



**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

January 30, 2012

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

Date: January 31, 2012
Time: 9:00 a.m.
Place: Conference Room 229, State Capitol

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

Re: HB 2264 - Relating to Employment Security

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. 2264 proposes to do the following:

- Amend section 383-22, Hawaii Revised Statutes (HRS), to temporarily retain the maximum weekly benefit amount (MWBA) at 75% of the average weekly wage (AWW) until December 31, 2013 and return the MWBA to 70% of the AWW on January 1, 2014.
- Amend section 383-66, HRS, to permanently change the standard rate of contributions from 5.4 per cent to 6.6 per cent beginning with calendar year 1985.
- Amend section 383-68, HRS, to temporarily extend the employer contribution rate at schedule F for calendar years 2012 and 2013 respectively.
- Amend section 383-129, HRS, to assess an employment and training fund assessment on all employers except an employer with an alternative method of financing or an employer with a minimum rate of 0% or maximum rate of 6.6%.
- All provisions above will take effect upon approval.

- Amend section 383-68, HRS to permanently change the contribution rate schedule for schedules C, D, E, F, G, and H to increase the maximum contribution rate employers. This provision will take effect on January 1, 2013.

The department is strongly committed to strengthening our economic recovery. A health 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 383-66, HRS, was amended by Act 229 in 1984 to increase the standard contribution rate from 3.0 per cent to 5.4 per cent beginning January 1, 1985 in conformance with the Federal Unemployment Tax Act (FUTA).

Section 383-68, HRS, provides that the contribution rate schedule shall be determined by the ratio of the actual fund balance to the adequate reserve level. In 1991, Act 68 instituted the current eight-schedule contribution system to replace the two-part basic contribution rate schedule and the fund solvency contribution schedule. 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.

Section 383-129, HRS, subjects every employer to an employment and training assessment rate of .01% of taxable wages except an employer who has selected an alternative method of financing or an employer with a minimum rate of 0% or maximum rate of 5.4%.

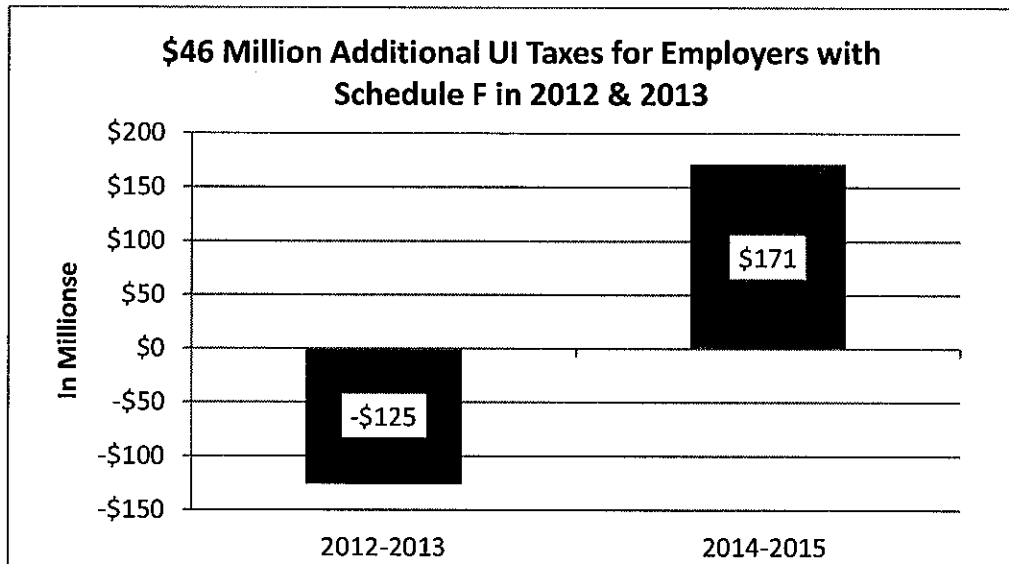
III. COMMENTS ON THE HOUSE BILL

The department offers the following comments:

