



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

April 2, 2025

To: The Honorable Donovan M. Dela Cruz, Chair,  
The Honorable Sharon Y. Moriwaki, Vice Chair, and  
Members of the Senate Committee on Ways and Means

Date: Wednesday, April 2, 2025  
Time: 10:01 a.m.  
Place: Conference Room 211, State Capitol

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

**Re: H.B. 202 HD1 SD1 RELATING TO THE ADEQUATE RESERVE FUND**

**I. OVERVIEW OF PROPOSED LEGISLATION**

The **DLIR strongly supports** this measure that seeks to amend the definition of "adequate reserve fund" starting calendar year 2026 while preserving the exclusion for the COVID-19 Pandemic.

The "adequate reserve fund" will be calculated by multiplying the highest benefit cost rate from the past ten years (excluding June 2020–August 2021) by the total employer remuneration from the last four calendar quarters, then applying a multiplier of one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter.

**II. CURRENT LAW**

The Benefit Cost Rate (BCR) is the total benefits paid during a consecutive twelve-month period divided by wages for a twelve-month period.

The Adequate Reserve Fund is a benchmark that equals the highest BCR during the most recent ten years times total wages for the last completed fiscal year ending June 30. The calculation of the Adequate Reserve Fund is designed to ensure there are enough reserves in the Unemployment Compensation Trust Fund (UCTF) to pay Unemployment Insurance (UI) benefits.

The Adequate Reserve Fund is used as a measure of the solvency of the UCTF and to determine the UI tax schedule: the ratio of the Current Reserve divided by the Adequate Reserve determines which UI tax schedule is in effect for a calendar

year (Current Reserve/Adequate Reserve).

Ratio = Current reserve/adequate reserve

Ratio CR/AR	Tax Schedule
1.69 +	A
1.3-1.69	B
1.0 to 1.29	C
0.80 to 0.99	D
0.60 to 0.79	E
0.40 to 0.59	F
0.20 to 0.39	G
< .20	H

An employer's state unemployment insurance tax rate is computed once a year based on the employer's reserve ratio and the tax schedule in effect for the year.

### **III. COMMENTS ON THE HOUSE BILL**

The DLIR strongly supports this measure as it safeguards the health and long-term stability of the UCTF.

When §383-63 was originally drafted, guidance from the U.S. Department of Labor (U.S.DOL) determined that a "one and one-half times" multiplier was the minimum necessary to withstand a severe economic downturn. However, in 2010, this multiplier was reduced to a factor of one, weakening the UCTF's reserve balance and leaving it more vulnerable to crises.

The COVID-19 Pandemic underscored the consequences of this reduction, as unemployment surged across Hawaii, rapidly depleting the UCTF and forcing the State to borrow approximately \$700 million from the USDOL. Informal analyses suggest that had the original multiplier remained in place, the UCTF would not have been as severely impacted. To mitigate the financial strain on employers, the DLIR supported and implemented key relief measures, including Act 1 (SLH, 2021) and Act 281 (SLH, 2022), which temporarily adjusted the Adequate Reserve Fund definition to prevent pandemic-related anomalies from distorting employer tax rates.<sup>1</sup>

Although the UCTF has since rebounded from the COVID-19 Pandemic and the Maui Wildfires, updated projections indicate that the schedule will shift to D in 2027 due to a marginal 0.01% change in the ratio before returning to C in 2028. This forecast highlights the need to restore the original multiplier to strengthen the UCTF's resilience, ensuring it remains stable in future economic downturns while minimizing disruptions for employers.

For these reasons, the DLIR respectfully requests that the measure's defective date on page 4, line 8 be amended to take effect upon approval. A phased approach to restoring the one and one-half multiplier will fortify the UCTF's financial foundation, allowing it to continue serving as a vital economic stabilizer that protects both Hawaii's workforce and businesses during times of uncertainty.

<sup>1</sup> Effective for the calendar years 2023 through 2030, "adequate reserve fund" means an amount that is equal to the amount derived by multiplying the benefit cost rate that is the highest during the ten-year period ending on November 30 of each year by the total remuneration paid by all employers, with respect to all employment for which contributions are payable during the last four calendar quarters ending on June 30 of the same year, as reported on contribution reports filed on or before October 31 of the same year, but shall not include the benefit cost rate from June 2020 through August 2021.

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: UNEMPLOYMENT, Amends Formula to Increase Adequate Reserve Fund

BILL NUMBER: HB 202 HD 1 SD 1

INTRODUCED BY: Senate Committee on Labor and Technology

EXECUTIVE SUMMARY: Amends the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of one, to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter.

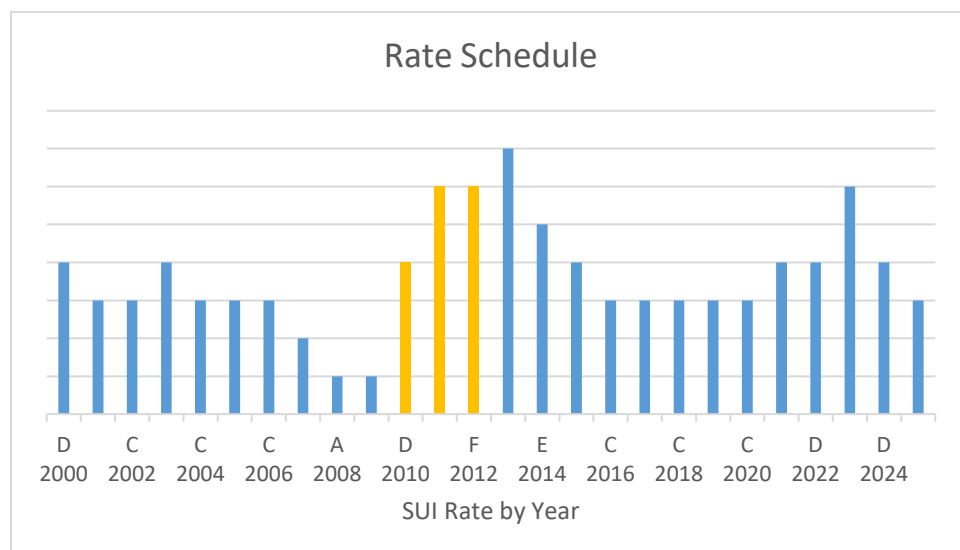
SYNOPSIS: Amends section 383-63, HRS, definition of "Adequate reserve fund" to mean an the amount that would be the adequate reserve fund under existing law, times

- 1) 125% for calendar years 2026; and
- 2) 150% for calendar years 2027 and thereafter.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: State unemployment insurance (SUI) is largely funded by employers. Most employers are charged tax that depends on two things: the overall health of the fund into which SUI tax is collected, and the claims history of the employer. So, an employer with a long history of chargeable claims, for example, will pay more than others. Also, if there is lots of money built up in the fund then the tax rate goes down for everyone.

The health of the fund determines the proper tax rate schedule. The schedules are named after a letter of the alphabet, with A the least costly schedule and H the most expensive. The fund health is measured at the end of the year, and that measurement is used to set the rate for the following year. Here is a chart of the SUI rate schedule for the past 25 years:



Source: DLIR Reports compiled by Tax Foundation of Hawaii.

