

hee2 - Kathleen

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**From:** hee1 - Nahelani  
**Sent:** Wednesday, February 20, 2013 11:10 AM  
**To:** hee2 - Kathleen  
**Subject:** FW: Support SB 1272

**LATE TESTIMONY**

Kate, please include as late for this measure (If you don't have already).

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**From:** Antya Miller [<mailto:antya@gonorthshore.org>]  
**Sent:** Tuesday, February 19, 2013 3:34 PM  
**To:** 'Senator Clayton Hee'; Sen. Maile Shimabukuro; Sen. Mike Gabbard; Sen. Les Ihara, Jr.; Sen. Sam Slom  
**Cc:** hee1 - Nahelani; 'Susan Matsushima'  
**Subject:** Support SB 1272

**Testimony to the Senate Committees on Judiciary and Labor and Ways and Means  
Wednesday, February 20, 2013  
9:30 a.m.  
State Capitol - Conference Room 016**

**RE: SENATE BILL NO. 1272 RELATING TO EMPLOYMENT SECURITY**

Chair Hee, Vice Chair Shimabukuro, and members of the committees:

The North Shore Chamber of Commerce really appreciates the committee for scheduling this measure. We strongly **support SB 1272 relating to Employment Security with an amendment.**

The Chamber supports legislation that will mitigate the tax increase of an additional average of \$150 per employee due to take place under the current law (Schedule G). This legislation will help businesses recover during this slow growth period and provide stability and certainty so they will hopefully start hiring more people and investing in their businesses.

We respectfully ask the committees to amend SECTION 3, to read:

This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.

State data supports keeping the unemployment tax rate schedule at the "F" level for 2013. 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.

The North Shore Chamber represents about 250 businesses in the rural part of the island and works to improve the area's economic climate and to foster positive action on issues of common concern.

We urge the Committee to pass SB 1272. 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, the economy, and improving the state's tax base as well as for your efforts in expediting this bill.

Mahalo,  
Antya

Antya Miller, Executive Director  
North Shore Chamber of Commerce  
66-434 B Kamehameha Hwy.  
Haleiwa, HI 96712  
Phone: 808-637-4558 Fax: 808-637-4556  
[www.GoNorthShore.org](http://www.GoNorthShore.org)

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The Twenty-Seventh Legislature  
Regular Session of 2013

THE SENATE

Committee on Judiciary and Labor

Senator Clayton Hee, Chair

Senator Maile S.L. Shimabukuro, Vice Chair

Committee on Ways and Means

Senator David Y. Ige, Chair

Senator Michelle N. Kidani, Vice Chair

State Capitol, Conference Room 016

Wednesday, February 20, 2013; 9:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 1272  
RELATING TO EMPLOYMENT SECURITY**

The ILWU Local 142 **opposes** S.B. 2272, which sets, for calendar year 2013, the employer contribution rate at Schedule F.

In 2007, Act 110 provided for a “tax holiday” to employers who wanted to benefit from an Unemployment Insurance (UI) Trust Fund that was a half-billion dollars strong. It was argued that the Fund was overfunded with much more than was needed because the unemployment rate was so low (barely more than 2%). However, within a year, the Great Recession unexpectedly hit and the Fund became severely taxed and insolvent by 2010. The State was forced to borrow from the federal government to make good on its obligations to unemployed workers, even paying interest on the money borrowed. In 2010, employers returned to the Legislature asking for more relief, citing the continuing poor economy and struggling businesses. Act 2 was enacted, artificially moving the UI contribution rate to Schedule F and further jeopardizing fund adequacy. In 2012, employers asked for relief once again, and the Legislature gave them Act 6 to continue Schedule F through 2012. Now, S.B. 2272 proposes to extend Schedule F for another year.

We believe that allowing Schedule F to be used again is a mistake. The UI Trust Fund must maintain adequate reserve levels to weather future “storms” in the economy. If adequate reserves are not available in times of high unemployment, the State will need to borrow from the federal government again, incurring debt and interest payments.

The UI system was carefully and wisely crafted to ensure that employers would pay more during the good times when they can afford it so that they can pay less during the bad times when they cannot. While Hawaii’s recovery from the recession is not yet complete, the trend is in the right direction. Employers should “bite the bullet” and pay according to the contribution rates established by law.