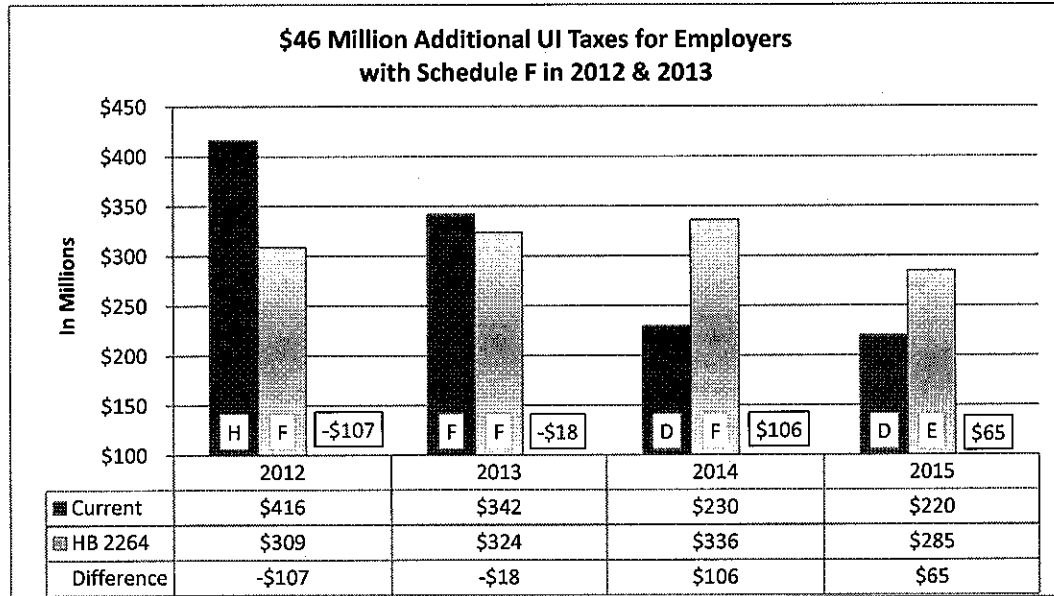
- Under Part III, this measure proposes to change the standard rate of contributions under section 383-66 from 5.4 per cent to 6.6 per cent beginning with calendar year 1985. This change cannot occur retroactively. In addition, the changes made

under section 383-68 are in conflict with the change in the standard rate, which refers to the rate on the basis of which variations therefrom are computed. Federal law requires that reductions in rates from the standard rate be assigned based on an employer's experience with unemployment. Therefore, all schedules must include the standard rate and there must be reasonable variations of computed reduced rates from that rate that accurately reflect employers' actual unemployment experience.

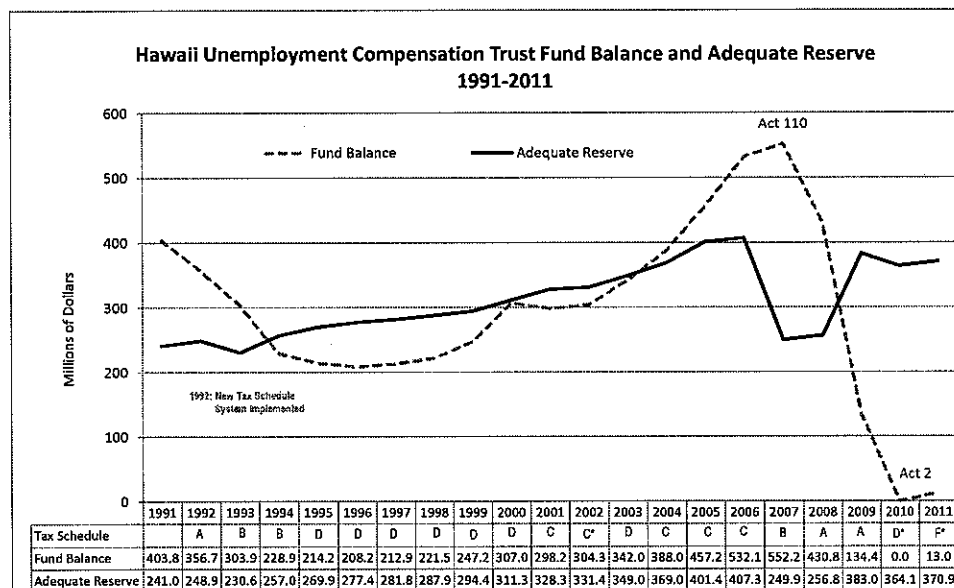
In order for employers to receive the additional credit, the state law must meet this experience rating requirement of section 3303(a), Federal Unemployment Tax Act (FUTA). FUTA provides for two credits against the federal payroll tax: 1) the normal credit reduces the federal tax by the amount an employer pays to the state's unemployment fund up to a maximum of 5.4%, 2) the additional credit reduces the federal tax for employers who pay reduced rates up to a maximum of 5.4%.