Although the Great Recession of 2008 and related events caused the fund to run out of money and we needed to borrow around \$180 million from Uncle Sam, employers were not subjected to the dreaded Schedule H because our lawmakers passed special legislation to control the SUI rates and override the normal formulas for the years 2010 through 2012 (the orange bars in the diagram). That also happened for 2021, where Act 1, SLH 2021, set the rate at Schedule D for 2021 and 2022.

The change requested in this bill artificially increases tax rates by inflating the target for the reserve fund by 25% or 50% while, of course, the amount of money in the actual fund does not change.

In some prior years, the adequate reserve fund did have a multiplier, as follows:

Year(s)	Number of Years	Multiplier
1969 to mid 1978	9 ½	150%
Mid 1978 to 1991	12 ½	100%
1992 to 2007	16	150%
2008 to present	17	100%

To illustrate what happens if the bill takes effect, suppose the current unemployment reserve fund in Hawaii is \$200 million (which is what it was in November 2022). Also suppose that the adequate reserve fund, calculated under existing law, is also \$200 million. Under section 383-68(d), HRS, we would have a ratio of current to adequate reserve fund of 1.00 and employers would have a contribution rate schedule of C. That rate schedule is somewhat normal for us, as we had this schedule in effect for 11 of the past 25 years. That would correspond to a SUI tax for new employers (with a zero reserve ratio) of 2.4% of taxable wages.

When the bill is fully phased in, the adequate reserve fund is artificially raised to \$300 million. That would make the ratio of current to adequate reserve fund drop to 0.67, placing employers with a contribution rate schedule of E, and our new employer would receive a tax rate of 3.4% of taxable wages. That is a 42% tax rate increase.

Is this really what we want now?

Digested: 3/29/2025



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17<sup>th</sup> Floor  
Honolulu, HI 96815

808-521-9500  
NFIB.com

April 1, 2025

TO: Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair  
Members of the Committee on Ways & Means

FR: Michael Iosua, State Director  
NFIB, Hawaii Chapter

RE: **OPPOSITION** TO HB 202, SD1 – RELATING TO THE ADEQUATE RESERVE FUND

Hearing date: April 2, 2025, at 10:01 AM

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee,

Mahalo for the opportunity to submit testimony on behalf of NFIB's Hawaii Chapter in **OPPOSITION** to HB 202, SD1 – RELATING TO THE ADEQUATE RESERVE FUND. NFIB is a nonprofit, nonpartisan, and member-driven organization exclusively dedicated to small and independent businesses. With members in all four counties, NFIB's Hawaii chapter advocates on issues that affect Hawaii's small and independent business owners.

While I understand the intent behind this legislation, NFIB Hawaii is greatly concerned about raising reserve fund requirements at this time due to the significant challenges this would present. Small businesses across Hawaii continue to face ongoing economic hardships due to sustained inflation, lingering supply chain disruptions, labor shortages, and the lasting financial impact of recent economic downturns. Increasing the reserve fund obligations now would significantly amplify these challenges, placing an additional financial strain on local businesses.

Requiring higher contributions to the reserve fund ties up critical capital that small businesses need for expenses such as payroll, inventory, and necessary business improvements. Unlike larger corporations, small businesses often operate with limited reserves such that even small increases to reserve requirements reduces our cash flow flexibility, which would potentially jeopardize employment stability and opportunities for investment in our workforce.

Moreover, many small businesses tend to have stable relationships with employees and rarely, if ever, rely on unemployment benefits. Yet, under this bill, we would still face higher contribution requirements, effectively penalizing us despite our prudent management practices.

In light of these concerns, I urge the committee to defer HB 202, SD1. Preserving the integrity of Hawaii's reserve fund is essential for the continued economic well-being of our state and its residents. Mahalo for your consideration.



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**Joe Carter**, Coca-Cola Bottling of Hawaii, *Advisor*  
**Eddie Asato**, Pint Size Hawaii, *Advisor*  
**Gary Okimoto**, Safeway, *Immediate Past Chair*

TO: Committee on Ways and Means  
FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: April 2, 2025  
TIME: 10:01am

RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund  
Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA is in opposition to this measure. This would cause a drastic increase in the required contribution from employers. In order to compensate for this increase employers will have to take steps to offset the cost.

For some employers this will necessitate doing things like cutting jobs. Others may need to increase prices to compensate for this measure. Other employers that cannot find a way to manage the required increase may simply close.

We oppose any measure that would eliminate local jobs, increase prices on food and other items, and potentially force local businesses to close their doors.

We urge the Committee to not pass this measure as is.

Hawaii has the highest taxable wage base in the nation. We recommend the committee reduce the taxable wage base to the national median (\$12,000) to lower employer costs and improve the ranking from 50th to 30th. We thank you for the opportunity to testify.





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March 29, 2025

Chair Donovan M. Dela Cruz  
Vice Chair Sharon Y. Moriwaki  
Senate Committee on Ways and Means  
April 2, 2025  
Conference Room 211 at 10:01AM

Re: **HB 202 HD1 SD1**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee.

I am writing to express our strong opposition to HB 202 HD1 SD1, which proposes to amend the definition of "adequate reserve fund."

This measure is detrimental for Hawaii because it substantially increases the required unemployment insurance reserve threshold that will have several unintended negative consequences for our local businesses.

The proposed increase in the multiplier will place an undue financial burden on employers. This significant rise in the reserve fund requirement could lead to potential negative outcomes such as heightened operating costs for businesses.

The timing of these changes is concerning. Implementing such a substantial increase over a relatively short period may not allow adequate time for affected parties to adjust their financial planning and strategies. This could result in increased prices to compensate for the measure.

Furthermore, the long-term implications of this amendment could be detrimental to job sustainability, keeping food costs low, and leaving our doors open for business. It is crucial to consider the broader context and potential ripple effects that such a policy change might have.

We urge you to defer HB 202 HD 1 SD 1. Thank you for the opportunity to testify.

Mahalo,

John Mark Mageo  
Employee Relations and Government Affairs Manager  
jmageo@abcstores.com



## *Japanese Chamber of Commerce & Industry of Hawaii*

### **TESTIMONY BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS**

#### **HB 202 SD1**

#### **Relating to Adequate Reserve Fund**

April 2, 2025 at 10:01 AM  
State Capitol, Conference Room 211

Submitted by MITCHELL DODO  
JAPANESE CHAMBER OF COMMERCE & INDUSTRY OF HAWAII  
HILO, HAWAII

March 28, 2025

#### **STATEMENT FROM THE JAPANESE CHAMBER OF COMMERCE & INDUSTRY OF HAWAII (JCCIH):**

The Japanese Chamber of Commerce & Industry of Hawaii is an organization comprised of approximately 300 members, many of which are independent small business owners and operators on the island of Hawaii. We often serve as the conduit between our members and government and act in the best interest of our members and the community. The JCCIH Government Affairs Committee (GAC) reviewed HB 202 SD1 and voted to oppose the bill in its current form based on the concerns provided in our testimony as follow:

On behalf of the Japanese Chamber of Commerce & Industry of Hawaii, I am writing in **strong opposition** to HB 202 SD1, which seeks to amend the definition of “adequate reserve fund” by increasing the multiplier used to determine its amount—from the current 1.0 to 1.25 in 2026 and 1.5 in 2027 and thereafter.

While maintaining a solvent Unemployment Insurance (UI) Trust Fund is important for supporting workers during economic downturns, this bill **places an undue and premature burden on Hawaii’s employers**, particularly small businesses still recovering from the effects of the COVID-19 pandemic and ongoing economic challenges such as inflation, high operational costs, and labor shortages.