Unemployment benefits paid through the UI Trust Fund help to stabilize the economy during economic downturns. Every dollar is spent in the community to buy groceries at supermarkets and mom-and-pop stores, to pay landlords for rent or lenders for mortgages, to the neighborhood gas station, to TheBus for bus passes and bus fare, to the utility companies for electricity and telephone service—these dollars are invested in Hawaii and help our friends and neighbors support themselves and their families.

Through good times and bad, UI contributions must follow the schedules as originally intended by law. It is bad public policy to amend the law simply to satisfy special interests. The ILWU urges that S.B. 1272 be held. Thank you for considering our views.



**Testimony to the Senate Committees on Judiciary and Labor and Ways and Means  
Wednesday, February 20, 2013  
9:30 a.m.  
State Capitol - Conference Room 016**

**RE: SENATE BILL NO. 1272 RELATING TO EMPLOYMENT SECURITY**

Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani, and members of the committees:

The Chamber of Commerce of Hawaii ("The Chamber") truly appreciates the committees for scheduling this measure. We strongly **support SB 1272 relating to Employment Security with an amendment.**

The Chamber supports legislation that will mitigate the tax increase of an additional average of \$150 per employee due to take place under the current law (Schedule G), which will help businesses recover during this slow growth period and provide stability and certainty during these uncertain times.

We respectfully ask the committees to amend SECTION 3, to read:

This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.

State data supports keeping the unemployment tax rate schedule at the "F" level for 2013. 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.

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.

Therefore, we urge the Committee to pass SB 1272. 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.



MOLOKAI CHAMBER OF COMMERCE  
**LATE TESTIMONY**

P.O. Box 515  
Kaunakakai, HI 96748

T 808 646 0928

info@molokaichamber.org

www.molokaichamber.org

February 20, 2013

Testimony to the Senate Committees on Judiciary and Labor and Ways and Means  
Wednesday, February 20, 2013

9:30 a.m.

State Capitol - Conference Room 016  
415 South Beretania Street

**RE: SENATE BILL NO. 1272 RELATING TO EMPLOYMENT SECURITY**

Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani, and members of the committees:

The Molokai Chamber of Commerce truly appreciates the committees for scheduling this measure.

As a representative organization of the neighbor-island of Molokai, we appreciate the opportunity to submit testimony in strong support SB 1272 relating to Employment Security with an amendment. The Molokai Chamber of Commerce, which represents dozens of businesses that employ hundreds of people that provide for their families, is the largest and most trusted business organization on Molokai. Most of our members are small businesses with fewer than 20 employees and this measure will have a meaningful positive impact on their bottom lines.

Along with the Chamber of Commerce of Hawaii, we support legislation that will mitigate the tax increase of an additional average of \$150 per employee due to take place under the current law (Schedule G), which will help businesses recover during this slow growth period and provide stability and certainty during these uncertain times.

We agree with the recommendation of the Chamber of Commerce of Hawaii and respectfully ask the committees to amend SECTION 3, to read:

This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.

According to the Chamber of Commerce of Hawaii, State data supports keeping the unemployment tax rate schedule at the "F" level for 2013. 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.

Therefore, we urge the Committee to pass SB 1272. 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.

We humbly ask that you support HB 660 with our recommendations.

Sincerely,

Robert Stephenson, President & CEO



**LATE TESTIMONY**

## *Island Landscape*

February 20, 2013

Chair Hee & Vice Chair Ige,  
Vice Chairs Shimabukuro and Kidani,  
and Members of the Committees

TESTIMONY IN SUPPORT OF SB1272 RE: UI TAX TO  
JUDICIARY AND LABOR AND WAYS AND MEANS COMMITTEES  
CONFERENCE ROOM 016 AT 9:30AM ON FEBRUARY 20, 2013

Dear Chairs, Vice Chairs, and Members of the Committees,

My small landscaping business needs your help. Our business began just before the recession and started out well, however, it was promptly faced significant challenges due to the recession when construction came to a virtual standstill and all related industries were devastated.

We had to change our entire business model, drastically cut all expenses, including employees, just to survive. Thankfully, we have, but it has not been easy and we still struggle to maintain our crew.

While this was happening, we were also faced with increased costs outside of our control. My industry is particularly vulnerable to rising gas prices given the equipment we use and as irrigation parts are a byproduct of petroleum (meaning these parts, which are a necessity in this business, cost more when gas prices go up). Health and overall insurance costs went up and the amount paid to our employment agency went up as well. As I have had to work more in the business versus on the business during these economic times, we use an employment agency to meet all of the labor requirements. In addition, many of my other supply costs rose and some supplies became harder to get as they were not as widely needed due to a halt in construction. And, as green as we try to be all the time in mulching and separating green waste, our land fill costs have also risen.

