



GOV. MSG. NO. **358**

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

March 11, 2010

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fifth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on March 11, 2010, the following bill was signed into law:

HB2169 HD2

A BILL FOR AN ACT
RELATING TO EMPLOYMENT SECURITY.
ACT 002 (10)

Sincerely,



LINDA LINGLE

A BILL FOR AN ACT

RELATING TO EMPLOYMENT SECURITY.

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

1 SECTION 1. Chapter 383, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§383- Special assessments on employers to pay interest
5 on loans from Secretary of Labor. Whenever the State requests a
6 loan from the Secretary of Labor in accordance with Title XII of
7 the Social Security Act to pay expected benefit claims during a
8 specified period of time, the director may assess all employers
9 the amounts that are sufficient to pay the principal and
10 interest costs on the loan; provided that the director develops
11 a mechanism of distributing these payments among employers in a
12 fair and equitable manner."

13 SECTION 2. Section 383-22, Hawaii Revised Statutes, is
14 amended by amending subsection (b) to read as follows:

15 "(b) In the case of an individual whose benefit year
16 begins prior to January 5, 1992, the individual's weekly benefit
17 amount shall be, except as otherwise provided in this section,
18 an amount equal to one twenty-fifth of the individual's total



1 wages for insured work paid during the calendar quarter of the
2 individual's base period in which such total wages were highest.
3 In the case of an individual whose benefit year begins after
4 January 4, 1992, the individual's weekly benefit amount shall
5 be, except as otherwise provided in this section, an amount
6 equal to one twenty-first of the individual's total wages for
7 insured work paid during the calendar quarter of the
8 individual's base period in which such total wages were highest.
9 The weekly benefit amount, if not a multiple of \$1, shall be
10 computed to the next higher multiple of \$1. If an individual's
11 weekly benefit amount is less than \$5, it shall be \$5. The
12 maximum weekly benefit amount shall be determined annually as
13 follows: On or before November 30 of each year the total
14 remuneration paid by employers, as reported on contribution
15 reports submitted on or before such date, with respect to all
16 employment during the four consecutive calendar quarters ending
17 on June 30 of the year shall be divided by the average monthly
18 number of individuals performing services in the employment
19 during the same four calendar quarters as reported on the
20 contribution reports. The amount thus obtained shall be divided
21 by fifty-two and the average weekly wage (rounded to the nearest
22 cent) thus determined. For benefit years beginning prior to



1 January 1, 1992, two-thirds of the average weekly wage shall
2 constitute the maximum weekly benefit amount and shall apply to
3 all claims for benefits filed by an individual qualifying for
4 payment at the maximum weekly benefit amount in the benefit year
5 commencing on or after the first day of the calendar year
6 immediately following the determination of the maximum weekly
7 benefit amount. For benefit years beginning January 1, 1992,
8 but prior to January 1, 2008, and beginning again on January 1,
9 [~~2011~~] 2012, seventy per cent of the average weekly wage shall
10 constitute the maximum weekly benefit amount and shall apply to
11 all claims for benefits filed by an individual qualifying for
12 payment at the maximum weekly benefit amount in the benefit year
13 commencing on or after the first day of the calendar year
14 immediately following the determination of the maximum weekly
15 benefit amount. For benefit years beginning January 1, 2008,
16 and ending December 31, [~~2010~~] 2011, seventy-five per cent of
17 the average weekly wage shall constitute the maximum weekly
18 benefit amount and shall apply to all claims for benefits filed
19 by an individual qualifying for payment at the maximum weekly
20 benefit amount in the benefit year commencing on or after the
21 first day of the calendar year immediately following the
22 determination of the maximum weekly benefit amount. The maximum



1 weekly benefit amount, if not a multiple of \$1, shall be
2 computed to the next higher multiple of \$1.