## *Japanese Chamber of Commerce & Industry of Hawaii*

### **Key concerns:**

1. **Excessive Increase:** Raising the reserve fund multiplier by 50% over two years—especially to 1.5, one of the highest ratios nationally—will **increase unemployment tax rates on employers**, regardless of whether the economic indicators support such an aggressive buildup of reserves.
2. **Disregards Pandemic Realities:** While the bill exempts benefit cost data from June 2020 through August 2021, the economic repercussions of the pandemic still linger. For many businesses, raising payroll-related taxes now would **slow down rehiring efforts, wage growth, and business reinvestment**.
3. **No Clear Justification or Analysis:** The bill lacks a data-driven justification for this specific increase. There is no economic impact statement or modeling to show how this will affect employers of various sizes or sectors, especially those in tourism, food service, and construction.
4. **Disincentivizes Hiring:** Higher unemployment insurance tax burdens tied to inflated reserve requirements can discourage businesses from expanding their workforce, particularly in sectors with seasonal or part-time employment.

For these reasons, I respectfully urge this committee to **defer or reject HB 202 SD1** in its current form. The economic health of Hawaii's businesses must be considered when making decisions that will directly impact their ability to survive, hire, and grow.

Mahalo for the opportunity to testify.

Mitchell M. Dodo  
1<sup>st</sup> Vice-President  
Government Affairs Committee Chairperson  
Japanese Chamber of Commerce & Industry of Hawaii



**SB 716, HD2, Relating to Hawaii Unemployment Security Law**

**HB 477, HD1, Relating to the Hawaii Unemployment Security Law**

**HB 202, HD1, Relating to the Adequate Reserve Fund**

**The Society for Human Resource Management – Hawaii (“SHRM Hawaii”) respectfully opposes SB 716, HB 477, and HB 202. We strongly believe that a comprehensive approach should be taken when considering changes that impact Hawaii’s unemployment insurance fund.**

As human resource management professionals, we are in an optimal position to understand that the critical role that the Unemployment Insurance Fund plays in supporting workers who experience job loss through no fault of their own. The fund provides a necessary safety net, ensuring that displaced employees can meet basic needs while seeking new employment. At the same time, it is a system funded by employer contributions, which means any changes to its structure must be carefully considered to maintain fairness and sustainability.

We are concerned about any effort to expand eligibility for UI benefits to cover periods in which employees are on strike. SHRM Hawaii has previously testified that such a change would be an inappropriate use of the UI fund. The fundamental principle underlying UI eligibility is that benefits are available only when work is not available through no fault of the employee. A strike, by its very nature, involves a voluntary work stoppage where work is available but is declined in pursuit of other objectives. Allowing UI benefits in this context would fundamentally alter the character of the fund and raise serious questions about its appropriate use.

Moreover, determinations about the legitimacy of a strike—whether it is protected, lawful, or supported by a bona fide bargaining impasse—are squarely within the jurisdiction of the National Labor Relations Board (NLRB) and the Hawaii Labor Relations Board (HLRB). The Department of Labor and Industrial Relations (DLIR) and UI administrators should not be placed in the inappropriate position of second-guessing or supplanting those determinations. Employers should not be compelled to subsidize work stoppages that may directly undermine their bargaining positions or extend labor disputes unnecessarily.

We are also concerned about increases to Hawaii’s unemployment tax via the “adequate reserve fund.” As written, the new definition would increase tax rates by 25% in 2026 and 50% for 2027 and thereafter. This change would have far-reaching impacts on Hawaii’s businesses and residents. Yet currently there is limited explanation as to why this change is necessary.



Legislators should not pass bills that alter the fund's requirements, benefits, or employer contribution rates without a thorough and data-driven evaluation of its long-term utilization. A fragmented approach—where individual bills modify the system without a comprehensive financial and economic analysis—risks undermining the fund's stability. Employers, particularly small businesses, are still recovering from economic uncertainty, and sudden or unbalanced changes to UI rates could lead to unintended consequences, such as increased costs that hinder job creation and business growth.

Instead, we urge the legislature to take a holistic look at the UI Fund's financial health, including trends in unemployment claims, the fund's solvency, and the impact of past policy changes. Any proposed modifications should be considered as part of a broader effort to ensure the system remains strong for both workers and businesses alike.

SHRM Hawaii represents 900+ human resource management professionals who are its members and employers' statewide. Human resource management is a critical component to the success and survival of the many businesses that make up our local economy. We look forward to contributing positively to the development of sound public policy and continuing to serve as a resource to the legislature on matters related to labor and employment laws. Thank you for this opportunity to provide testimony.

Erin Kogen and Rosanne M. Nolan  
Co-chairs, SHRM Hawaii Legislative Affairs Committee



SHRM Hawaii, P. O. Box 3175, Honolulu, Hawaii (808) 447-1840



March 31, 2025

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair

Senator Sharon Y. Moriwaki, Vice Chair

Re: Testimony in Support of HB108 HD2 SD1: Direct-to-Consumer Shipping for Beer and Spirits

Aloha Chair, Vice Chair, and Members of the Committee,

As a small business still feeling the impacts of the last 5 years, we stand in opposition to HB202.

The changes outlined in this measure would significantly raise the financial burden on employers across the state. To absorb these added costs, many businesses may be forced to make difficult decisions—such as reducing staff, scaling back operations, or passing costs onto consumers through higher prices. In some cases, especially for small and struggling businesses, survival may no longer be viable.

We are deeply concerned that this measure, if enacted as written, will result in job losses, increased costs for everyday goods and services, and the permanent closure of valued local businesses. At a time when our economy is still working toward resilience and recovery, this would be a step in the wrong direction.

We urge the Committee to reconsider the structure of this proposal. Hawaii currently has the highest taxable wage base in the country. We recommend aligning with the national median of \$12,000. Doing so would reduce employer expenses and help move Hawaii's cost ranking from last place to a more competitive standing.

Mahalo for your time and consideration!

Sincerely,

Garrett W. Marrero  
CEO/Founder

**Handcrafted Ales & Lagers Brewed with Aloha**  
605 Lipoa Parkway, Kihei, HI 96753  
808.213.3002



March 31, 2025

To: Senator Donovan Dela Cruz, Chair  
Senator Sharon Moriwaki, Vice Chair  
Members of the Senate Ways and Means Committee

Date: Wednesday, April 2, 2025  
Time: 10:01AM  
Place: Conference Room 211, State Capitol

**RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund – In Opposition**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Senate Ways and Means Committee:

My name is Jason Higa and on behalf of FCH Enterprises, Inc. and our best-known brand name, Zippy's Restaurants, I am writing to express my strong opposition to HB202 HD1 SD1.

This bill proposes to amend the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of one, to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter. While the intention behind this bill may be to ensure financial stability, it poses significant risks and burdens to Hawaii's employers.

This bill, if passed, will "artificially" inflate the "adequate reserve fund" and negatively impact all Hawaii employers for years to come. The proposed changes will result in a substantial financial burden on businesses, particularly those that have been long-standing contributors to our local economy. The increased tax rates will hinder their ability to invest in growth, create jobs, and support our community.

I urge the Senate Ways and Means Committee to consider the detrimental effects this bill will have on Hawaii's business environment. It is crucial to maintain a balance that ensures financial stability without imposing undue hardships on employers. I respectfully request that you oppose HB202 HD1 SD1 and protect the interests of Hawaii's businesses and their employees.