- HB 2096 will actually increase the tax burden on the employers. The measure proposes to reduce taxes by setting the tax schedule for 2012 and 2013 to F. Employers would save an estimated \$125 million in UI taxes, only to pay an estimated additional \$171 million for 2014 and 2015 – resulting in a net tax increase of \$46 million over 4 years.

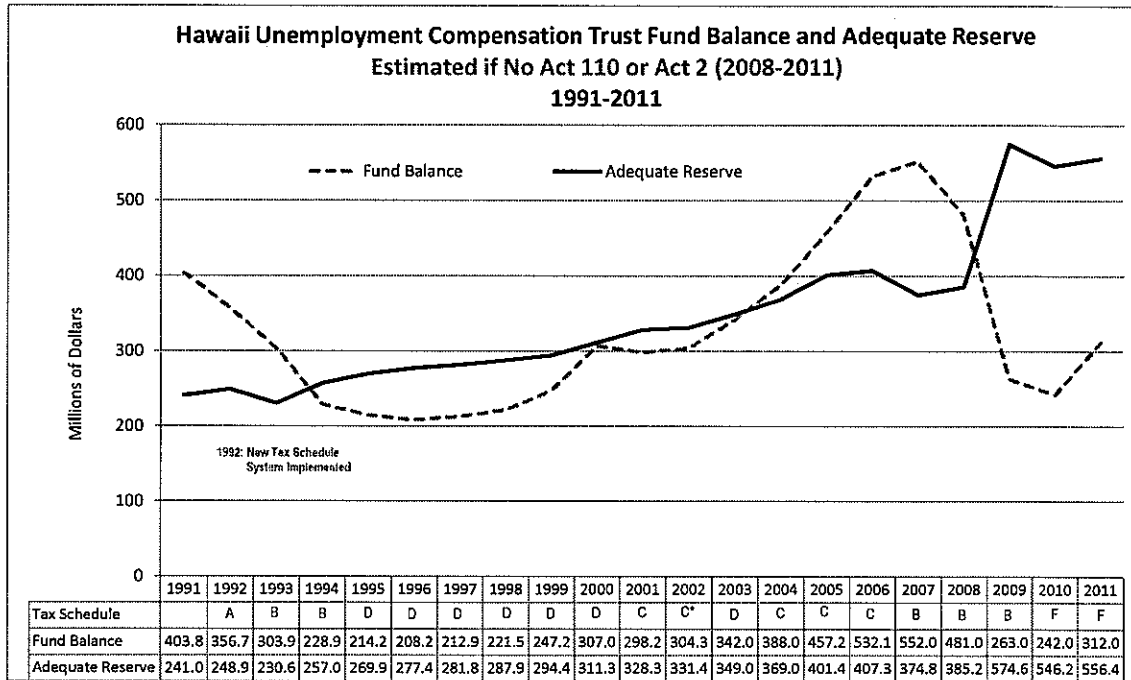


- HB 2264 proposes to reduce incoming revenue by delaying automatic tax schedule adjustments tied to trust fund levels and increase the benefit outgo when the UI trust fund's balance at the end of 2011 is only \$13 million or 3.5% of the adequate level. This proposal is similar to legislation that led to the insolvency 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

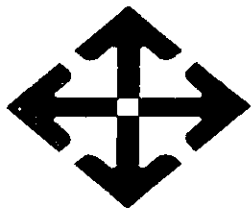
made by Act 110 and Act 2, the UI trust fund went from a balance of \$552 million at the end of 2007 to \$431 million in 2008, \$134 million in 2009, and negative \$12 million in 2010.