We are being hit from all sides and need every bit of relief possible. Therefore we strongly support this bill to give us relief on the planned \$150 additional hit, per employee, on average, in the current law. We ask that Section 3 be amended to have the act take effect upon its approval and be applied retroactively to January 1, 2013.

Thank you for the opportunity to provide testimony and support this important bill.

Sincerely,

Brian Kashima  
Owner



**LATE TESTIMONY**

**Testimony in Support of Bills SB1272**

Submitted to the Senate Committee on  
Judiciary and Labor and Ways and Means  
Conference Room 016 at 9:30am  
February 20, 2013

Dear Chairs Hee and Ige, Vice-Chairs Shimabukuro and Kidani,  
and Members of the Committee,

The Maui Chamber of Commerce strongly supports SB1272 relating to Employment Security with an amendment.

Close to 90% of our members are small businesses with 25 or fewer employees. We do business in Maui, not Wall Street. Due to the recession and slow recovery, many are operating with far less employees than they did before and are struggling to keep up with rising costs that are beyond their control.

They simply need an environment where they can stabilize, grow and thrive and need this bill. Therefore, we support this legislation to mitigate the tax increase of an additional average of \$150 per employee due to take place under the current law (Schedule G), which will help businesses recover during these uncertain times.

We respectfully ask the committees to amend SECTION 3, to read:

This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.

State data supports keeping the unemployment tax rate schedule at the "F" level for 2013. 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.

We appreciate the opportunity to provide testimony and ask the Committees to pass SB1272 and help expedite this bill.

Sincerely

Pamela Tumpap  
President





## Kauai Board of REALTORS®

4359 Kukui Grove Street #103

Lihue, HI 96766

E-mail: [kbr@kauaiboard.com](mailto:kbr@kauaiboard.com)

**LATE TESTIMONY**

February 19, 2013

**Testimony to the Senate Committees on Judiciary Labor and Ways and Means  
Wednesday, February 20, 2013  
9:30 a.m.  
State Capitol - Conference Room 016**

**RE: SENATE BILL NO. 1272 RELATING TO EMPLOYMENT SECURITY**

Honorable Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani, and members of the committees:

Aloha! My name is Karen Ono and I am the Executive Director of the Kauai Board of REALTORS. I am currently a member of the Kauai Chamber of Commerce and strongly support the Chambers position on SB 1272 relating to Employment Security with an amendment.

We recognize and appreciate your efforts in continuing to support all businesses in providing a climate of positive economic recovery. This bill will provide stability and certainty during these tough but recovering economic times for the people of Hawaii, and, in particular, the business community.

**We respectfully ask the committees to amend SECTION 3, to read:**

This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.

Economic data supports keeping the unemployment tax rate schedule at the "F" level for 2013. Fortunately, the Unemployment Fund has recovered faster than originally projected. Risk of insolvency in the fund is limited unless a catastrophic or major event occurs. The velocity of fund replenishment appears positive.

Allowing the fund replenishment to slow will help Hawaii's businesses to use the funds to hire employees, support and grow their businesses and, reinvest in our economy. Mitigation of a tax increase will keep more money in the economy allowing for a domino effect which will contribute to economic activity and generate an increase in tax revenues for the State of Hawaii.

As a result, the **we strongly ask the Committees to pass SB 1272.** Thank you for the opportunity to present testimony especially, on behalf of Kauai's employers, employees, and, our recovering economy.





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Honolulu, Hawaii 96826-2097  
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Web site: [www.hcul.org](http://www.hcul.org)  
Email: [info@hcul.org](mailto:info@hcul.org)



**LATE TESTIMONY**

Testimony to the Senate Committee on Judiciary and Labor  
February 20, 2013

Testimony in support of SB 1272, Relating to Employment Security

To: The Honorable Clayton Hee, Chair  
The Honorable Maile Shimabukuro, Vice-Chair  
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 78 Hawaii credit unions, representing approximately 804,000 credit union members across the state. We appreciate the efforts made by the Legislature in addressing the unemployment insurance tax increase.

We support SB 1272, to keep the tax schedule at "F" for 2013. This will help credit unions recover during this economically challenging period, helping to provide stability.

Thank you for the opportunity to testify.



