

Honolulu, Hawaii

**FEB 18** , 2022

RE: H.B. No. 2471  
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 Consumer Protection & Commerce, to which was referred H.B. No. 2471, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE ADEQUATE RESERVE FUND,"

begs leave to report as follows:

The purpose of this measure is to amend the definition of "adequate reserve fund" to exclude the benefit cost rate from June 2020 through August 2021, effective for calendar years 2023 through 2030.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations. Your Committee received testimony in opposition to this measure from Unite Here! Local 5 Hawaii.

Your Committee finds that the COVID-19 pandemic and the associated governmental responses to curtail the spread of the virus have significantly impacted the State's economy and created an unprecedented period of unemployment that rapidly depleted funds within the Unemployment Compensation Trust Fund.

Your Committee further finds that the Adequate Reserve Fund is used as a measure of the solvency of the Unemployment Compensation Trust Fund and to determine the applicable unemployment insurance tax schedule for each calendar year. Under



the existing statutory definition of "adequate reserve fund", the unprecedented outflow of funds from 2020 and 2021 will be included in the calculation of adequate reserve. For comparison, under the existing statutory definition of "adequate reserve fund", the Adequate Reserve Fund is estimated at \$1.77 billion for calendar year 2023; if the benefit cost rate from June 2020 to August 2021 is excluded, the Adequate Reserve Fund is estimated at \$568 million for calendar year 2023. This measure would exclude the benefit cost rate from June 2020 to August 2021 from the definition of "adequate reserve fund" for calendar years 2023 through 2030, which will allow contributory employers to replenish the Unemployment Compensation Trust Fund and help to reestablish the fund's integrity without imposing the highest contribution schedules for years as Hawaii's economy continues to recover from the pandemic.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2471, H.D. 1, and recommends that it be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,

  
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AARON LING JOHANSON, Chair



