



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

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February 11, 2016

To: The Honorable Mark M. Nakashima, Chair,
The Honorable Jarrett Keohokalole, Vice Chair, and
Members of the House Committee on Labor & Public Employment

Date: Friday, February 12, 2016

Time: 10:00 a.m.

Place: Conference Room 309, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 2122 Relating to Employment Security

I. OVERVIEW OF PROPOSED LEGISLATION

HB 2122 proposes a maximum unemployment insurance (UI) benefit amount of fifty-two (52) times the weekly benefit amount to eligible individuals who separate from employment on or after an unspecified date.

The department opposes the measure.

II. CURRENT LAW

Section 383-24, Hawaii Revised Statutes (HRS), provides for a maximum UI benefit amount of 26 weeks times an individual's weekly benefit amount.

III. COMMENTS ON THE HOUSE BILL

- The department is unable to assess the impact of the amendments proposed in this measure without specific details, including its intent, justification, scope, duration, and target population.
- With a 100% increase in UI benefits to all eligible claimants statewide, the department projects that in 2018 the tax schedule would be increased from Schedule C to Schedule E, resulting in an increase of \$123 million in additional employer taxes in 2018.

- The department notes that the onset of recessions is often sudden and unpredictable. Normally, the trust fund is replenished when the work force reaches capacity levels to permit less drastic fluctuations in employer tax rates during recessions when UI benefit outgo increases and business income declines.
- During our most recent downturn in 2008-12, the UI trust fund was depleted, forcing Hawaii to request about \$193 million in federal loans in order to continue payment of UI benefits. The borrowing incurred an interest payment of \$ 211,000 from employer assessments.
- It is highly unusual to increase UI compensation when the State is at nearly full employment – Hawaii's 3.2% unemployment rate ranks 5th lowest in the nation.

If the intent is to provide assistance to Maui dislocated workers, then DLIR suggests the following:

- 1) Requiring training to obtain additional benefits.
- 2) Limiting the availability to a specific geographic area.
- 3) Permitting only thirteen extra weeks of benefits.
- 4) Inserting a drop-dead clause.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the House Committee on Labor & Public Employment and
Committee on Public Safety
Friday, February 12, 2016 at 10:00 A.M.
Conference Room 309, State Capitol**

RE: HOUSE BILL 2122 RELATING TO EMPLOYMENT SECURITY

Chairs Nakashima and Takayama, Vice Chairs Keohokalole and Yamashita, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **strongly opposes** HB 2122, which doubles maximum potential unemployment benefits for employees separated from service commencing on an unspecified date.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We oppose this bill as it will likely increase taxes for employers and hurt many businesses. While we do not have exact figures, doubling the benefit could increase taxes for businesses by over \$100 million. Hawaii already has a generous unemployment insurance program that is paid for by employers. While there may be some who still cannot find work, Hawaii's low 3.2% unemployment is one of the lowest in the country. We also have concerns that increasing the benefit may encourage some unemployed to stay out of the workforce longer, and thereby also increasing benefit costs.

We ask that you defer this bill. Thank you for the opportunity to testify.

The Twenty-Eighth Legislature
Regular Session of 2016

LATE

HOUSE OF REPRESENTATIVES
Rep. Mark M. Nakashima, Chair
Rep. Jarrett Keohokalole, Vice Chair
State Capitol, Conference Room 309
Friday, February 12, 2016; 10:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 2122
RELATING TO EMPLOYMENT SECURITY**

The ILWU Local 142 **supports the intent** of H.B. 2122, which doubles the maximum potential unemployment benefits for employees separated from service commencing on an unspecified date.

Maximum duration of full unemployment benefits is 26 weeks. Very often for those who find themselves laid off from their jobs, 26 weeks may not be sufficient to find suitable gainful employment for various reasons. Once the 26 weeks is exhausted, the person is left without any resources and must desperately accept any low wage job, often ensuring a lifetime of poverty.

A full year of unemployment benefits will allow the unemployed individual more time to look for a job that will satisfy the person's interests as well as his need to support himself. However, we are also concerned about the impact that this increase in unemployment benefits will have on the UI Trust Fund.

The ILWU believes that this measure deserves further discussion. Thank you.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

THE VOICE OF THE CONSTRUCTION INDUSTRY

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Testimony to the House Committee on Labor & Public Employment

Friday, February 12, 2016

10:00 a.m.

State Capitol - Conference Room 309

LATE

RE: HB 2122 – Relating to Employment Security

Dear Chair Nakashima, Vice-Chair Keohokalole, and members of the Committee:

My name is Gladys Marrone, Chief Executive Officer for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

We are in opposition to H.B. 2122, which would double the maximum potential benefits that a unemployed person may receive from the State. Unemployment benefits are more than sufficient today, and currently, the State's unemployment rate is very low. Raising unemployment benefits would only serve to hurt Hawaii's business community and working people that pay for these benefits.

We are opposed to H.B. 2122, and appreciate the opportunity to express our views on this matter.



LATE

HAWAII RESTAURANT ASSOCIATION

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Date: February 11, 2016

To: Rep. Mark M. Nakashima, Chair; Rep. Jarrett Keohokalole, Vice Chair
Committee on Labor & Public Employment

Rep. Gregg Takayama, Chair; Rep. Kyle T. Yamashita, Vice Chair
Committee on Public safety

From: Victor Lim, Legislative Chair, Hawaii Restaurant Association

Subj: HB 2122 Relating to Employment Security

The Hawaii Restaurant Association strongly opposes HB 2122 which doubles the maximum potential unemployment benefits for employees separated from work service.

HRA has been servicing the restaurant industry here in Hawaii for 69 years representing over 3,300 restaurants, making up mostly of small and medium size businesses. We are in most cases the first employer for people entering the work force and at the same time provides tremendous opportunities for individual growth. 9 in 10 restaurant managers start at entry level, and 8 in 10 restaurant owners also start at entry level.

This doubling of benefits will increase costs and hurts many of our members since our industry operates on very thin margins. With our low 3.2% unemployment rate, unemployment benefits should also not be a disincentive for people to get back into the work force.

Thank you for giving us the opportunity to testify on this.

