

STAND. COM. REP. NO.

2554

Honolulu, Hawaii

FEB 18 2022

RE: S.B. No. 3129

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred S.B. No. 3129 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to appropriate an unspecified amount of funds for the Unemployment Compensation Trust Fund and allow the Department of Labor and Industrial Relations to expend the moneys to infuse cash into the fund.

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

Your Committee finds that the coronavirus disease 2019 (COVID-19) pandemic created an unprecedented period of unemployment in Hawaii, which resulted in the rapid depletion of funds from the Unemployment Compensation Trust Fund. Your Committee finds that this measure is necessary to support the integrity of the fund while Hawaii's economy recovers from the disruptions caused by the COVID-19 pandemic.

Your Committee notes that although the amount of the appropriation is left blank, the Department of Labor and Industrial Relations' testimony states that every \$100,000,000



added to the fund will likely drop the statutory schedule of the unemployment insurance tax rate for employers by one level. The Department of Labor and Industrial Relations also states that an appropriation of \$500,000,000 or more will be necessary for the funds to reduce the tax rate schedule beyond one year.

Your Committee also notes the testimony of the Department of Budget and Finance expressing concerns regarding this measure's possible effect on the State's obligation to adhere to the maintenance of effort requirements as a recipient of Elementary and Secondary Schools Emergency Relief funds under the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 and the American Recovery Plan Act of 2021. Your Committee finds that this issue raises concerns that merit further consideration and respectfully requests that your Committee on Ways and Means further examine those issues and concerns raised by the testimony on this measure.

As affirmed by the record of votes of the members of your Committee on Labor, Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3129 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Labor, Culture and
the Arts,


BRIAN T. TANIGUCHI, Chair



