

ACT 103

An Act Relating to the Workmen's Compensation Special Compensation Fund.

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

SECTION 1. The Revised Laws of Hawaii 1955, as amended, is hereby further amended by adding the following sections thereto to be appropriately designated and to read as follows:

"Sec.-(1). Special levy and special charges to finance special compensation fund. When the cash balance of the special compensation fund established in section 97-140 falls below \$100,000 as of December 31 of any year, then the special levy on the gross premiums of insurers of employers insured under section 97-120(a) (1) provided for in section-(2) and the special charge provided in section-(3) against each employer not insuring and keeping insured, as provided in section 97-120(a) (1), shall be levied and collected during the succeeding year and each succeeding year thereafter until the cash balance of the fund equals or exceeds \$200,000 as of December 31 of any year. When the cash balance of the fund equals or exceeds \$200,000 as of December 31 of any year, then the special levy on the gross premiums of insurance companies provided for in section-(2) and the special charge provided in section-(3) against each employer not insuring and keeping insured as provided in section 97-120(a)(1) shall not be levied and collected during the succeeding year until the cash balance of the fund falls below \$100,000 as of December 31 of any year.

Sec.-(2). Special levy on insurers of employers insured under section 97-120(a)(1). For the calendar year 1964 and for each calendar year thereafter insurers of employers, as defined in section 97-1, shall pay a special levy of three-quarters of one per cent on gross premiums, as defined in section 181-313(a), derived from workmen's compensation insurance issued during the prior year in accordance with the provisions of chapter 97 and chapter 181, if the levying and collecting of such a special levy is required pursuant to the provisions of section-(1), which special levy shall be collected in the same manner as the tax provided for in section 181-313 is collected and shall be deposited in the special compensation fund established in section 97-140. This special levy shall be in addition to any tax imposed in chapter 181 on gross premiums derived from workmen's compensation insurance.

Sec.-(3). Special charge against employers not insured under section 97-120(a)(1). (a) As used in this section,

(1) 'Employing unit' means an employer who has not secured compensation to his employees under section 97-120(a)(1).

(2) 'Average annual compensation' means the average of annual compensation payments made by an employing unit for a period con-

sisting of two consecutive calendar years immediately preceding the year for which the special charge is assessed under this section; provided that if, at the end of a calendar year, an employing unit was subject to chapter 97 for a period less than twelve consecutive months the total amount of compensation payments made by him during such period shall constitute his average annual compensation.

(3) 'Employing unit's compensation ratio' means the percentage ratio derived by dividing an employing unit's average annual compensation at the end of a calendar year by the total average annual compensation paid during the same two calendar years by all employers subject to chapter 97.

(4) 'Carrier's compensation ratio' means the quotient derived by dividing the total average annual compensation paid during the two most recent calendar years by all insurance carriers on behalf of employers insured and keeping insured under section 97-120(a)(1) by the total average annual compensation paid during the same two calendar years by all employers subject to chapter 97.

(5) 'Anticipated total assessment' means the amount derived by dividing the total amount of the special levy to be paid by insurance carriers in a calendar year as required by section-(2) by the most recent carrier's compensation ratio.

(b) For the calendar year 1964 and for each calendar year thereafter an employing unit shall, except as otherwise provided in section-(1), pay into the special compensation fund a special charge in an amount which is equal to the product derived by multiplying his most recent compensation ratio by the most recent anticipated total assessment.

For each calendar year the director of treasury and regulation shall determine the amount of the special charge to be paid by each employing unit, and shall give notice of such charge to each employing unit by May 1 of the year for which such charge is assessed. The amount of such charge shall be paid on or before June 30 following notification.

The director of budget may withhold the additional charge due from a political subdivision from any moneys due such subdivision from the State if the subdivision has not paid its special charge as required by this section and shall deposit the withheld amount in the special compensation fund."

SECTION 2. This Act shall take effect on July 1, 1963.

(Approved May 29, 1963.) **S.B. 878.**
