



NEIL ABERCROMBIE
GOVERNOR

DWIGHT TAKAMINE
DIRECTOR

AUDREY HIDANO
DEPUTY DIRECTOR

**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: dlir.director@hawaii.gov

March 29, 2012

To: The Honorable David Y. Ige, Chair
and Members of the Senate Committee on Ways and Means

Date: Thursday, March 29, 2012
Time: 9:00 a.m.
Place: Conference Room 211, State Capitol

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

Re: HB 2264 HD 2 SD 1 - Relating to Employment Security

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. 2264 H.D. 1 S.D. 1 proposes to amend section 383-68, Hawaii Revised Statutes (HRS), to permanently increase contribution rates for employers up to a maximum of 6.6% effective January 1, 2013:

The department supports the proposal.

II. CURRENT LAW

The current tax schedule system was implemented by Act 68 (SLH 1991) in 1992 under section 383-68, HRS, with eight tax schedules ranging from the lowest schedule at A to the highest schedule at H. The maximum tax rate is 5.4% on every schedule.

III. COMMENTS ON THE HOUSE BILL

The department supports this proposal to increase certain employers' contribution rates on schedules C through H beginning January 1, 2013. This change will help to

restore the UI trust fund to adequate levels as the economy recovers from the prolonged economic downturn.