75-5737 Kuakini Hwy. Suite 208  
Kailua-Kona, HI 96740  
Phone: 329-1758 Fax: 329-8564  
www.Kona-Kohala.com info@kona-kohala.com

## LATE TESTIMONY

Testimony to the Senate Judiciary and Labor and Ways and Means Committees  
Wednesday, February 20, 2013  
9:30 a.m.  
Conference Room 016, State Capitol

Re: SB 1272 – Relating to Employment Security

Aloha Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani and Members of these Committees:

My name is Vivian Landrum, and I am the President/CEO of the Kona-Kohala Chamber of Commerce (KKCC). KKCC represents over 525 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.

We strongly support SB 1272. In addition, we urge an amendment to state: "The Act shall take effect upon its approval and shall apply retroactively to January 1, 2013."

State data is showing a stronger recovery than projected and the Unemployment Fund shows its own strong recovery. Keeping the unemployment tax rate schedule at the "F" level for one more year will make a huge impact on many businesses, particularly those who are finally contemplating the option of expanding their workforce. Increasing the unemployment tax will have an adverse effect on our local economy's improvement.

We recognize that our business climate is improving. However, 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 experiencing some challenges, particularly in retail, construction and small service sectors. Unemployment figures for December for Hawaii Island were at 6.9% - the highest County in the State. With the State's average at 5.2%, this shows our island has not hit full stride in our recovery.

We support SB 1272 as this will assist in the continued recovery and stabilization of our economy. Continued support from the Legislature is needed to encourage hiring and bring back confidence and trust in our future.

Mahalo for the opportunity to submit testimony.

Sincerely,

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

Vivian Landrum  
President/CEO



**Testimony to the Senate Committees on Judiciary and Labor and Ways and Means  
Wednesday, February 20, 2013  
9:30 a.m.  
State Capitol - Conference Room 016**

**RE: SENATE BILL NO. 1272 RELATING TO EMPLOYMENT SECURITY**

Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani, and members of the committees:

Employers Options a Maui employer truly appreciates the committees for scheduling this measure. We strongly **support SB 1272 relating to Employment Security with an amendment.**

Employers Options supports legislation that will mitigate the tax increase of an additional average of \$150 per employee due to take place under the current law (Schedule G), which will help businesses recover during this slow growth period and provide stability and certainty during these uncertain times.

We respectfully ask the committees to amend SECTION 3, to read:

This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.


State data supports keeping the unemployment tax rate schedule at the "F" level for 2013. 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.

Employers Options handles Human Resource and payroll taxes including unemployment insurance and knows from our clients and our own employees that we can't afford an increase in UI insurance. This will cause employers to think twice before they hire a new employee. I know in my own business the cost of UI insurance is one of my biggest costs in hiring a new employee.

Therefore, we urge the Committee to pass SB 1272. 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.

Sincerely

  
Jennifer L. Brittin-Fulton  
President



# Hawai'i Island Chamber of Commerce

117 Keawe Street, Suite 205  
Hilo, Hawai'i 96720-2851  
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## LATE TESTIMONY

### 2012-2013 Board

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Donald Straney  
Art Taniguchi  
Barry Taniguchi  
Misti Tyrin  
Steve Ueda  
Carol VanCamp  
William Walter  
Noreen Yamane

February 19, 2013

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

Senate Committee on Judiciary and Labor  
Senate Committee on Ways and Means  
State Capitol  
415 South Beretania Street  
Honolulu, Hawai'i 96813

RE: Testimony in Support of SB 1272 Relating To Employment  
Security

Dear Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani, and members  
of the committees:

My name is Vaughn Cook and I am the President of the Hawaii Island  
Chamber of Commerce ("Chamber"). With more than 230 member businesses  
and over 550 member representatives, the Chamber serves as an important  
voice of business in Hawaii.

The Chamber **strongly supports SB 1272 relating to Employment Security  
with an amendment.**

The Chamber supports legislation that will mitigate the tax increase of an  
additional average of \$150 per employee due to take place under the current  
law (Schedule G), which will help businesses recover during this slow growth  
period and provide stability and certainty during these uncertain times.

We respectfully ask the committees to amend SECTION 3, to read as follows:

*This Act shall take effect upon its approval and shall apply  
retroactively to January 1, 2013.*

State data supports keeping the unemployment tax rate schedule at the "F" level  
for 2013. 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.



# 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](mailto:admin@hicc.biz)  
[www.hicc.biz](http://www.hicc.biz)

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.

We appreciate your consideration of this testimony and ask for the support of both Committees to Support Our Local Businesses by supporting SB 1272 with the amendment making it retroactive to January 1, 2013.