Thank you for your consideration.

Sincerely,





**Andy Huang**, Chairman – L&L Hawaiian Barbecue    **Ave Kwok**, Past Chair – Jade Dynasty Seafood Restaurant  
**Mike Palmer**, Incoming Chair – Ho'okipa Partners    **Tambara Garrick**, Treasurer – Hawaii Farm Project  
**Victor Lim**, Government Relations Lead – McDonald's    |    **Mail: 2909 Wai'ala'e Avenue #22, Honolulu, HI 96826**

**Sheryl Matsuoka**, President & CEO    **Ginny Wright**, Operations Associate    **Holly Kessler**, Vice President of Operations

#### 2025

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Date: March 31, 2025

To: Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair  
Members of the Senate Committee on Ways and Means

From: Victor Lim, Legislative Lead

Subj: HB 202, HD1, SD1, Relating to the Adequate Reserve Fund for UI

Hawaii Restaurant Association representing over 4,000 Eating and Drinking Places strongly oppose HB 202, HD1, SD1, that will increase the multiplier used to calculate the Unemployment Reserve fund for the years 2026 - from the one, to one and one-quarter, and for 2027 - from one to one and a one-half, and thereafter.

Our economy and industry is still struggling from the aftermath of Covid 19 and cannot absorb any additional cost mandates to our businesses.

Please defer and do not pass this bill. Thank you for this opportunity to share our concerns.







March 31, 2025

RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund – In Opposition

To Chair Dela Cruz, Vice Chair Moriwaki and members of the Senate Ways and Means Committee:

Mahalo for your time and this opportunity to join the discussion for HB202. My name is Sean Uezu, and I am the President of Pop's Inc., the Popeyes Louisiana Kitchen franchisee in Hawaii. I am writing to express my concerns about HB202 and how it will hurt local businesses and the economy.

I understand that this bill aims to make sure the state has enough money for unemployment benefits. However, it does this by making businesses pay a much higher unemployment tax.

Small businesses in Hawaii are facing significant headwinds: increased costs for wages and supplies, and reduced revenue due to economic factors such as rail construction, a weakened yen impacting visitor spending, reduced domestic travel, and inflationary pressures affecting consumer spending. This bill will simply worsen an already unstable situation.

If these taxes do go up, I will have to make extremely difficult choices for my company and my employees. Some things for me to consider include cutting back on hiring, giving smaller raises, slashing hours or even raising prices for our customers. The most frightening possibility is that some businesses, including my own, might be forced to close locations or even worse, shut down the company in its entirety.

Ironically, this bill could end up undermining its own goal. If I need to cut labor, it means fewer employees working fewer hours, reducing the amount being paid into the unemployment fund. If locations or businesses close not only will it reduce the income, more people will then file claims. This well-intended bill would very well weaken the fund, not strengthen it.

This bill creates an artificial and unnecessary deficit and unfairly burdens businesses. It doesn't seem fair to put so much of the burden on small businesses that are already working hard to stay afloat. Local businesses should not bear the entire load for massive disasters like COVID or the Lahaina fires, which created the extremely rare scenarios that depleted the fund.

I urge you to consider the very real damage this will inflict on our community and the long-term consequences for Hawaii's economy. Please oppose HB202 HD1 and help save small businesses, the people they employ and all the consumers of Hawaii.

Thank you for your time and consideration.

Aloha,

A handwritten signature in black ink, appearing to be "Sean Uezu".

Sean Uezu  
President, Pop's Inc.

**HB-202-SD-1**

Submitted on: 4/1/2025 5:33:54 AM

Testimony for WAM on 4/2/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Thomas Jones	Testifying for Gytaku Restaurants	Oppose	Written Testimony Only

Comments:

To: Senator Donavan Dela Cruz, Chair

Senator Sharon Moriwaki, Vice Chair

Members of the Senate Ways and Means Committee

**RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund – In Opposition**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Senate Ways and Means Committee:

I am Tom Jones, President and CO-Owner of Gytaku Japanese Restaurants, writing to express my strong opposition to HB202 HD1 SD1.

This bill proposes to amend the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of one, to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter. While the intention behind this bill may be to ensure financial stability, it poses significant risks and burdens to Hawaii's employers.

This bill, if passed, will "artificially" inflate the "adequate reserve fund" and negatively impact all Hawaii employers for years to come. The proposed changes will result in a substantial financial burden on businesses, particularly those that have been long-standing contributors to our local economy. The increased tax rates will hinder their ability to invest in growth, create jobs, and support our community.

I urge the Senate Ways and Means Committee to consider the detrimental effects this bill will have on Hawaii's business environment. It is crucial to maintain a balance that ensures financial stability without imposing undue hardships on employers. I respectfully request that you oppose HB202 HD1 SD1 and protect the interests of Hawaii's businesses and their employees.

Thank you for your consideration.

Sincerely,

Tom Jones

April 1, 2025

To: Senator Donovan Dela Cruz, Chair  
Senator Sharon Moriwaki, Vice Chair  
Members of the Senate Ways and Means Committee

Date: Wednesday, April 2, 2025

Time: 10:01AM

Place: Conference Room 211, State Capitol

**RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund – In Opposition**

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

My name is Dirk Koeppenkastrop, and my wife and I are small business owners in Hawaii, operating IL Gelato Hawaii—a wholesale, catering, and retail business with six locations across Oahu. We employ over 100 people, providing stable incomes for many local families. As we transition our business to the next generation, we are committed to ensuring its sustainability in an already challenging economic climate.

HB202 HD1 SD1 proposes to increase the multiplier for calculating the "adequate reserve fund," raising it from the current factor of one to 1.25 in 2026 and 1.5 in 2027 and beyond. While financial stability is important, this measure imposes undue financial strain on businesses, particularly small enterprises like ours that play a vital role in Hawaii's economy.

By artificially inflating the reserve fund, this bill would lead to higher tax rates, further burdening employers who are already grappling with high operational costs and economic uncertainty. This move could stifle business growth, limit job creation, and ultimately harm local communities.

I urge the Senate Ways and Means Committee to reject HB202 HD1 SD1 and instead focus on policies that support and strengthen Hawaii's small businesses. A thriving small business sector benefits not just employers but also employees and the broader economy.

Thank you for your time and consideration.

**Sincerely,**  
Dirk Koeppenkastrop, Ph.D.

April 1, 2025

To: Senator Donavan Dela Cruz, Chair  
Senator Sharon Moriwaki, Vice Chair  
Members of the Senate Ways and Means Committee

Date: Wednesday, April 2, 2025

Time: 10:01AM

Place: Conference Room 211, State Capitol

**RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund – In Opposition**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Senate Ways and Means Committee:

My name is Nelson T. Okumura and on behalf of Valley Isle Produce Inc. dba VIP Foodservice and Island Grocery Depot, I am writing to express my strong opposition to HB202 HD1 SD1.

This bill proposes to amend the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of one, to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter. While the intention behind this bill may be to ensure financial stability, it poses significant risks and burdens to Hawaii's employers.

This bill, if passed, will "artificially" inflate the "adequate reserve fund" and negatively impact all Hawaii employers for years to come. The proposed changes will result in a substantial financial burden on businesses, particularly those that have been long-standing contributors to our local economy. The increased tax rates will hinder their ability to invest in growth, create jobs, and support our community.