- HB 2264 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.
- When the UI trust fund is at a precariously low level as it is now, it limits the options available and the state's capability to take action when unexpected events occur such as the 9/11 tragedy and the subsequent legislative action to provide 13 weeks of state additional benefits to help the unemployed and boost the economy. Even though the fund is expected to build up slowly, the level will still be only 21% and 41% of the adequate reserve level for 2012 and 2013 respectively, under this proposal. The economy has been unpredictable and no one foresaw the recession lasting an unprecedented 2 years. The UI trust fund and experience rating system is very complex and the current law provides for automatic adjustments as the fund fluctuates. If the economy spirals downward again, the UI trust fund balance will likely end in the negative.
- The department notes that the legislature has acted on numerous occasions to change various aspects of the unemployment insurance system. In only two instances (Act 110, Act 2) did the legislature implement measures lasting longer

than one year.

- If the legislature should choose to pass a measure with a tax rate schedule change, 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.



The Hawaii Business League

Century Square 1188 Bishop St., Ste 1003 Honolulu, HI 96813-3304
Phone: (808) 533-6819 ♦ Facsimile: (808) 533-2739

January 31, 2012

Testimony To: House Committee on Labor & Public Employment
Representative Karl Rhoads, Chair

Presented By: Tim Lyons
President

Subject: H.B. 2264 – RELATING TO EMPLOYMENT SECURITY

Chair Rhoads and Members of the Committee:

I am Tim Lyons, President of the Hawaii Business League, a small business service organization.

We appreciate your efforts towards hearing this bill and finding a temporary solution for employer payments to the Unemployment Trust Fund. At the outset, we would like to acknowledge the fact that we realize it is a matter of paying the Trust Fund back in order to help replenish it and it is not a question of whether to do it or not, but when and how much per year.

This is policy call of course, however, we would urge you to try and stretch this replenishment effort out as much as possible. As it has been previously noted, we are in an extremely fragile

economy. Small businesses are in no position to absorb the additional \$200.00 to \$600.00 per employee that Schedule H will cause. Even Schedule F has been quite a burden to pay although we know it must be done.

Our major concern for this bill is when it takes effect as we already know that 2012 will be either no growth or very moderate growth. We do not know what 2013 and 2014 holds for us. Many have said that the economy is recovering and those years are bound to be better. While we do not know that, we do know that this is not a time to provide additional burdens to the business community particularly to the small business community.

We also think it is important to remember that no one seems to have been able to do much towards mitigating the incredible increases in health care insurance and we have already heard "crying" from small businesses that are not able to hire people or have reduced people from full time to part time. An additional 1% or 2% tax on wages is just going to further hold our economy down and to that extent, we would respectfully request this Committee's assistance towards holding down the increase in the repayment and stretching it out further.

Thank you.



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

HEARING Tuesday, January 31, 2012
 9:00 am
 Conference Room 309

RE: HB2264, 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.

RMH strongly supports HB2264, which provides welcome and much needed relief. Considering the continuing vulnerability of the economy, **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.

With regard to Part III, we believe it is equitable and reasonable to index the contribution schedule to an employer's unemployment experience.

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.

We respectfully urge your passing HB2264. 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



**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
State Capitol - Conference Room 309**

RE: HOUSE BILL NO. 2264 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 support to House Bill No. 2264 relating to Employment Security, specifically the provision that keeps 2012 and 2013 at Schedule F.

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 2264 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.