Very Truly Yours

Vaughn G. T. Cook  
President

**hee2 - Kathleen**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 19, 2013 2:48 PM  
**To:** JDLTestimony  
**Cc:** jon.ogoshi@decisionresearch.com  
**Subject:** Submitted testimony for SB1272 on Feb 20, 2013 09:30AM

**SB1272**

Submitted on: 2/19/2013

Testimony for JDL/WAM on Feb 20, 2013 09:30AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jon Ogoshi	Decision Research Corporation	Support	No

Comments: As a Hawaii corporation, we are in favor of SB 1272.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)





**Testimony to the Senate Committees on Judiciary and Labor and  
Ways and Means**

**Wednesday, February 20, 2013**

**9:30 a.m.**

**State Capitol - Conference Room 016**

**RE: SENATE BILL NO. 1272 RELATING TO EMPLOYMENT SECURITY**

Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani, and members of the committees:

The Hawaii Group, Inc. (HiGroup) truly appreciates the committees for scheduling this measure. My name is Scott Meichtry and I am the Co-Founder and Executive Vice-President of HiGroup, a locally owned and operated family of companies consisting of HiHR, HiAccounting, HiEmployment, HiMRK, and HiNursing. We currently support over 500 clients representing over 10,000 employees in Hawaii. We strongly **support SB 1272 relating to Employment Security with an amendment.**

HiGroup supports legislation that will mitigate the tax increase of an additional average of \$150 per employee due to take place under the current law (Schedule G), which will help businesses recover during this slow growth period and provide stability and certainty during these uncertain times.

We respectfully ask the committees to amend SECTION 3, to read: This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.

State data supports keeping the unemployment tax rate schedule at the "F" level for 2013. 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.



**The Hawaii Group, Inc.**

Topa Financial Center, 745 Fort Street, Penthouse, Honolulu, HI 96813  
P 808.696.2222 F 808.696.2210 W [www.thehawaiigroup.com](http://www.thehawaiigroup.com)



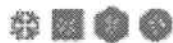
By slowing the fund replenishment, local businesses can use the funds to hire and grow their businesses. Mitigation of a tax increase will keep more money in the economy, which will then be spent and generate increased tax revenues for the State.

In summary, urge the Committee to pass SB 1272. 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.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "S. Meichtry".

Scott Meichtry  
Executive Vice-President



The Hawaii Group, Inc.

Toga Financial Center, 745 Fort Street, Penthouse, Honolulu, HI 96813  
P 808.695.2222 F 808.695.2330 W [www.thehawaiiigroup.com](http://www.thehawaiiigroup.com)



Randy Perreira  
President

# HAWAII STATE AFL-CIO

320 Ward Avenue, Suite 209 • Honolulu, Hawaii 96814

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The Twenty-Seventh Legislature, State of Hawaii  
The Senate  
Committee on Judiciary and Labor  
Committee on Ways and Means

Testimony by  
Hawaii State AFL-CIO  
February 20, 2013

## S.B. 1272 - RELATING TO EMPLOYMENT SECURITY

The Hawaii State AFL-CIO opposes S.B. 1272 which sets for calendar year 2013, the employer contribution rate at schedule F.

The Hawaii State AFL-CIO has concerns the legislature is considering setting the employer contribution rate at schedule F. Currently, the unemployment insurance trust fund balance is at \$125 million and is considerably short of the adequate reserve level of \$384 million. The first priority should be to ensure the adequate reserve level is met should the economy dip back into a recession. While we hope the economy continues to improve and the unemployment rate continues to drop, we must be prepared for the worst.

Thank you for the opportunity to testify.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy Perreira".

Randy Perreira  
President

**Kauai Chamber of Commerce  
4268H Rice St.  
Lihue, Hawaii 96766  
245-7363**

**Testimony to the Senate Committees on Judiciary Labor and Ways and Means  
Wednesday, February 20, 2013  
9:30 a.m.  
State Capitol - Conference Room 016**

**RE: SENATE BILL NO. 1272 RELATING TO EMPLOYMENT SECURITY**

Honorable Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani, and members of the committees:

Aloha! My name is Randy Francisco and I am President/CEO of the Kauai Chamber of Commerce which comprises of 450+ members of whom 85% are small businesses. On behalf of the Chamber I am writing to express our very **strong support for SB 1272** relating to Employment Security and, with an amendment.