I urge the Senate Ways and Means Committee to consider the detrimental effects this bill will have on Hawaii's business environment. It is crucial to maintain a balance that ensures financial stability without imposing undue hardships on employers. I respectfully request that you oppose HB202 HD1 SD1 and protect the interests of Hawaii's businesses and their employees.

Thank you for your consideration.

Sincerely,



Nelson T Okumura  
President



Date: April 2, 2025

Time: 10:01am

Place: VIA VIDEOCONFERENCE and Conference Room 211

Bill: HB202, HD1, SD1, Relating to the Adequate Reserve Fund

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee,

On behalf of the Hawai'i Automobile Dealers Association (HADA), we are writing to **respectfully oppose** HB202, HD1, SD1, Relating to the Adequate Reserve Fund. This bill 1mends the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of one, to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter.

HADA's membership includes small and locally-owned businesses, many of which are operated by the family members of their founders. These business leaders are the fabric of life in Hawai'i, directly employing thousands of workers, indirectly employing many more thousands, and providing vehicle transportation to consumers across the islands.

The Hawaii Automobile Dealers Association (HADA) opposes this measure due to its potential for negative businesses and residents.

We thank you for the opportunity to testify.

The Hawai'i Automobile Dealers Association is the voice of more than 60 new car dealerships across the islands, accounting for over 4,000 direct jobs, \$6 billion total sales and more than \$250 million in general excise taxes paid.



**Testimony to the Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair**

**Wednesday, April 2, 2025, at 10:01AM  
Conference Room 211 & Videoconference**

**RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund**

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber respectfully opposes House Bill 202 House Draft 1 Senate Draft 1 (HB202 HD1 SD1), which amends the definition of "adequate reserve fund" for calendar years 2026 and thereafter.

While an adequate reserve fund is essential for maintaining the fiscal health of Hawaii's Unemployment Insurance (UI) system, the proposed measure significantly raises the reserve thresholds by increasing the multiplier used to calculate the fund. Under the new definition in HB202 HD1 SD1, beginning in 2026 the multiplier jumps to 1.25 and from 2027 onward it increases to 1.5—substantially boosting the amount employers must contribute. This change creates the appearance of a shortfall when compared to the actual fund balance, effectively moving employers into a higher tax schedule. For example, if the current reserve is \$200 million, the new benchmark could rise to \$300 million, triggering a 42% jump for new employers and placing an undue burden on smaller businesses.

In addition to these concerns, it is crucial to undertake a comprehensive review of Hawaii's entire UI system rather than merely patching individual programs. The current UI framework, designed decades ago, no longer meets today's economic realities or technological advancements. A full-scale modernization would streamline benefit administration, reduce inefficiencies, and create a more equitable system for both employers and claimants, ultimately fostering a resilient labor market across the State.

Although proponents argue that a stronger reserve fund will reduce reliance on federal loans during downturns, the measure fails to provide offsets for the significantly higher costs imposed on employers. By recalculating the reserve fund using higher multipliers, the measure artificially inflates required contributions, effectively imposing an indirect tax hike that particularly burdens smaller businesses. For these reasons, the Chamber respectfully opposes HB202 HD1 SD1 because it will undermine Hawaii's economic resilience, deter job creation, and weaken the state's long-term competitiveness in an increasingly challenging economic environment.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to defer indefinitely House Bill 202 House Draft 1 Senate Draft 1. Thank you for the opportunity to testify.





Testimony of Bob Hood  
President of the Hawaii Energy Marketers Association (HEMA)

**OPPOSITION TO HB 202 HD1 SD1  
RELATING TO THE ADEQUATE RESERVE FUND**

Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair

**Board of Directors**

**Robert Hood**  
*President*

Aloha Petroleum LLC

**Roger Dang**  
*First Vice President*  
Petro Pacific

**Eric Wright**  
*Immediate Past President*  
Par Hawaii

**Sayble Bissen**  
Maui Oil Company, Inc.

**Kimo Haynes**  
Hawaii Petroleum, LLC

**Alec McBarnet**  
Maui Oil Petroleum, LLC

**Annie Marszal**  
Lahaina Petroleum

**Jon Mauer**  
Island Energy Services,  
LLC

**John Peyton**  
Par Hawaii

**Steve Wetter**  
Hawaii Petroleum, LLC

Wednesday, April 2, 2025 @ 10:01 a.m.  
Conference Room 211 & Videoconference  
Hawaii State Capitol, 415 South Beretania Street

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

I am Bob Hood, President of the Hawaii Energy Marketers Association (HEMA). HEMA is a nonprofit trade association comprised of members who market motor fuel products and operate convenience stores across the state.

HEMA respectfully opposes HB 202 HD1 SD1, which would increase the unemployment insurance reserve fund multiplier. While maintaining a solvent Unemployment Compensation Trust Fund (UCTF) is important, this measure would impose significant financial burdens on businesses, particularly during a time of economic uncertainty and recovery.

The timing of this proposal is difficult for many businesses to shoulder, especially small and medium-sized companies that are still recovering from the lingering effects of the COVID-19 pandemic, inflationary pressures, and labor shortages. Raising the reserve fund requirements at this time would exacerbate financial strain on businesses, while also potentially slowing job creation, wage growth, and reinvestment in business operations.

Additionally, tying up additional employer funds in the reserve fund (funds that could otherwise be used for operational expenses) reduces business flexibility and resiliency. For example, businesses that have not utilized unemployment benefits for years are still required to contribute at higher rates under this proposal, effectively penalizing them without a corresponding benefit.

Retail convenience and fueling facilities and related retail businesses that rely on part-time or seasonal workers may find it harder to justify adding staff if their payroll costs rise significantly due to higher unemployment insurance contributions.

We respectfully request that the committee defer and not advance this measure.

April 2, 2025, 10:01 a.m.  
Hawaii State Capitol  
Conference Room 211 and Videoconference

**To: Senate Committee on Ways and Means**  
**Sen. Donovan M. Dela Cruz, Chair**  
**Sen. Sharon Y. Moriwaki, Vice Chair**

**From: Ted Kefalas, Director of Strategic Campaigns**  
**Grassroot Institute of Hawaii**

RE: TESTIMONY OPPOSING HB202 HD1 SD1 — RELATING TO THE ADEQUATE RESERVE FUND

Aloha Chair Dela Cruz, Vice Chair Moriwaki and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer its **comments in opposition** to [HB202 HD1](#), which would stealthily increase Hawaii's unemployment insurance tax by redefining what comprises an "adequate reserve fund."

Currently set at 100%, the fund level would be increased by HB202 HD1 to 125% in 2026 and 150% for 2027 and beyond.

Put simply, this bill would increase the unemployment insurance tax rate paid by local businesses by raising the reserve fund far past 100%.

At present, the contribution rate [schedule](#) for Hawaii employers is set at C, which means that new employers pay a tax rate of 2.4%. If HB202 is enacted, that would push the contribution rate to D (3%) for 2026 and E (3.4%) for the years that follow. This would be a full 1 percentage point tax increase, or a 41.67% hike in state unemployment insurance for new employers.

The bill offers no explanation as to why redefining the "adequate reserve fund" at the expense of Hawaii's businesses would be necessary or desirable.

The Committee should recall that the contribution rate returned to C only this year, after rising precipitously during the COVID-19 lockdowns. In 2021, the Legislature stepped in to prevent the contribution rate from rising to catastrophic levels. In 2023, the rate rose to level F, prompting some to call for a special legislative session to mitigate the harm from the spike in the unemployment insurance tax.

