

Honolulu, Hawaii

FEB 19 2009

RE: S.B. No. 947

S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Labor, to which was referred S.B. No. 947  
entitled:

"A BILL FOR AN ACT RELATING TO UNEMPLOYMENT CONTRIBUTION  
RATES,"

begs leave to report as follows:

The purpose of this measure is to conform Hawaii's  
unemployment insurance law to federal law to provide uniform  
application of unemployment insurance rate calculations for all  
experience rating transfers by employers.

This measure also amends an Internal Revenue Code reference  
to clarify the definition of "person" in section 383-66(b)(6)(C).

This measure relates generally to state unemployment tax  
avoidance (SUTA) dumping. Specifically, this measure amends the  
provisions in section 383-66(b), Hawaii Revised Statutes, relating  
to the effective date of unemployment insurance rate calculations  
following transfers of trade or business so that the effective  
date is uniformly applied. Currently, the rates are effective  
beginning with the calendar year immediately following the  
transfer according to section 383-66(a), Hawaii Revised Statutes,  
and the quarter immediately following the transfer according to  
section 383-66(b), Hawaii Revised Statutes. If enacted, this  
measure would apply retroactively to June 9, 2005, which is the  
date legislation was enacted to conform state laws to federal law  
(Act 114, Session Laws of Hawaii 2005).



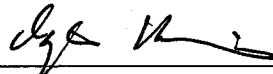
Testimony in support of this measure was submitted by the Department of Labor and Industrial Relations. Copies of written testimony are available for review on the Legislature's website.

Your Committee finds that this measure is necessary because the discrepancy in the effective date of rate calculations means that there could be multiple calculations of rates within a year. The Department of Labor and Industrial Relations estimates that modifying the unemployment insurance tax system to accommodate mid-year tax rate changes can cost the Department approximately \$23 million. In addition to saving costs to the Department, your Committee finds that this measure would also save employers accounting-related costs that would be incurred to accommodate mid-year rate changes.

Your Committee has amended this measure by making technical, nonsubstantive changes for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 947, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 947, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor,



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DWIGHT Y. TAKAMINE, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Labor**  
**LBR**

Bill / Resolution No.:* <b>SB 947</b>	Committee Referral: <b>LBR, UAM</b>	Date: <b>2-12-09</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TAKAMINE, Dwight Y. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
BUNDA, Robert				✓
HEE, Clayton	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report   Clerk's Office   Drafting Agency   Committee File Copy				

**\*Only one measure per Record of Votes**