1/29/2012

Rep. Karl Rhoads, Chair
Rep. Kyle Yamashita, Vice Chair
Committee On Labor and Public Employment
January 29, 2012

Winton Schoneman
Bubbies Homemade Ice Cream and Desserts Franchisee

RE House Bill 2264 Relating to Employment Security

Aloha members of the Committee on Labor and Public Employment. I am writing to ask that you consider amending HB 2264. Everyone understands the need for and the benefit of unemployment insurance. Unfortunately, the burden to provide such has been borne exclusively by the business community and we cannot continue to do this alone. To facilitate the recovery and to sustain the future of such employee benefits I recommend that employees and employers share the burden of providing for unemployment insurance equally. There is certainly precedence with regard to social security, Medicare and health insurance benefits.

Thank you for your consideration.

Sincerely,

Winton Schoneman

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Ritch Tenda, and I represent Pomaika'i Construction. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 have already been impacted due to general excise tax having to be paid on amounts paid subcontractors. Increasing the tax burden on small business only deters customers from building or renovating their home in Hawai'i.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Scott Makuakane. I own the law firm of Est8Planning Counsel LLC, which currently employs three lawyers and three support staff. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 last three years have been extremely trying for my business, and for small businesses in Hawaii in general. My firm has encountered a great deal of resistance to any increases in the fees we charge, even modest increases to keep pace with rising costs. Therefore, we have been trying to contain costs without increasing the rates we charge our clients. We are at the point of having nowhere else to cut, and if the scheduled increases take effect, we will be further stressed.

to the point of perhaps having to cut back on personnel. I have spoken with other small business owners who are in the same predicament, and it appears that an increase in the tax will ultimately cost jobs, and it may jeopardize the ongoing viability of many businesses, which will cost even more jobs.

Thank you for the opportunity to submit testimony.

Scott Makewane

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Marc Takeuchi, and I represent Aloha V.I.P. Tours, Inc. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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. This will allow us to continue doing business as usual in the foreseeable future and eliminate the need to layoff employees or increase costs to our precious visitor. The latter alternative could lead to a loss of business which our company certainly can not afford at this present time.

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

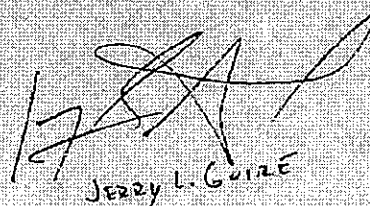
My name is Jerry Guire, and I represent Hawaii Titanium Rings. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase 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 grow by allowing us to continue to hire and expand our product line.

Thank you for the opportunity to submit testimony.


Jerry L. Guire

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Suzanne Yardley, and I represent Wailea Golf LLC. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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.

Wailea Golf is just in the beginning stage of recovery from the past 3 ½ years. Any potential excess funds, small as that may be, must be spent on deferred infrastructure maintenance and capital expenditures which would assist the company with increasing its revenue by providing a better customer experience and thereby, allow the company to increase its rates.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 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 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Steven Markham, and I represent Markham Insurance Services. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 that this bill would have should the increase take place is no new hiring of employee's and the potential laying off of my current work force.

Thank you for the opportunity to submit testimony.



2290 Alahao Place #402 / Honolulu, Hawaii 96819
(808)845-3149 (ofc) / (808)847-3148 (fax) / www.amvair.com (url) / aldrin@amvair.com (E mail)

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

Our names are Aldrin and Amibelle Villahermosa and we represent AMV Air Conditioning Inc. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 fully understand that the UI fund has to be replenished. As a small business we have done everything we can possibly do to keep our 15 employees, their families including our own three children, to keep food on their tables. As an officer of this company, I have done my best to prevent my men from collecting monies from the Unemployment Fund. The past 4 years have been very challenging for our company both personally and financially, had it not been for my chest pains and being admitted for testing, I would have been 5 feet under before the age of 40. I understand there are things I can control like managing stress and my health, which I have made great progress, just 1 year later. But things like an additional financial burden that will add a higher level of stress to our business and the family that depend on this single source of income from AMV. Do what you need to do but please understand there will be grave consequences to what actions you take regarding the UI issue.

Thank you for the opportunity to submit testimony.