In effect, this bill would intentionally create a taxation scenario very similar to the one that required legislative intervention just a few years ago due to the threat it posed to Hawaii's economy.

Hawaii's business owners face many regulatory and financial challenges as they struggle to keep their doors open. This bill, if passed, would only add to that burden.

We urge you to defer HB202 and give Hawaii's overtaxed businesses a break.

Thank you for the opportunity to submit our comments.

Sincerely,

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii



**LATE**

**TESTIMONY OF TINA YAMAKI, PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
APRIL 2, 2025  
HB 202 HD1 SD1 RELATING TO THE ADEQUATE RESERVE FUND.**

Aloha, Chair Dela Cruz and members of the Senate Committee on Ways & Means. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901 and is a statewide, not for profit trade organization committed to supporting the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, on-line sellers, local, national, and international retailers, chains, and everyone in between.

We are respectfully opposed to this measure that amends the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of one, to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter; and is effective 7/1/2050. (SD1)

This proposed change would result in a drastic and burdensome increase in employer contributions, disproportionately impacting businesses across the state. At a time when businesses are already struggling with rising operational costs, including inflation, increased regulatory expenses, and economic uncertainties, this proposal would add yet another financial strain.

Hawaii's businesses, particularly small and medium-sized enterprises, are the backbone of our local economy. Many of them are still recovering from the effects of the pandemic, supply chain disruptions, and workforce shortages. An increase in the employer contribution requirement would further strain their ability to retain employees, maintain competitive wages, and sustain operations. Additionally, higher costs imposed on businesses often lead to increased prices for consumers, exacerbating the already high cost of living in Hawaii.

While maintaining a stable and adequate reserve fund is important, the proposed multiplier increase goes beyond what is reasonable and necessary at this time. Any adjustments should be made with careful consideration of the economic realities facing Hawaii's businesses, ensuring that policies promote stability and growth rather than creating additional financial hardship.

Mahalo for this opportunity to testify.



3610 Waialae Ave • Honolulu, HI 96816



(808) 592-4200



tyamaki@rmhawaii.org



DATE: April 1, 2025

**LATE**

TO: Senator Donovan Dela Cruz  
Chair, Committee on Ways and Means

Senator Sharon Moriwaki  
Vice Chair, Committee on Ways and Means

FROM: Tiffany Yajima / Mihoko Ito

RE: **H.B. 202, HD1, SD1 – Relating to the Adequate Reserve Fund**  
**Hearing Date: Wednesday, April 2, 2025 at 10:01 a.m.**  
**Conference Room: 211**

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Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee on Ways and Means:

The Hawaii Bankers Association appreciates the opportunity to **comment** on HB202 HD1 SD1, which proposes to amend the definition of “adequate reserve fund” by gradually increasing the multiplier used in its calculation.

We recognize the importance of maintaining a solvent Unemployment Compensation Trust Fund (UCTF) to ensure the continuity of benefits during economic downturns. However, we respectfully encourage the Legislature to further analyze the broader economic impact of this proposal. From the banking industry’s perspective, any measure that significantly increases tax obligations on local businesses—particularly small and midsize enterprises—warrants thorough evaluation. These businesses are vital to Hawaii’s economy and represent a substantial portion of the portfolios our member institutions support through lending and financial services.

We echo concerns raised by other stakeholders regarding the absence of a comprehensive economic impact analysis. A more data-driven approach, including modeling of sector-specific burdens and potential long-term effects on job creation and business investment, would provide greater clarity. In our view, a healthy UCTF should be balanced with policies that do not unintentionally constrain the growth capacity of Hawaii’s employers.

Mahalo for the opportunity to provide comments.



808-524-5161



P.O. Box 10065, Honolulu, Hawaii 96816



director@hawaiiiba.org



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211  
Wednesday, April 2, 2025 AT 10:01 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair  
The Honorable Senator Sharon Y. Moriwaki, Vice Chair  
Members of the committee on Ways and Means

**OPPOSE HB202 HD1 SD1 RELATING TO THE ADEQUATE RESERVE FUND**

The Maui Chamber of Commerce **OPPOSES HB202 HD1 SD1** which amends the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of one, to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter.

We note that the bill offers no explanation as to why redefining the "adequate reserve fund" at the expense of Hawaii's businesses would be necessary or desirable.

The Chamber is concerned that this change would significantly increase the required employer contributions. In order to absorb these additional costs, many employers would be forced to take compensatory actions. Some may be compelled to reduce staffing levels, while others might raise prices on goods and services. Businesses unable to manage the increased financial obligation may be forced to close altogether.

We strongly oppose any measure that would lead to job losses, higher prices for consumers, or the closure of local businesses.

For these reasons we **OPPOSE HB202 HD1 SD1** and respectfully request it be deferred.

Sincerely,

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



April 1, 2025

The Honorable Donovan Dela Cruz, Chair  
The Honorable Sharon Morikawa, Vice Chair  
Senate Ways and Means Committee  
State Capitol  
Honolulu, Hawaii 96813

Subject: HB202 HD1 SD1 Relating to the Adequate Reserve Fund – In Opposition  
Wednesday, April 2, 2025, 10:01am, Room 211

Dear Chair Dela Cruz and Vice Chair Morikawa:

My name is Barron Guss, and I am the second-generation owner of ALTRES, a 56-year-old locally-owned business serving more than 3,000 employers.

During the pandemic, my firm processed more than 18,000 unemployment claims on behalf of Hawaii workers. Because of this experience, I have an intimate operating knowledge of both the state and federal unemployment programs - specifically their respective Unemployment Trust Funds and Policies.

I am not in support of HB202 HD1 SD1 as drafted and here's why:

The reasoning by DLIR in drafting this modification to the current statute is to increase solvency for the Trust Fund and to harmonize Hawaii's law with the current Federal language. Inherently, this is not a bad goal, but the stated beliefs of why, and how this is to be achieved, are flawed.

***H.B. No. 202 H.D. 1***

***“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.”***

The belief that an increase in the financial balance of the Trust Fund will somehow provide “adequate reserves” during a pandemic or “economic crisis” is a fallacy. The State Unemployment System as designed and supported by the Federal Government is NOT designed to provide emergency support and sustenance during times of an “economic crisis,” “pandemic,” or even a natural disaster, as experienced during the aftermath of the Lahaina fires.

April 1, 2025

Page Two

Prior to the pandemic, the Hawaii State Unemployment Trust Fund had a balance of over \$600M. Within months of the announcement by local government officials to “shut down” and “send everyone home,” the fund was insolvent. In contrast, in prior years the annual payout from the fund was a little more than \$200 million. Subsequently, the State of Hawaii had to borrow money twice from the Federal Unemployment System to pay the extended benefits until people started to return to work. The ability to resource the federal UI loan program is one of the important reasons Hawaii chooses to participate in the Federal program, along with the fact that the Feds fund the budget for the entire Hawaii Unemployment Division.

As a footnote, Congress understood the circumstances that each state found themselves in and sent Federal funds for each state to shore up their respective programs and repay the Trust Fund loans.

#### A Better Understanding

Prior to the Fed sending monies, there was talk at our Hawaii legislature that employers should replenish the State Unemployment Trust Fund when it was not employers or their actions that caused the insolvency, it was the government.