**The Kauai Chamber supports this legislation** that will mitigate the tax increase of an additional average of \$150 per employee which is due to take place under the current law (Schedule G). The Kauai Chamber recognizes and appreciates your efforts in continuing to support businesses and in providing a climate of positive economic recovery during this period in which our economy and the people of Hawaii slowly leave the Great Recession. This bill will provide stability and certainty during these tough but recovering economic times for the people of Hawaii, and, in particular, the business community.

**We respectfully ask the committees to amend SECTION 3, to read:**

This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.

Economic data supports keeping the unemployment tax rate schedule at the "F" level for 2013. Fortunately, the Unemployment Fund has recovered faster than originally projected. Risk of insolvency in the fund is limited unless a catastrophic or major event occurs. The velocity of fund replenishment appears positive.

Allowing the fund replenishment to slow will help Hawaii's businesses to use the funds to hire employees, support and grow their businesses and, reinvest in our economy. Mitigation of a tax increase will keep more money in the economy allowing for a domino effect which will contribute to economic activity and generate an increase in tax revenues for the State of Hawaii.

As a result, the **Kauai Chamber strongly asks the Committees to pass SB 1272.** Thank you for the opportunity to present testimony especially, on behalf of Kauai's employers, employees, and, our recovering economy.

**Kauai Chamber of Commerce celebrating 100 Years 1913 - 2013**

February 18, 2013

HADA Testimony in STRONG SUPPORT of SB1272  
Relating to Employment Security, Contribution Rate Schedules  
(Sets for calendar year 2013, the employer contribution rate at schedule F)

Presented to the Committee on Judiciary and Labor and the Committee on Ways and Means  
at the joint-committee hearing 9:30 a.m. Wednesday, February 20, 2013  
Conference Room 016, Hawaii State Capitol

Chairs Hee and Ige, Vice chairs Shimabukuro and Kidani, and members of the committees:

HADA strongly supports SB1272—which will continue the employer contribution rate to the UI fund for 2013 at schedule F—instead of the statute-required schedule G—a higher rate.

Schedule F will produce an unemployment insurance average tax as a percent of total wages of 1.8% of payroll instead of 2.2% of payroll--if schedule G is activated. (Source: “Annual Evaluation of the Hawaii Unemployment Compensation Fund” Appendix B, Unemployment Insurance Tax Rates 2012 and 2013, estimated, page A-7).

It should be noted that this bill would maintain schedule F for a third consecutive calendar year, making F the applicable schedule paid by employers for 2011, 2012, and now 2013—thus smoothing jagged rate changes in required employer payments to the fund.

While the higher schedule G rate schedule would replenish the fund more rapidly by increasing the cost to employers, Hawaii’s continually-decreasing unemployment rate is automatically having the same effect of replenishing the UI fund by requiring fewer payouts from the unemployment fund.

HADA believes it is likely that the improving economy and decreasing demands for payouts will activate schedule E in 2014 anyway thereby negating the need for schedule G in 2013—and allowing for a smooth continuance of schedule F for 2013.

--continued on next page--

HADA testimony in strong support of SB1272, page 2

HADA respectfully requests that the committee support SB1272 by acting favorably to move the measure forward.

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 Cel: 808 223-6015 Fax: 808 593-0569

Email: [drolf@hawaiiidealer.com](mailto:drolf@hawaiiidealer.com) website: [www.hawaiiautodealer.com](http://www.hawaiiautodealer.com)

When businesses experience sudden spikes in costs, including increases in the cost of business expense costs like and increase in unemployment taxes, the result produces a drag effect on what would be the optimum business conditions.

Hawaii is the only state to provide the unemployed with an average of more than 50% of weekly wages, and its average weekly benefit is also the nation's highest. The state's jobless rate has remained steady at 6.3% for four months, down from 6.8% one year ago. In Hawaii, the unemployment insurance program is entirely funded by employers.

**Source:** The 10 Best States for Unemployment Benefits

By [Douglas McIntyre](#)





**Testimony to the Senate Committees on Judiciary and Labor and  
Ways and Means**

**Wednesday, February 20, 2013  
9:30 a.m.  
State Capitol - Conference Room 016**

**RE: SENATE BILL NO. 1272 RELATING TO EMPLOYMENT SECURITY**

Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani, and members of the committees:

Hawaii Human Resources, Inc. (HiHR) truly appreciates the committees for scheduling this measure. We strongly **support SB 1272 relating to Employment Security with an amendment.**

HiHR supports legislation that will mitigate the tax increase of an additional average of \$150 per employee due to take place under the current law (Schedule G), which will help businesses recover during this slow growth period and provide stability and certainty during these uncertain times.

