

Honolulu, Hawaii

February 28, 2013

RE: H.B. No. 915

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 915 entitled:

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

begs leave to report as follows:

The purpose of this measure is to improve the integrity of the unemployment insurance program.

More specifically, the measure authorizes the Department of Labor and Industrial Relations to:

- (1) Recoup certain overpayments of unemployment benefits from the employer's account in the unemployment trust fund;
- (2) Impose a penalty assessment upon certain individuals who have been overpaid unemployment benefits and to recoup both the penalty amount and the overpayment from the individual's federal income tax refunds;
- (3) Offset an employer's default of advance payments, contributions, or reimbursement against the employer's federal income tax refund payments; and
- (4) Use funds in the State's account in the unemployment trust fund for the payment of fees authorized under the Internal Revenue Code for the review of reductions relating to credits and refunds.

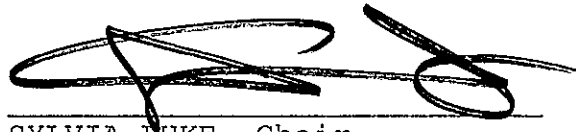


Testimony in support of the measure was received from the Department of Labor and Industrial Relations (Department).

Your Committee finds that this measure is necessary to bring Hawaii's employment security laws into conformance with the federal Trade Adjustment Assistance Extension Act of 2011 and to make facilitating amendments. The federal law prohibits states from relieving charges to an employer's account when an overpayment results from the employer's failure to respond to the Department's written request for information and requires states to impose a specified minimum penalty on fraudulent overpayments. Failure to adopt the imposition of the minimum penalty may result in the loss of \$13,000,000 in federal grants.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 915 and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA DUKE, Chair



