

## ACT 2

H.B. NO. 1077

A Bill for an Act Relating to Employment Security Law.

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

SECTION 1. Act 2, passed during the regular session of 2010, assisted employers by providing relief from a scheduled increase in the unemployment insurance contribution rates for the 2010 and 2011 calendar years. This action, however, contributed to the insolvency of the unemployment trust fund beginning in December 2010 and required the State of Hawaii to borrow moneys from the federal government to pay unemployment insurance benefits.

The employment and training fund is the only cost effective mechanism available to collect an assessment from employers. It is for this reason that the current law must be amended to include the payment of interest on Title XII loans advanced under the provisions of Section 1202(b) of the Social Security Act, as amended, as one of the uses of the employment and training fund and to expand the assessment on all employers. The assessment must be included in the notices that are mailed out to the employers in early March of each year in order for the State to make timely payment on the interest due.

The purpose of this Act is to provide for a mechanism for collecting special assessments from employers in a fair and equitable manner to pay for interest on unpaid Social Security Act, Title XII loans that are due on September 30, 2011.

SECTION 2. Section 383-128, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) The moneys in the employment and training fund may be used for funding:

- (1) The operation of the state employment service for which no federal funds have been allocated;
- (2) Business-specific training programs to create a more diversified job base and to carry out the purposes of the new industry training program pursuant to section 394-8;
- (3) Industry or employer-specific training programs where there are critical skill shortages in high growth occupational or industry areas;
- (4) Training and retraining programs to assist workers who have become recently unemployed or are likely to be unemployed;
- (5) Programs to assist residents who do not otherwise qualify for federal or state job training programs to overcome employment barriers; ~~and~~
- (6) Training programs to provide job-specific skills for individuals in need of assistance to improve career employment prospects~~[-]; and~~

- (7) The payment of interest due on Title XII advances made under the provisions of Section 1202(b) of the Social Security Act, as amended, to the unemployment compensation fund."

SECTION 3. Section 383-129, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) In addition to contributions determined by section 383-68, every employer, except an employer who has selected an alternative method of financing liability for unemployment compensation benefits pursuant to section 383-62, ~~[or an employer who has been assigned a minimum rate of zero per cent or the maximum rate of five and four-tenths per cent in accordance with section 383-68,]~~ shall be subject to an employment and training fund assessment at a rate of .01 per cent of taxable wages as specified in section 383-61. If interest is due on a Title XII advance under the provisions of Section 1202(b) of the Social Security Act, as amended, the employment and training fund assessment shall be increased to pay the interest due. The director shall have the discretion to determine the amount of the increase in the employment and training assessment rate for the calendar year 2011. The increase in the employment and training assessment rate shall be in increments of .01 per cent. Notwithstanding any provisions of this chapter to the contrary, if interest payments on a Title XII advance are subsequently waived by federal law, the aggregate amount of interest payments collected shall constitute the total employment and training assessments payable by employers for the calendar year 2012 only, and no employment and training assessment shall be collected from any employer in that year and no refund shall be paid retroactively to any employer based on the federal waiver of interest payments."

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval and shall apply retroactively to January 1, 2011; provided that on January 1, 2012, this Act shall be repealed and sections 383-128 and 383-129, Hawaii Revised Statutes, shall be reenacted in the form in which they read on December 31, 2010.

(Approved February 23, 2011.)