We respectfully ask the committees to amend SECTION 3, to read: This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.

State data supports keeping the unemployment tax rate schedule at the "F" level for 2013. 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.

Founded in January, 2009, HiHR is a locally owned and operated Professional Employer Organization ("PEO"). HiHR is one of the 3 largest PEOs in the State of Hawaii. We currently service 375 different businesses and approximately over 7,000 client worksite employees on all of the major Hawaiian Islands. HiHR provides an alternative option for small and medium-sized businesses of Hawaii to outsource their human resource needs and focus on their core businesses.





In summary, urge the Committee to pass SB 1272. 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.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Harry J. Byerly".

Harry J. Byerly  
Chief Operating Officer





**Testimony to the Senate Committees on Judiciary and Labor and  
Ways and Means**

**Wednesday, February 20, 2013, 9:30 a.m.  
State Capitol - Conference Room 016**

**RE: SENATE BILL NO. 1272 RELATING TO EMPLOYMENT SECURITY**

Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani, and members of the committees:

Hawaii Employment Services, Inc. (HiEmployment) truly appreciates the committees for scheduling this measure. HiEmployment provides temporary staffing and permanent placement services for over 45 clients in Hawaii. We strongly **support SB 1272 relating to Employment Security with an amendment.**

HiEmployment supports legislation that will mitigate the tax increase of an additional average of \$150 per employee due to take place under the current law (Schedule G), which will help businesses recover during this slow growth period and provide stability and certainty during these uncertain times.

We respectfully ask the committees to amend SECTION 3, to read: This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.

State data supports keeping the unemployment tax rate schedule at the "F" level for 2013. 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.

In summary, urge the Committee to pass SB 1272. 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.

Respectfully submitted,

A handwritten signature in black ink that reads "Sean K. Knox".

Sean K. Knox  
President



**Testimony to the Senate Committees on Judiciary and Labor and  
Ways and Means**

**Wednesday, February 20, 2013**

**9:30 a.m.**

**State Capitol - Conference Room 016**

**RE: SENATE BILL NO. 1272 RELATING TO EMPLOYMENT SECURITY**

Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani, and members of the committees:

Hawaii Association of Professional Employer Organizations (HAPEO) truly appreciates the committees for scheduling this measure. We strongly **support SB 1272 relating to Employment Security with an amendment.**

HAPEO supports legislation that will mitigate the tax increase of an additional average of \$150 per employee due to take place under the current law (Schedule G), which will help businesses recover during this slow growth period and provide stability and certainty during these uncertain times.

We respectfully ask the committees to amend SECTION 3, to read:

This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.

State data supports keeping the unemployment tax rate schedule at the "F" level for 2013. 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.



**History of HAPEO**

The people and businesses of Hawaii have a long history of working together, the islands offer a warm and welcoming environment energized by aloha and collaboration. True to this heritage, the Hawaii Professional Employer Organization (“PEO”) industry has developed a positive culture of shared ideas and goodwill. In 2012, a core group of smaller and medium sized Hawaii PEO’s formalized their alignment with the establishment of the Hawaii Association of Professional Employer Organizations (“HAPEO”). Our organization was founded on the principles of transparency and support for the thousands of small businesses in Hawaii.

**HAPEO Membership**

HAPEO represents approximately twenty (20) local members that collectively service over 1,000 small to medium sized businesses in Hawaii and represent over 10,000 worksite employees. HAPEO represents ninety-three percent (93%) of the State’s PEOs.

In summary, we urge the Committee to pass SB 1272. 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.

Respectfully submitted,

Matthew S. Delaney  
President of the Board  
HAPEO



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

830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813

<http://labor.hawaii.gov>

February 19, 2013

To: The Honorable Clayton Hee, Chair,  
The Honorable Maile S.L. Shimabukuro, Vice Chair, and  
Members of the Senate Committee on Judiciary and Labor, and

The Honorable David Y. Ige, Chair,  
The Honorable Michelle N. Kidani, Vice Chair, and  
Members of the House Committee on Ways and Means

Date: February 20, 2013

Time: 9:30 a.m.

Place: Conference Room 016, State Capitol

From: Dwight Y. Takamine, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: S.B. No. 1272 Relating to Employment Security**

**I. OVERVIEW OF PROPOSED LEGISLATION**

S.B. No. 1272 proposes to amend section 383-68, HRS, to extend the employer contribution rate at schedule F for calendar year 2013.

