
A BILL FOR AN ACT

RELATING TO THE ADEQUATE RESERVE FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 383-63, Hawaii Revised Statutes, is
2 amended by amending the definition of "adequate reserve fund" to
3 read as follows:

4 ""Adequate reserve fund" means an amount that is equal to
5 the amount derived by multiplying the benefit cost rate that is
6 the highest during the ten-year period ending on November 30 of
7 each year by the total remuneration paid by all employers, with
8 respect to all employment for which contributions are payable
9 during the last four calendar quarters ending on June 30 of the
10 same year, as reported on contribution reports filed on or
11 before October 31 of the same year. "Remuneration", as used in
12 this definition, means wages as defined in section 383-10. For
13 the purpose of determining the highest benefit cost rate, the
14 benefit cost rate for the first twelve-consecutive-calendar-
15 month period beginning with the first day of the first month of
16 the ten-year period and for each succeeding twelve-consecutive-



1 calendar-month period beginning with the first day of each
2 subsequent month shall be computed.

3 ~~[Effective for the calendar years 1992 through 2007, and~~
4 ~~for calendar year 2011, "adequate reserve fund" means an amount~~
5 ~~that is equal to the amount derived by multiplying the benefit~~
6 ~~cost rate that is the highest during the ten-year period ending~~
7 ~~on November 30 of each year by the total remuneration paid by~~
8 ~~all employers, with respect to all employment for which~~
9 ~~contributions are payable during the last four calendar quarters~~
10 ~~ending on June 30 of the same year, as reported on contribution~~
11 ~~reports filed on or before October 31 of the same year.~~

12 ~~Effective for the calendar years 2023 through 2030,~~
13 ~~"adequate reserve fund"]~~ "Adequate reserve fund" means an amount
14 that is equal to:

15 (1) _____, for calendar year 2026; and

16 (2) _____, for calendar year 2027 and thereafter,

17 times the amount derived by multiplying the benefit cost rate
18 that is the highest during the ten-year period ending on
19 November 30 of each year by the total remuneration paid by all
20 employers, with respect to all employment for which
21 contributions are payable during the last four calendar quarters



1 ending on June 30 of the same year, as reported on contribution
2 reports filed on or before October 31 of the same year, but
3 shall not include the benefit cost rate from June 2020 through
4 August 2021."

5 SECTION 2. The department of labor and industrial
6 relations shall conduct an actuarial study to determine whether
7 an increase in the multiplier used to calculate the adequate
8 reserve fund, as defined in section 383-63, Hawaii Revised
9 Statutes, is necessary to maintain sufficient reserves in the
10 unemployment compensation trust fund to pay unemployment
11 insurance benefits.

12 The department of labor and industrial relations shall
13 submit a report of its findings and recommendations, including
14 any proposed legislation, to the legislature no later than
15 twenty days prior to the convening of the regular session of
16 2026.

17 SECTION 3. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

DLIR; Employment Security Law; Adequate Reserve Fund; Actuarial Study; Report

Description:

Amends the definition of "adequate reserve fund" by increasing the multiplier used to calculate its amount from the existing factor of 1, to unspecified amounts for calendar year 2026 and for calendar year 2027 and thereafter. Requires the Department of Labor and Industrial Relations to conduct an actuarial study and report to the Legislature. Effective 7/1/2050. (SD2)

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