The State Unemployment System was designed to be funded by employers to help workers when they find themselves either underemployed (partially laid off/reduction of hours), or unemployed due to layoffs, termination or economic downturn - not “economic crisis.”

In other words, when a worker finds themselves without income due to decisions made by their employer due to business conditions within the control of the employer, the benefits paid to eligible displaced workers are to be paid out of the State Unemployment Trust fund and replenished by the ‘causing’ employer. Each year a calculation is made for each individual employer based on the contributions made and the benefits paid out. Subsequently, a trust fund contribution rate is promulgated from which to make contributions as a percentage of payroll for the coming year.

#### ***H.B. No. 202 H.D. 1***

***“Your Committee believes that 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.”***

While harmonizing the State and Federal guidelines feels good to lawmakers and regulators, it will not have the intended result other than replenishing a fund with higher reserves and not actually being able to stave off the inevitable borrowing from the Fed during a true economic crisis.



April 1, 2025

Page Three

Before you decide to simply increase the ratio back to 1.50, you should understand why the reduction was made in the first place.

Hawaii employers have always been faced with the highest employer UI contribution of any state. When the employer wage base across the US is on average \$21,000, Hawaii's 2025 wage base is \$62,000. Using Hawaii's new employer contribution rate of 2.4%, the average employer across America pays on average \$504, with Hawaii employers paying close to three times that, at \$1488.

There are three financial elements that can move the economic impact on employers and ultimately drive what contribution schedule will be used - benefits paid out, reserve balance and the reserve ratio. Just as the legislature adjusted the contribution schedule for the two years following the pandemic to allow our economy to recover, the legislature granted relief back in the day because they recognized that while most of the nation was using a \$7,000 wage base in concert with the Federal UI wage base. Hawaii had a \$13,800 wage base, which was almost double. Hawaii's legislators recognized that we needed to ease the friction of doing business in Hawaii.

Does the legislature really think our economy is in great shape when the nation says it is preparing for a recession? Is now really the time to shore up the walls of the trust fund? If so, then the legislature should just put the extra money in the budget each year to make it so, as employers will not be the ones to bring insolvency to the trust fund and it should not be employers to fund the emergency relief efforts due to the next crisis.

As you consider your actions, please keep in mind it is all employers who provide the meaningful work to Hawaii residents that keep our circular economy working. Raising employer taxes eliminates jobs and economic prosperity for all.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Barron L. Guss', with a long horizontal flourish extending to the right.

Barron L. Guss  
President and CEO

**HB-202-SD-1**

Submitted on: 4/1/2025 9:59:05 AM

Testimony for WAM on 4/2/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Jon Miyabuchi	Testifying for Armstrong Produce	Oppose	Written Testimony Only

Comments:

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Senate Ways and Means Committee:

My name is Jon Miyabuchi and on behalf of Armstrong Produce, I am writing to express my strong opposition to HB202 HD1 SD1.

This bill proposes to amend the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of one, to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter. While the intention behind this bill may be to ensure financial stability, it poses significant risks and burdens to Hawaii's employers.

This bill, if passed, will "artificially" inflate the "adequate reserve fund" and negatively impact all Hawaii employers for years to come. The proposed changes will result in a substantial financial burden on businesses, particularly those that have been long-standing contributors to our local economy. The increased tax rates will hinder their ability to invest in growth, create jobs, and support our community.

I urge the Senate Ways and Means Committee to consider the detrimental effects this bill will have on Hawaii's business environment. It is crucial to maintain a balance that ensures financial stability without imposing undue hardships on employers. I respectfully request that you oppose HB202 HD1 SD1 and protect the interests of Hawaii's businesses and their employees.

Thank you for your consideration.

Sincerely,

Jon Miyabuchi

Region President

Armstrong Produce/Kula Produce



# Anna Miller's



## RESTAURANTS

STANLEY M. MILLER  
President

April 1, 2025

To: Senator Donovan Dela Cruz, Chair Senator

Sharon Moriwaki, Vice Chair

Members of the Senate Ways and Means Committee

**RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund – In Opposition**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Senate Ways and Means Committee:

My name is Stanley Miller and on behalf of Anna Miller's Restaurants, I am writing to express my strong opposition to HB202 HD1 SD1.

This bill proposes to amend the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of one, to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter. While the intention behind this bill may be to ensure financial stability, it poses significant risks and burdens to Hawaii's employers.

This bill, if passed, will "artificially" inflate the "adequate reserve fund" and negatively impact all Hawaii employers for years to come. The proposed changes will result in a substantial financial burden on businesses, particularly those that have been long-standing contributors to our local economy. The increased tax rates will hinder their ability to invest in growth, create jobs, and support our community.

I urge the Senate Ways and Means Committee to consider the detrimental effects this bill will have on Hawaii's business environment. It is crucial to maintain a balance that ensures financial stability without imposing undue hardships on employers. I respectfully request that you oppose HB202 HD1 SD1 and protect the interests of Hawaii's businesses and their employees.

Thank you for your consideration.

Sincerely,



Stanley M. Miller



April 1, 2025

To: Senator Donovan Dela Cruz, Chair  
Senator Sharon Moriwaki, Vice Chair  
Members of the Senate Ways and Means Committee

Date: Wednesday, April 2, 2025

Time: 10:01AM

Place: Conference Room 211, State Capitol

**RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund – In Opposition**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Senate Ways and Means Committee:

My name is Joe Miller and on behalf of Seal Masters of Hawaii, I am writing to express my strong opposition to HB202 HD1 SD1.

This bill proposes to amend the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of one, to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter. While the intention behind this bill may be to ensure financial stability, it poses significant risks and burdens to Hawaii's employers.

This bill, if passed, will "artificially" inflate the "adequate reserve fund" and negatively impact all Hawaii employers for years to come. The proposed changes will result in a substantial financial burden on businesses, particularly those that have been long-standing contributors to our local economy. The increased tax rates will hinder their ability to invest in growth, create jobs, and support our community.

I urge the Senate Ways and Means Committee to consider the detrimental effects this bill will have on Hawaii's business environment. It is crucial to maintain a balance that ensures financial stability without imposing undue hardships on employers. I respectfully request that you oppose HB202 HD1 SD1 and protect the interests of Hawaii's businesses and their employees.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Joe B. Miller". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Joe B. Miller, President  
Seal Masters of Hawaii

**LATE**

**HB-202-SD-1**

Submitted on: 4/1/2025 2:26:58 PM

Testimony for WAM on 4/2/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
kenneth matsui	Testifying for Pets Pacifica, Inc.	Oppose	Written Testimony Only

Comments:

I am writing to express my strong opposition to House Bill 202. This bill, which has quietly progressed through the legislative session, poses a significant threat to Hawaii's economic stability and the well-being of its employers. If passed, this legislation will artificially inflate the "adequate reserve fund" and create lasting, negative repercussions for employers across our state for years to come.

While the intention behind House Bill 202 may appear to be focused on ensuring financial security, its effects will have the opposite result. The artificial increase of the "adequate reserve fund" will create an unsustainable financial burden on businesses, particularly small to medium-sized enterprises that are already struggling to navigate the high cost of doing business in Hawaii. These employers will face higher costs and an increased risk of financial instability, making it more difficult for them to thrive and grow.

The proposed changes will not only add undue pressure on businesses to maintain higher reserves but will also divert resources that could otherwise be used for investment in growth, wages, and community support. Employers will be forced to allocate more of their limited funds toward these artificially inflated reserves, rather than reinvesting in their businesses or providing essential services to their employees and customers.