The Department has major concerns with this measure as the Unemployment Insurance (UI) trust fund is still below the adequate reserve level prescribed by law.

**II. CURRENT LAW**

Section 383-68, HRS, provides that the contribution rate schedule for each calendar year shall be determined by the ratio of the current reserve fund to the adequate reserve fund. However, since calendar year 2008, the statutorily determined rate schedules have been artificially lowered by legislative actions, resulting in savings of \$350 million to employers. Under current law, Schedule G should be in effect for calendar year 2013.

**III. COMMENTS ON THE SENATE BILL**

The Department has major concerns about the repeated disregard of the original intent



of the legislature in defining and maintaining the UI trust fund at the “adequate reserve level” despite the experience of insolvency in 2010. The Department was forced to request federal advances from December 2010 to July 2011 and from March 2012 to April 2012. At the present balance of \$125 million, the trust fund level is only at one-third of the adequate reserve level of \$384 million.

While Hawaii has been fortunate to be able to repay its outstanding loans without additional borrowing, the commitment to start rebuilding the trust fund is critical when our jobless rates are steadily declining. Recently, Hawaii’s unemployment rate is at 5.2%, one of the lowest in the U.S., and at pre-recession level. Financing of the UI trust fund is countercyclical, thus UI reserves should be accumulated during periods of economic expansion to withstand recession level benefit outgo that results in higher tax liabilities for employers when they can least afford it.

Moreover, because there is always an element of uncertainty in the future, like the “fiscal cliff”, sequestration, and the continuing challenges in the European economy, it is always important and prudent to adhere to the intent in the establishment of the trust fund, which was to ensure there are adequate reserves capable of paying benefits to cushion economic downturns and provide income for those individuals unemployed through no fault of their own. Currently, there is only 4 months of benefits at the highest benefit cost ratio.

Any amendments to tax provisions, such as those proposed in this measure, must be enacted prior to March 8, 2013 due to scheduling of the annual experience rating programs. Any delay beyond this date will interfere with providing employers with timely notice of their tax rates, their appeal rights and filing of the first quarter contributions due.



# BIG ISLAND TOYOTA

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

February 19, 2013

State Capitol  
State of Hawaii

**RE: SENATE BILL NO. 1272 RELATING TO EMPLOYMENT SECURITY**

Chairs Hee and Ige, Vice Chairs Shimabukuro and Kidani, and members of the committees:

The Chamber of Commerce of Hawaii ("The Chamber") truly appreciates the committees for scheduling this measure. We strongly **support SB 1272 relating to Employment Security with an amendment**. The Chamber supports legislation that will mitigate the tax increase of an additional average of \$150 per employee due to take place under the current law (Schedule G), which will help businesses recover during this slow growth period and provide stability and certainty during these uncertain times.

**We respectfully ask the committees to amend SECTION 3, to read:**

**This Act shall take effect upon its approval and shall apply retroactively to January 1, 2013.**

State data supports keeping the unemployment tax rate schedule at the "F" level for 2013. 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.

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.

Therefore, we urge the Committee to pass SB 1272. 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.

Sincerely,

Jacqueline De Luz Watanabe  
Vice President of Human Resources

## HILO

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**hee2 - Kathleen**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 19, 2013 11:00 AM  
**To:** JDLTestimony  
**Cc:** andrewatchun@gmail.com  
**Subject:** \*Submitted testimony for SB1272 on Feb 20, 2013 09:30AM\*

**SB1272**

Submitted on: 2/19/2013

Testimony for JDL/WAM on Feb 20, 2013 09:30AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Andrew Chun	KTA Super Stores	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

**hee2 - Kathleen**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 19, 2013 5:33 PM  
**To:** JDLTestimony  
**Cc:** armltd@hawaii.rr.com  
**Subject:** Submitted testimony for SB1272 on Feb 20, 2013 09:30AM

**LATE TESTIMONY**

**SB1272**

Submitted on: 2/19/2013

Testimony for JDL/WAM on Feb 20, 2013 09:30AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Bob Miller	Pizza Bob's In Haleiwa	Support	No

Comments: As a small business operator, I urge you to support SB1272 and keep the unemployment tax rate at level F. An increase in our employment taxes at this time will probably result in a reduction in the amount of labor hours businesses can afford to use, and place additional burdens on small businesses during these shaky economic times. Mahalo

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)