



STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA

March 13, 2025

To: The Honorable Jackson D. Sayama, Chair,
The Honorable Mike Lee, Vice Chair, and
Members of the House Committee on Labor

Date: Thursday, March 13, 2025

Time: 9:00 a.m.

Place: Conference Room 309, State Capitol

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. 716 SD2 RELATING TO HAWAII EMPLOYMENT SECURITY LAW

I. OVERVIEW OF PROPOSED LEGISLATION

The **DLIR strongly supports** this measure, which includes language to address a Hawaii Supreme Court ruling and makes amendments designed to facilitate the current UI modernization project. The DLIR respectfully requests amendments to further improve the measure.

This bill proposes to amend Chapter 383, Hawaii Revised Statutes (HRS) by:

- Removing the reference to the definition of “registered for work” in § 383-29,
- Clarifying the circumstances in which individuals are required to register for work,
- Allowing for electronic notifications for unemployment claim determinations, appeals, and hearing notices,
- Specifying that the electronic notification date is the equivalent of a mailing date,
- Permitting claimants to change their tax withholdings more than once, and
- Removing and updating various statutory provisions.

II. CURRENT LAW

§383-1 defines “registered for work” and “registration for work.”

§383-12 specifies that an individual is required to post information that would be used for job matching on the department's internet job matching system.

§383-29 specifies the circumstances in which individuals are required to register for work on the department's internet job matching system.

§383-36 requires that unemployment insurance determinations and redeterminations be sent to parties by mail at their last known address.

§383-38 requires that appeals from unemployment insurance determinations or redeterminations be filed within ten days of after the mailing and provides for the option of electronic notification for unemployment insurance appeal documents only.

§383-66(a)(6) allows the department to prescribe rules for the establishment, maintenance, and dissolution of joint accounts.

§383-163.6 permits an individual to change a previously elected tax withholding status once during their claim's benefit year.

III. COMMENTS ON THE SENATE BILL

The Department strongly supports this measure and respectfully requests amendments as follows:

- The DLIR respectfully requests that the definition of "registered for work" or "registration for work" § 383-1 be restored and amended as follows:

""Registered for work" or "registration for work" means that an individual shall provide information to the department to facilitate work search efforts by the individual and increase job referrals by the employment office."
- The DLIR respectfully requests that the reference to "as defined in section 383-1" be restored on Pg. 2, lines 8 and 9 for clarity.
- The two above amendments compliment the new language on Pg. 2, lines 11-12, which the department supports.
- The DLIR respectfully requests the repeal of section 383-66(a)(6) to remove the provision for joint experience rating as the Committee chose to do with the House companion HB477. This provision allows for unemployment tax rate manipulation that is contrary to Act 114, SLH 2005, and Act 32, SLH 2009, which prevent State Unemployment Tax (SUTA) dumping.

These proposed amendments and overall bill lay the foundation for transitioning to a modernized unemployment insurance system while improving services for

individuals. By streamlining the process for individuals to register for work, the measure addresses existing delays and denials caused by system navigation challenges. This enhanced process not only improves the current system but also facilitates auto-registration for work in the future modernized system.

Furthermore, enabling the electronic delivery of unemployment insurance documents and appeal notifications ensures secure, faster, and more accessible communication for individuals and reduces dependency on traditional paper and mail processes. By specifying that the electronic notification date will be treated as equivalent to the mailing date, the measure also resolves complications stemming from a Hawaii Supreme Court ruling requiring certification of mailing dates for notices and decisions. This clarification strengthens the legal and operational framework necessary for a modernized system.

Additionally, this measure allows claimants to adjust their tax withholding multiple times, which enhances claimants' flexibility and responsiveness to changing financial circumstances and improves the user experience.

Furthermore, with these improvements, the Department also respectfully requests the immediate repeal of section 383-66(a)(6), HRS, to eliminate the provision that permits joint experience rating. Under the current law, employers can combine entities that own and control to manipulate their state unemployment tax rates. This practice undermines the anti-SUTA dumping laws and distorts the equitable distribution of tax costs. Although less than 1% of registered employers request joint experience ratings, this provision creates an uneven tax burden that unfairly shifts costs onto other businesses and increases costs.

For the above reasons, the Department strongly supports this measure, which addresses modernizing and strengthening Hawaii's unemployment insurance system, improves efficiency, and promotes fairness for all stakeholders.