking, insurance, and investments to Hawaii's communities.

I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support HB 2096, however, due to the tough economic times, maintaining the same tax level for two years is preferable.

The Bank is already anticipating a significant increase in its 2012 State Unemployment Tax Act ("SUTA") assessment. Another significant increase in 2013 would further hinder the Bank from creating job opportunities for our community. As an example, for the amount that the Bank anticipates incurring in its SUTA assessment, the Bank could support approximately 30 additional employees.

Given the outlook for a slow national and local recovery, the stability provided by maintaining the tax level for two (2) years would allow the Bank to continue to make the necessary investments in the people, processes and systems that support future economic growth. A fixed two-year tax level will also prevent expenses from spiking upwards without a corresponding increase in revenue. As you know, in a normal business cycle, as revenues increase, companies are able to absorb increases

in expenses and taxes while still maintaining their overall performance. Given the current and anticipated slow growth period, however, the increases in the unemployment insurance tax rate make it difficult for businesses to maintain their overall performance in light of a flat revenue growth or minimal increase in revenue.

Thank you for the opportunity to submit testimony. If you have any questions, please contact Auli'i Graf; Director of Government Relations and Community Involvement; cgraf@asbhawaii.com; 808.544.1564.

People
Serving
People



Hawaii Restaurant Association

1451 South King St., Suite 503
Honolulu, HI 96814
www.RestaurantHI.com

Phone: 808.944.9105
Fax (Toll Free): 877.494.3245
hra@RestaurantHI.com

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Hansen Distribution Group

Chad Stephens
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TOBE Co. Food Safety

Ken Kanter
Douglas Trade Shows

Cuyler Shaw
Ashford & Whiston

Executive Director

Roger Morey

January 26, 2012

The Hawaii Restaurant Association provides the following comments in support HB 2096.

However, the Association urges the Legislature to keep the tax schedule at level "F" for two years instead of one, as proposed. This will help restaurants, the essence of small business in Hawaii, in their recovery efforts during this slow growth period.

Additionally, it will provide much needed stability and certainty during these difficult economic times.

Respectfully submitted,

Roger Morey

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 8:31 PM
To: LABtestimony
Cc: lou.marcelo@yahoo.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Lourdes Vergara Marcelo, RN, CEO
Organization: Lou's Quality Home Health Care Services
E-mail: lou.marcelo@yahoo.com
Submitted on: 1/26/2012

Comments:

Chair Rhoads, Vice Chair Yamashita and Members of the Committee;
We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase. We employ Certified Nursing Assistants and place them in home settings , we help the kupunand the elderly and physically challenged. We at the same time provie jobs. Please keep the current UI as it is , otherwise we the small business will need to increase the charges to the elderly that are already on fixed incomes and could barely pay for home health assistance. Thank you.
Lourdes Vergara Marcelo, RN, CEO
Lou's Quality Home Health Care Services

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 8:25 PM
To: LABtestimony
Cc: alisonbailes@yahoo.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM
Attachments: ~\$itten Testimony - HB2096-2.doc

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Alison Bhattacharyya
Organization: Ko'olau Women's Healthcare, Inc.
E-mail: alisonbailes@yahoo.com
Submitted on: 1/26/2012

Comments:

Aloha Recycling

75 Amala Place, Kahului, Hawaii 96732 Tel (808) 871-8544 Fax (808) 873-6364

Testimony to the House Committee on Labor & Public Employment
Friday, January 27, 2012; 9:00 a.m.
Conference Room 309
State Capitol
415 South Beretania Street

RE: HOUSE BILL 2069 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Tom Reed and my company is Aloha Glass Recycling. We have 26 employees, 13 of whom were hired within the last three months. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support HB 2096, however, due to the tough economic times, maintaining the same tax level for two years is preferable. As I stated above we recently hired 13 new employees in support of a contract we won to operate four recycling centers. We are on a very tight budget for this contract and our cost analysis did not account for increases in unemployment taxes. Please vote to maintain the lower tax rate for at least two years instead of one.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-871-8544 or treed@maui.net.

Sincerely yours

Tom Reed
President

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 10:15 PM
To: LABtestimony
Cc: proacrz@gmail.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Peter Berg
Organization: Quindembo Bamboo Nursery
E-mail: proacrz@gmail.com
Submitted on: 1/26/2012

Comments:

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

Aloha,

I am writing in support of the intent of this bill (HB 2096) with the hope of avoiding yet another financial burden on our business. We have been very much on the edge for the past couple of years (as have many), and an increase in the UI tax will just increase our burden and decrease the likelihood of our being able to stay in business. So far we have barely managed to not lay off any workers, nor have we decreased their hours or their pay. We would very much like to be able to continue this policy.

We encourage you to keep the tax schedule at Schedule F for the next two years, and so avoid a big increase in 2013.

Mahalo,

Peter Berg
Quindembo Bamboo Nursery
Kamuela

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 1:55 PM
To: LABtestimony
Cc: scott@globalhost.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: William Poarch
Organization: Individual
E-mail: scott@globalhost.com
Submitted on: 1/26/2012

Comments:

I'm not categorically opposed to tax increases, but passing this bill will hold down direct employment related costs, which, as a small business owner on Oahu, I know directly relate to my ability to hire and retain employees.

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2012 5:49 AM
To: LABtestimony
Cc: victor.lim@partners.mcd.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Victor Lim
Organization: Individual
E-mail: victor.lim@partners.mcd.com
Submitted on: 1/27/2012

Comments:

Support HB2096 and its intent. The business community needs this and would recommend even adjusting it for two years to ensure our job creating enviroment continues to be there.

thanks

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 10:04 PM
To: LABtestimony
Cc: laila.groves@baesystems.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position:
Testifier will be present: No
Submitted by: Laila Groves
Organization: Individual
E-mail: laila.groves@baesystems.com
Submitted on: 1/26/2012

Comments:

RE: HOUSE BILL 2096 RELATING TO EMPLOYMENT SECURITY

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is Laila Groves and my company is BAE Systems Spectral Solutions LLC, a scientific research and development company. I appreciate the efforts made by the chair and the committee in addressing the unemployment insurance tax increase.

I support HB 2096, however, due to the tough economic times, maintaining the same tax level for two years is preferable.

The increase in the unemployment insurance tax will negatively impact BAE Systems Spectral Solutions LLC, because the increase will directly increase the operating expenses, making it difficult for BAE Systems Spectral Solutions to sustain its operation and could potentially translate to job losses.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at laila.groves@baesystems.com, 808-441-2543.

yamashita2 ---Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2012 9:48 PM
To: LABtestimony
Cc: always@bancheta.com
Subject: Testimony for HB2096 on 1/27/2012 9:00:00 AM

Testimony for LAB 1/27/2012 9:00:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Benjamin Ancheta Jr
Organization: Individual
E-mail: always@bancheta.com
Submitted on: 1/26/2012

Comments:

As an executive of a locally owned business, I see how difficult it is to make it in this tough economy. HB 2096 will provide needed relief from an exorbitant increase in unemployment insurance taxes. If legislation fails and the SUI rate increases as projected, it will impose a huge burden on business that will result in business like ours curtailing any additional hiring. At worst, it could result in layoffs or business closures as companies are made aware of the new SUI rates in mid-March, which will be retroactively applied to January 1.

I strongly support this bill, and ask that our legislators support the small businesses of Hawaii, who provide employment and benefits to the vast majority of working age Hawaiians.

Sincerely,
Benjamin Ancheta, Jr.
3258 Keahi St
Honolulu, HI 96822
808-988-1280