Respectfully,

Aldrin M. Villahermosa, President

cc: Amibelle Villahermosa, Vice President – AMV Air Conditioning Inc.

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2012 2:20 PM
To: LABtestimony
Cc: brendan@ibeads.com
Subject: Testimony for HB2096 on 1/31/2012 9:05:00 AM

Testimony for LAB 1/31/2012 9:05:00 AM HB2096

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Brendan Barry
Organization: Bead It! In
E-mail: brendan@ibeads.com
Submitted on: 1/30/2012

Comments:

Testimony to the House Committee on Labor & Public Employment Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE:

HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Brendan Barry, and I own Bead It with three retail outlets on Oahu. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 two year schedule will allow me to manage cash flow and keep my employees working. If not, i may be forced to lay off 1 or 2 employees per location.

Thank you for the opportunity to submit testimony.

Brendan Barry
Bead It!, Inc
Kaimuki-Kailua-Kapolei

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Lawrence S. Heim, and I represent HONBLUE, Inc. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 local economy is in need of jobs. Jobs that companies like mine can sustain for years to come and bring long lasting benefit to our community. With more than 125 employees if we get hit with this UI tax increase it will cost our company more than \$65,000. I can either pay this tax or put two local people to work- but I can't do both. Please help local business' provide more employment.

Thank you for the opportunity to submit testimony.

Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309

SUPPORT WITH AMENDMENTS

RE: HOUSE BILL 2096 & 2264 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 and HB 2264 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.

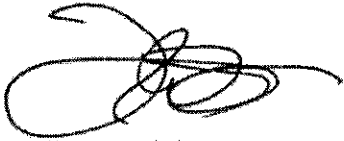
Keeping the Tax Schedule at Schedule F will allow me to consider expanding and hiring and not be afraid of the SUI tax impact that will come if it is allowed to increase. We've already been hit with a substantial increase on January 1st, 2010, and there's only so much we can absorb before

we end up like many long-time Kama'aina companies that end up closing because of so many rising costs and overhead to be able to do business in paradise.

We appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase in this important time in Hawaii's economic recovery.

Thank you for the opportunity to submit testimony.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Tommy Silva', with a large, stylized flourish extending to the right.

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



**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

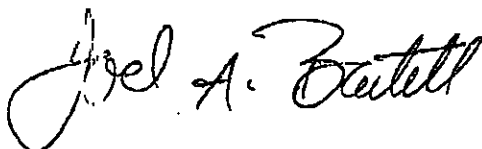
My name is Tod Bartell, owner of BB Embroidery. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond 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.

Sincerely,
Tod A. Bartell



Testimony to the House Committee on Labor & Public Employment

Tuesday, January 31, 2012

9:00 a.m.

Conference Room 309

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Gail Fuller, and I represent J Fuller Construction. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 the times we live in our critical & hard to deal with. To increase the Tax Schedule would be a hardship to our company & to the families of those we employ.

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Michael E Miller, and I represent the Adventures and Romance Magazine and Coupon Books on Kauai and the Big Island. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions to keep the tax schedule at Schedule F for both 2012 and 2013, with no increase in benefits beyond the current 70% level.

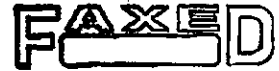
1. If this measure is not passed, the highest UI tax increase in the State's history will be imposed on our local business. Employers will pay an increase of over \$550 per employee, which would hinder our local businesses' ability to retain employees and hire staff. This will jeopardize Hawaii's economic 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.

An increase will greatly impact our small business as well as the small businesses that are our clients and advertisers. Advertising is always the first expense that gets cut when budgets need to be adjusted and yet we make the biggest impact on small business success. These hard choices force the hands and it is just not something we can afford at this time.

Thank you for the opportunity to submit testimony.

VIA FAX: 808-535-3859



**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

Aloha ~ My name is Maria E. Holmes, Operations Manager of Coffees of Hawaii, LLC on the island of Molokai.

We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 hinder our business and the ability to retain employees and hire staff. This will greatly jeopardize Hawaii's economic recovery. It is challenging enough as it stands now.
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 and for your consideration.