This legislation undermines the ability of employers to plan and budget effectively, causing unnecessary financial strain that will ultimately be passed down to workers, customers, and the broader community. At a time when businesses are still recovering from the economic challenges of the past few years, passing this bill will further stifle innovation, job creation, and the economic recovery of Hawaii.

Moreover, the lack of transparency and public discussion around this bill's progression raises serious concerns about its implications. The quiet way in which this legislation has moved forward is troubling, and it is essential that we take a step back and carefully consider the long-term consequences of such a decision.

I strongly urge the committee to reject House Bill 202. This bill, if enacted, will have detrimental effects on Hawaii's economy and will place undue burdens on employers, particularly those already struggling to keep their doors open. We must focus on policies that promote economic stability, support job growth, and empower businesses to invest in our state's future—not policies

that artificially inflate reserves and add more challenges to an already difficult business environment.

Thank you for your time and consideration.

**LATE**

**HB-202-SD-1**

Submitted on: 4/1/2025 3:08:41 PM

Testimony for WAM on 4/2/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Miller	Testifying for Tiki's Grill & Bar	Oppose	Written Testimony Only

Comments:

**To: Senator Donovan Dela Cruz, Chair  
Senator Sharon Moriwaki, Vice Chair  
Members of the Senate Ways and Means Committee**

**Date: Wednesday, April 2, 2025. Time: 10:01AM**

**Place: Conference Room 211, State Capitol**

**RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund – In Opposition**

**Aloha Chair, Vice Chair, and Members of the Senate Ways and Means Committee,**

My name is Michael Miller, and on behalf of Tiki's Grill & Bar, I'm reaching out to **strongly oppose HB202 HD1 SD1**.

While I understand the intention may be to shore up financial reserves, the reality is that this change would place a serious and long-term financial burden on local businesses like ours.

By artificially raising the reserve fund requirement, this bill will **trigger higher unemployment taxes** for all Hawaii employers—regardless of size or stability. For many of us who have weathered economic ups and downs while continuing to serve our communities and keep people employed, this added cost will make it even harder to grow, hire, and invest in the future.

Hawaii businesses already face high operating costs. Adding more tax pressure—especially one that doesn't reflect real-time unemployment claims—could have unintended consequences that hurt workers, not help them.

I respectfully urge you to vote **against HB202 HD1 SD1** and consider more balanced solutions that don't put additional strain on the very businesses that keep Hawaii's economy running.

**Mahalo for your time and consideration.**

**Michael Miller**

Partner / Director of Operations

Tiki's Grill & Bar





March 31, 2025

To: Senator Donavan Dela Cruz, Chair  
Senator Sharon Moriwaki, Vice Chair  
Members of the Senate Ways and Means Committee

Date: Wednesday, April 2, 2025

Time: 10:01AM

Place: Conference Room 211, State Capitol

**RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund – In Opposition**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Senate Ways and Means Committee:

My name is Paul Shinkawa.

I am writing to express my strong opposition to HB202 HD1 SD1.

This bill proposes to amend the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of one, to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter. While the intention behind this bill may be to ensure financial stability, it poses significant risks and burdens to Hawaii's employers.

This bill, if passed, will "artificially" inflate the "adequate reserve fund" and negatively impact all Hawaii employers for years to come. The proposed changes will result in a substantial financial burden on businesses, particularly those that have been long-standing contributors to our local economy. The increased tax rates will hinder their ability to invest in growth, create jobs, and support our community.

I urge the Senate Ways and Means Committee to consider the detrimental effects this bill will have on Hawaii's business environment. It is crucial to maintain a balance that ensures financial stability without imposing undue hardships on employers. I respectfully request that you oppose HB202 HD1 SD1 and protect the interests of Hawaii's businesses and their employees.

Thank you for your consideration.

Sincerely,

**Paul Shinkawa**

**HB-202-SD-1**

Submitted on: 3/29/2025 8:41:11 AM

Testimony for WAM on 4/2/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Cheryl Rzonca	Individual	Oppose	Written Testimony Only

## Comments:

I oppose HB 202 because it puts an increased burden on small businesses especially. Small businesses are struggling as it is and to raise the unemployment reserve ties up more money that a business needs to run. The small business that I manage has not used our unemployment fund in over 10 years yet we have much needed money tied up in there, not collecting interest, that we desperately could use for operational costs.

I urge you to vote no on this bill.

**HB-202-SD-1**

Submitted on: 3/31/2025 6:07:27 PM

Testimony for WAM on 4/2/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Randall John Francisco	Individual	Oppose	Written Testimony Only

## Comments:

I request that this bill be held and in the time being, an analysis of the amount of funds previously be reviewed. There have been occasions when the amount of funds and percentage collected were either underspent, over collected and or mismatched. At a time when businesses are in survival mode, esp., a small business food establishment, it would be an even greater loss should the business close and or reduce its workforce. And, have to rely only on its family members to help out or reduce hours of regular employees. Mahalo for your consideration.

**HB-202-SD-1**

Submitted on: 3/31/2025 8:58:21 PM

Testimony for WAM on 4/2/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Richard E. Tanaka	Individual	Oppose	Written Testimony Only

## Comments:

This bill will negatively impact businesses for years to come and simply add to the negative small business legislation that Hawaii is renowned for. We are struggling. Look at all the local restaurants closing and all the big Japanese restaurant chains opening. Please give us a break.

**HB-202-SD-1**

Submitted on: 3/31/2025 5:00:40 PM

Testimony for WAM on 4/2/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Stephen Ueda	Testifying for Suisan	Oppose	Written Testimony Only

## Comments:

I am writing to express my opposition to HB202 HD1 SD1, which proposes increasing the multiplier for calculating the "adequate reserve fund" amount. This change would result in a significant tax rate increase for Hawaii employers, placing an undue burden on businesses already facing economic challenges.

The proposed increase from the existing factor of one to one and one-quarter for calendar year 2026 and one and one-half for calendar year 2027 and thereafter is excessive and unjustified. It will negatively impact the financial stability of employers and hinder job creation and economic growth in our state.

I urge the committee to reconsider this bill and reject the proposed changes to the "adequate reserve fund" calculation. Thank you for your attention to this matter.

**LATE**

April 1, 2025

To: Senator Donavan Dela Cruz, Chair  
Senator Sharon Moriwaki, Vice Chair  
Members of the Senate Ways and Means Committee

Date: Wednesday, April 2, 2025

Time: 10:01AM

Place: Conference Room 211, State Capitol

**RE: HB202 HD1 SD1 Relating to the Adequate Reserve Fund – In Opposition**

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Senate Ways and Means Committee:

My name is Mattson Davis and on behalf of Magics Beach Grill, I am writing to express my **strong opposition to HB202 HD1 SD1**.

While I understand the intention of this bill, the unintended consequences are, it poses significant risks and burdens to Hawaii's employers and trigger higher unemployment taxes.

The proposed changes will result in a substantial financial burden on businesses, particularly those that have been long-standing contributors to our local economy. The increased tax rates will hinder their ability to invest in growth, create jobs, and support our community.

I respectfully urge you to vote **against HB202 HD1 SD1** and consider more balanced solutions that don't put additional strain on the very businesses that keep Hawaii's economy running.

Thank you for your consideration.

Sincerely,

**Mattson C. Davis**

Proprietor

Magics Beach Grill