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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:

I 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 States 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

I appreciate the efforts of this legislative body in mitigating the unemployment insurance tax increase. You must stop taking from the employers, or very simply you might run out of employers. What is the reason to operate a business when at every turn the government out taxes the ability to grow and prosper. Find another way.

Thank you for the opportunity to submit testimony.

John H. Watterson

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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 Olegario Rivera, and I represent Kauai ATVs 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.
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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.

Since 2008, it has been a struggle for my company to keep afloat. A lot of soul searching and hard decisions had to be made in order for my company to remain in business. As a small business owner, increasing the UI tax will definitely put me out of business and leave my current employees without employment.

Thank you for the opportunity to submit testimony.

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**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 Phillip Kleidosty and I represent ServiceMaster by Kleidosty. 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.
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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.

An increase in UI tax will cause us to have to lay off 40% of our workers, as we employ a lot of part-time workers who need the extra job just to make ends meet. They will cost us more and we will no longer be able to keep them as employees. As a company that has grown in the last year, an increase in the UI tax will halt our growth and force us to reconsider our position in all

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**RE: HOUSE BILLS 2096 & 2264 RELATING TO EMPLOYMENT SECURITY**

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

My name is Noel Pietsch Shaw and I represent Wahoo's Fish Taco 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. Given the already rising cost of doing business in Hawaii, it is imperative that the unemployment tax does not continue to increase in Hawaii. Small businesses are struggling to survive in this current economic environment and it is imperative that they do survive. With the opening of our second restaurant location in late 2010 we created 20 more jobs in Honolulu. However, the already increased unemployment tax significantly impacted our already tight operational model, any future increases could be devastating. Knowing my current situation, I can only assume other small business owners are equally as impacted. Alternatively, in our business category (restaurants) I have seen abuse of State's generous unemployment offering time and time again. I urge you to please support this bill and help ensure the longevity of small businesses in Hawaii.

Thank you for the opportunity to submit testimony.