A handwritten signature in cursive script, appearing to read "Maria E. Holmes".

Maria E. Holmes
Operations Manager
Coffees of Hawaii, LLC
808-557-9490 ext. 22

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is [Albert M. Gabuat], and I represent A&R Electric LLC. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 current tax schedule levels will help our business by not increasing costs and taxes that are already too high. Increases may put us in a position where we would need to drop an employee]

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Melinda Roworth, and I represent Sunset Refinishers. We support the intent of HB 2095 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 small business and the proposed increase in unemployment insurance would be hard to manage. We have done our best to keep our staff working, even if it means out of our own pocket. Please consider that more jobs could be lost and more businesses closed if we can't afford to keep our doors open.

Thank you for the opportunity to submit testimony.





LAWN SERVICE, INC.

941 181 Ka Uka Blvd. 3rd Floor, Box E Waipahu, HI. 96797 Tel: (808)671-4500 Fax: (808)671-5552 Email: (808)knls2@aol.com

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Kosta Naum II, and I represent KN Lawn Service, Inc. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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.

Kosta Naum II, President
KN Lawn Service, Inc.

RECEIVED

2012 JAN 30 P 1: 28

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

SERGEANT-AT-ARMS
HOUSE OF REPRESENTATIVES

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Alicia Wilson, I represent a group who plan to open a business in Hawaii. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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.

This will help us decide to what extent we will participate in the State of Hawaii.
Thank you for the opportunity to submit testimony.

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2012 2:17 PM
To: LABtestimony
Cc: growinggreens@yahoo.com
Subject: Testimony for HB2264 on 1/31/2012 9:00:00 AM

Testimony for LAB 1/31/2012 9:00:00 AM HB2264

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Liz Ronaldson
Organization: Individual
E-mail: growinggreens@yahoo.com
Submitted on: 1/30/2012

Comments:
Very important for tax relief.
Liz Ronaldson



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
Tuesday, January 31, 2012, at 9:00 a.m.

Testimony in support of HB 2264, 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

LATE

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 82 Hawaii credit unions, representing approximately 811,000 credit union members across the state. We appreciate the efforts made by the Legislature in addressing the unemployment insurance tax increase.

We support HB 2264, to keep the tax schedule at "F" for 2012 and 2013. This will help credit unions recover during this economically challenging period, helping to provide stability.

Thank you for the opportunity to testify.

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
Tuesday, January 31, 2012; 9:00 a.m.

LATE

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 2264
RELATING TO EMPLOYMENT SECURITY**

The ILWU Local 142 offers comments on H.B. 2264, which sets the unemployment insurance contribution rate schedule at "Schedule F" for calendar years 2012 and 2013, retains the maximum weekly benefit rate for unemployment at 75% of the average weekly wage until 12/31/13 and returns the rate to 70% on 1/1/14, and increases the maximum contribution rate effective 1/1/13.

Hawaii's economy continues to struggle toward recovery, but we are not out of the woods yet. As a result, employers are looking for any way possible to cut costs. One way to do this, they believe, is to set the UI contribution rate at Schedule F for two years rather than follow the law, which likely would set the contribution rate at Schedule H. The difference could mean further insolvency of the Fund.

At the beginning of 2008, the UI Trust Fund had a balance of \$552 million. Employers saw the fund as a piggy bank to tap into, not realizing that a recession was looming. By 2010, the Fund was broke and thousands of Hawaii workers were laid off or had their work hours reduced and sought UI benefits. The State had to borrow from the federal government to make good on its promise of UI benefits and subsequently, had to pay interest on the loan amount not repaid.

No one could forecast the recession in 2008 just as no one can predict what will happen in the future. The point is that the UI Trust Fund must 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 future unforeseen need.

The Director has pointed out that a measure like this amounts to "kicking the can down the road"--in other words, putting off difficult action into the future and probably hoping that the future will be brighter. But with the uncertainty of the future, the best course of action would be to "bite the bullet" and pay what needs to be paid right now. If not, the future might mean even larger payments and more hardship.

