

Honolulu, Hawaii
FEB 08 , 2022

RE: H.B. No. 1852
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Labor & Tourism, to which was referred H.B. No. 1852 entitled:

"A BILL FOR AN ACT RELATING TO THE UNEMPLOYMENT COMPENSATION TRUST FUND,"

begs leave to report as follows:

The purpose of this measure is to appropriate funds to the Unemployment Compensation Trust Fund.

Your Committee received testimony in support of this measure from the Hawaii Food Industry Association. Your Committee received comments on this measure from the Department of Labor and Industrial Relations and Department of Budget and Finance.

Your Committee finds that the coronavirus disease 2019 pandemic created an unprecedented period of unemployment in Hawaii that resulted in the rapid depletion of funds from the Unemployment Compensation Trust Fund. The Department of Labor and Industrial Relations estimates that for every \$100,000,000 added to the Unemployment Compensation Trust Fund, the statutory schedule of employer taxes will likely drop one level in the following calendar year.

Your Committee finds, however, that the infusion of funds into the Unemployment Compensation Trust Fund is not anticipated



to reduce employers' tax rates beyond one year because the ratio of the current reserve to the adequate reserve, which is used to determine the unemployment insurance tax schedule for employers, is calculated annually.

Nonetheless, your Committee requests that, should your Committee on Finance consider this measure, that it consider appropriating \$300,000,000 to supplement the Unemployment Compensation Trust Fund.

Your Committee has amended this measure by:

- (1) Changing the appropriation to an unspecified amount; and
- (2) Changing the effective date to December 25, 2040, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Labor & Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1852, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1852, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Tourism,



RICHARD H.K. ONISHI, Chair



