

STAND. COM. REP. NO.

476

Honolulu, Hawaii

FEB 12 , 2025

RE: H.B. No. 202
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Labor, to which was referred H.B. No. 202
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 specify the multipliers used in the
calculation of the adequate reserve fund for calendar years 2026
through 2030.

Your Committee received testimony in support of this measure
from Department of Labor and Industrial Relations. Your Committee
received comments on this measure from the Tax Foundation of
Hawaii.

Your Committee finds that it is important to ensure that the
Unemployment Trust Fund has enough solvency to dispense
unemployment insurance benefits, especially during times of
economic crises. Your Committee also finds that in 2007 the
multiplier used to calculate the adequate reserve fund was changed
from 1.50 percent to 1 percent, which resulted in inadequate
reserves during the COVID-19 pandemic when unemployment was high,
which further led to the Unemployment Reserve Fund having to
borrow \$700,000,000 from the United States Department of Labor to
pay unemployment insurance benefits. Your Committee believes that

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incrementally readjusting the multipliers to calculate the adequate reserve fund to 1.50 percent would strengthen the Unemployment Trust Fund against high unemployment rates during economic crises.

Your Committee has amended this measure by:

- (1) Using the multiplier of 1.25 percent only for calendar year 2026;
- (2) Using the multiplier of 1.50 percent starting in calendar year 2027 and thereafter;
- (3) Changing the effective date to January 1, 3000, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 202, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 202, H.D. 1, and be referred to your Committee on Finance.

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


JACKSON D. SAYMA, Chair



HSC# 476

Bill/Resolution No.: HB 202		Committee Referral: LAB, FIN		Date: 2/6/25
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to:				
<input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. SAYAMA, Jackson D. (C)	X			
2. LEE, Mike (VC)	X			
3. GARRETT, Andrew Takuya	X			
4. KAPELA, Jeanne	X			
5. KONG, Sam Satoru	X			
6. REYES ODA, Julie	X			
TOTAL (6)	6			
The recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: [Signature]				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				