Thank you for the opportunity to share our comments and concerns on this matter.



Aloha,

I hope that you will support both HB2096 and HB2264 and support our Hawaii businesses. Being in the service sector our company experienced a deep decline that nearly put our small tree service company out of business. All Paradise Tree Service was established in 1988 and has continued to experience good growth every year. That was until late 2008 when a phone call from potential clients suddenly became a rare thing. We are only beginning to see a return to the work levels we experienced in our more successful past and have in fact rehired previously employees that were laid off due to lack of work. Yet it seems to be a precarious moment. I hope and pray that instead of uprooting this potential growth that you will give all the businesses your support on these bills. That way we all can grow our companies by added more jobs to help us provide more service to what seems to hopefully be growing demand.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

LATE

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Peter Savio, and I represent Hawaiian Island Homes Ltd. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 control its costs, which is always a challenge, but an increase in UI tax levels may result in having to reduce my workforce just to control employment costs.

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

LATE

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Darren Wada, and I represent Quality Design/ Build, Inc. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 taxes on employees grow, the likelihood of hiring more diminishes. Soon the 'indirect costs' of an employee will cost as much as the wages you pay them. By raising the taxes, small businesses will be hard pressed to survive, let alone grow. If small businesses drive our local and national economies, why don't you pass laws that help small businesses prosper?

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**



SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Shawna Yee, and I represent East Oahu Physical Therapy. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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

Tuesday, January 31, 2012

9:00 a.m.

Conference Room 309

LATE

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 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 Mobile Veterinary Services. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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.

[State why keeping the tax schedule at current levels will help your business and how an increase will impact you]

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

LATE

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Bruce Baker and I represent Island Dream Kitchen & Bath, Inc. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 last thing we need in these tough economic times is a tax increases! We that have small businesses need help, NOT a bigger tax burden!!!!

Thank you for the opportunity to submit testimony.



**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 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 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 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.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

LATE

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Cecilia W. Muldoon and I am President and owner of Global Technology Corporation. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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.

Global Technology Corporation (GTC) is a small business and surviving in this economy has been challenging. We are just starting to feel as though 2012 is the year that we will be able to start hiring more employees. We are in the process of gearing up to take the business from a "Mom Pop Shop" to the next level.

Should these bills and supporting provisions not pass GTC may be forced to put on hold plans to grow the business and we may have to let go existing employees. Our margins are tight as it is and an increase in UI may be the straw that broke the camel's back. Again, our livelihood will be jeopardized by any increase to unemployment tax rate.

Please do not support the passing of an increase in Unemployment insurance tax rate. Keep the tax schedule at Schedule F for two years.

Thank you for the opportunity to submit testimony.

Cecilia W. Muldoon, CEO/President owner
Global Technology Corporation

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

LATE

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Harvey Rackmil, and I represent HONBLUE Inc. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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 115 employees at a cost of \$550 per employee, this cost of \$63,250 will have a significant impact on our business and hinder the ability to hire new employees or take care of our current employees- i.e. not having layoffs.

Thank you for the opportunity to submit testimony.

**Testimony to the House Committee on Labor & Public Employment
Tuesday, January 31, 2012
9:00 a.m.
Conference Room 309**

LATE

SUPPORTS WITH AMENDMENTS

RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY

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

My name is Shawna Yee, and I represent East Oahu Physical Therapy. We support the intent of HB 2096 and HB 2264 to provide unemployment insurance (UI) tax relief to our local businesses, and request that you include provisions 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.

yamashita2 ----Aulii

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2012 4:42 PM
To: LABtestimony
Cc: wayne@environcontrol.com
Subject: Testimony for HB2264 on 1/31/2012 9:00:00 AM

Testimony for LAB 1/31/2012 9:00:00 AM HB2264

Conference room: 309
Testifier position: Support
Testifier will be present: No
Submitted by: Wayne H. Koide
Organization: Environ Control, Inc.
E-mail: wayne@environcontrol.com
Submitted on: 1/30/2012

LATE

Comments: