

## ACT 13

An Act Relating to the Determination of Unemployment Contribution Rates and Amending Chapter 93, Revised Laws of Hawaii 1955, as Amended.

WHEREAS, section 11 of Article III of the Constitution of the State of Hawaii provides for the consideration and enactment in a budget session of all urgency measures deemed necessary in the public interest; and

WHEREAS, said section further provides that no urgency measure shall be considered unless a statement of facts constituting such urgency shall be set forth in a section thereof and until such section shall have been first approved by each house; and

WHEREAS, it is the intention of the legislature to enact this as an urgency measure pursuant to said section 11 of Article III; now, therefore,

*Be it Enacted by the Legislature of the State of Hawaii:*

SECTION 1. This Act is hereby declared to be an urgency measure deemed necessary in the public interest within the meaning of section 11 of Article III of the Constitution of the State of Hawaii.

The following is a statement of the facts constituting such urgency:

Total unemployment compensation benefits paid in calendar 1961 exceeded income to the unemployment compensation reserve fund by \$2.8 million, causing the fund to drop during 1961 from \$25.1 to \$22.3 million. Benefits have amounted to over \$1 million a month since last October. A continuation of these trends for an extended period of time would result in the fund dropping below the minimum which should be maintained if the system is to remain safely solvent.

However, the unemployment compensation fund is solvent at the present time, and will remain so for some time without any immediate increase in taxes. Present law provides that if the total assets of the fund are less than 5% of the average of taxable wages during the last five years each employer's rate will be increased to 2.7%.

If the present benefit payment trend continues for the remainder of this year, it is almost certain that the total assets of the fund at the end of this year will be less than 5% of the average taxable wages.

Some 4,000 employers in Hawaii currently enjoy a 0% rate, and more than 2,000 additional employers are paying rates of less than 1%. This rep-

resents more than 50% of all covered employers. For their taxes to be suddenly increased to the full 2.7% in 1963 would be a drastic tax increase for which few, if any, would be prepared.

On the basis of the foregoing it is urgent that this measure be approved and enacted at this time.

SECTION 2. Section 93-65, Revised Laws of Hawaii 1955, as amended is hereby further amended in the following respects:

a. By placing a comma after the word "thereafter" in the first sentence thereof and adding the following after the comma:

"except as otherwise provided in this part,"

b. By amending the first sentence in paragraph (c) thereof to read:

"(c) No employer's rate for any calendar year shall be less than the standard rate unless the total assets of the fund as of the end of the previous calendar year were at least five per cent of the average of the total annual payrolls of all employers for the five preceding calendar years, except that for the calendar year 1963 the foregoing shall not apply in determining an employer's rate for the first two calendar quarters; provided, that any amount credited to this State under section 903 of the Social Security Act, as amended, which has been appropriated for expenses of administration whether or not withdrawn from the trust fund shall be excluded from the fund for the purposes of this subsection."

c. By adding at the end of said section the following new paragraph:

"(g) Whenever there is an amendment to this chapter which, if immediately effective, would change an employer's rate of contributions, the rate of such employer shall be changed in accordance with such amendment and the new rate shall apply for the remainder of the calendar year beginning with the calendar quarter immediately following the effective date of the amendment providing for such change unless otherwise provided by such amendment."

SECTION 3. This Act shall take effect upon its approval.

(Approved May 16, 1962.) S.B. 92.

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