| | (Column A) | (Column B) | (Column C) | (Column D) |
|----|-------------------|------------|------------|-----------------|
| | High | Basic | Minimum | Maximum |
| | Quarter | Weekly | Qualifying | Total Benefits |
| | Wages | Benefit | Wages | in Benefit Year |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | \$ 37.50 - 125.00 | \$ 5.00 | \$ 150.00 | \$ 130.00 |
| 9 | 125.01 - 150.00 | 6.00 | 180.00 | 156.00 |
| 10 | 150.01 - 175.00 | 7.00 | 210.00 | 182.00 |
| 11 | 175.01 - 200.00 | 8.00 | 240.00 | 208.00 |
| 12 | 200.01 - 225.00 | 9.00 | 270.00 | 234.00 |
| 13 | 225.01 - 250.00 | 10.00 | 300.00 | 260.00 |
| 14 | 250.01 - 275.00 | 11.00 | 330.00 | 286.00 |
| 15 | 275.01 - 300.00 | 12.00 | 360.00 | 312.00 |
| 16 | 300.01 - 325.00 | 13.00 | 390.00 | 338.00 |
| 17 | 325.01 - 350.00 | 14.00 | 420.00 | 364.00 |
| 18 | 350.01 - 375.00 | 15.00 | 450.00 | 390.00 |
| 19 | 375.01 - 400.00 | 16.00 | 480.00 | 416.00 |
| 20 | 400.01 - 425.00 | 17.00 | 510.00 | 442.00 |
| 21 | 425.01 - 450.00 | 18.00 | 540.00 | 468.00 |
| 22 | 450.01 - 475.00 | 19.00 | 570.00 | 494.00 |
| 23 | 475.01 - 500.00 | 20.00 | 600.00 | 520.00 |
| 24 | 500.01 - 525.00 | 21.00 | 630.00 | 546.00 |
| 25 | 525.01 - 550.00 | 22.00 | 660.00 | 572.00 |
| 26 | 550.01 - 575.00 | 23.00 | 690.00 | 598.00 |
| 27 | 575.01 - 600.00 | 24.00 | 720.00 | 624.00 |
| 28 | 600.01 - 625.00 | 25.00 | 750.00 | 650.00 |
| 29 | 625.01 - 650.00 | 26.00 | 780.00 | 676.00 |
| 30 | 650.01 - 675.00 | 27.00 | 810.00 | 702.00 |
| 31 | 675.01 - 700.00 | 28.00 | 840.00 | 728.00 |
| 32 | 700.01 - 725.00 | 29.00 | 870.00 | 754.00 |
| 33 | 725.01 - 750.00 | 30.00 | 900.00 | 780.00 |
| 34 | 750.01 - 775.00 | 31.00 | 930.00 | 806.00 |
| 35 | 775.01 - 800.00 | 32.00 | 960.00 | 832.00 |
| 36 | 800.01 - 825.00 | 33.00 | 990.00 | 858.00 |
| 37 | 825.01 - 850.00 | 34.00 | 1020.00 | 884.00 |
| 38 | 850.01 - 875.00 | 35.00 | 1050.00 | 910.00 |
| 39 | 875.01 - 900.00 | 36.00 | 1080.00 | 936.00 |
| 40 | 900.01 - 925.00 | 37.00 | 1110.00 | 962.00 |
| 41 | 925.01 - 950.00 | 38.00 | 1140.00 | 988.00 |



| | | | | |
|----|------------------|-------|---------|-----------|
| 1 | 950.01 - 975.00 | 39.00 | 1170.00 | 1014.00 |
| 2 | 975.01 -1000.00 | 40.00 | 1200.00 | 1040.00 |
| 3 | 1000.01 -1025.00 | 41.00 | 1230.00 | 1066.00 |
| 4 | 1025.01 -1050.00 | 42.00 | 1260.00 | 1092.00 |
| 5 | 1050.01 -1075.00 | 43.00 | 1290.00 | 1118.00 |
| 6 | 1075.01 -1100.00 | 44.00 | 1320.00 | 1144.00 |
| 7 | 1100.01 -1125.00 | 45.00 | 1350.00 | 1170.00 |
| 8 | 1125.01 -1150.00 | 46.00 | 1380.00 | 1196.00 |
| 9 | 1150.01 -1175.00 | 47.00 | 1410.00 | 1222.00 |
| 10 | 1175.01 -1200.00 | 48.00 | 1440.00 | 1248.00 |
| 11 | 1200.01 -1225.00 | 49.00 | 1470.00 | 1274.00 |
| 12 | 1225.01 -1250.00 | 50.00 | 1500.00 | 1300.00 |
| 13 | 1250.01 -1275.00 | 51.00 | 1530.00 | 1326.00 |
| 14 | 1275.01 -1300.00 | 52.00 | 1560.00 | 1352.00 |
| 15 | 1300.01 -1325.00 | 53.00 | 1590.00 | 1378.00 |
| 16 | 1325.01 -1350.00 | 54.00 | 1620.00 | 1404.00 |
| 17 | 1350.01 and over | 55.00 | 1650.00 | 1430.00." |

18 SECTION 3. Section 383-61, Hawaii Revised Statutes, is
 19 amended as follows by amending subsection (c) to read as
 20 follows:

21 "(c) For the calendar year 1991 only, the term "wages"
 22 does not include remuneration in excess of \$7,000 paid with
 23 respect to employment to an individual by an employer. For
 24 calendar years 2008[7] and 2009, [~~and 2010 only,~~] the term
 25 "wages" as used in this part does not include remuneration in
 26 excess of \$13,000 paid with respect to employment to an
 27 individual by an employer so long as the balance of the
 28 unemployment trust fund does not fall below the adequate reserve
 29 fund as specified by section 383-63. For calendar years 2010
 30 and 2011 only, the term "wages" as used in this part does not



1 include remuneration in excess of the wages paid with respect to
2 employment to an individual by an employer during the calendar
3 year that exceeds ninety per cent of the average annual wage."

4 SECTION 4. Section 383-63, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "§383-63 Definitions for experience rating provisions. As
7 used in sections 383-63 to 383-69:

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



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

11 "Remuneration", as used in this definition, means wages as
12 defined in section 383-10. For the purpose of determining the
13 highest benefit cost rate, the benefit cost rate for the first
14 twelve-consecutive-calendar-month period beginning with the
15 first day of the first month of the ten-year period and for each
16 succeeding twelve-consecutive-calendar-month period beginning
17 with the first day of each subsequent month shall be computed.

18 "Annual payroll" means the total amount of wages for
19 employment paid by an employer during a calendar year; and
20 "average annual payroll" means the average of the annual
21 payrolls of an employer for a period consisting of the three
22 consecutive calendar years immediately preceding the calendar



1 year for which rates are computed, except that, for an employer
2 whose account has been chargeable with benefits throughout at
3 least one year but less than three years ending on December 31,
4 1955, and each December 31 thereafter, "average annual payroll"
5 means one-third of the sum of the employer's cumulative payrolls
6 for the period in which the employer has been subject to this
7 chapter, but not more than the three calendar years ending on
8 such December 31. Whenever there was or is a change in the
9 definition of "employment" or in the definition of "wages",
10 effective for the purposes of this chapter generally or of this
11 part at the commencement of or at a date within the three-year
12 period of any average annual payroll, "employment" and "wages"
13 for the purpose of determining each annual payroll within such
14 period and the average annual payroll for such period, shall
15 have the meaning prior to the effective date of such change
16 which they had in accordance with this chapter then in effect
17 and shall have the meaning after the effective date of such
18 change assigned to them by the amendment to this chapter
19 providing for such change.

20 "Base period employers" means employers by whom an
21 individual was paid the individual's base period wages.



1 "Base period wages" means the wages paid to an individual
2 during the individual's base period for insured work.

3 "Benefit cost rate" means the rate derived by dividing the
4 total net benefits paid to all individuals during a twelve-
5 consecutive-calendar-month period by the total remuneration paid
6 by all employers with respect to employment for which
7 contributions are payable during the last four completed
8 calendar quarters ending at least five months before the end of
9 the twelve-consecutive-month period. "Remuneration", as used in
10 this [paragraph,] definition, means wages as defined in section
11 383-10.

12 "Contributions" includes the money payments required by
13 this chapter to be made into the fund by any employing unit on
14 account of having individuals in its employ. "Contributions"
15 does not include penalties or interest for delinquency in
16 payments.

17 "Current reserve fund" means the total assets of the fund
18 available for the payment of benefits on November 30 of each
19 year (exclusive of all moneys credited under section 903 of the
20 Social Security Act to the account of this State in the
21 unemployment trust fund ~~which~~ that have been appropriated for



1 expenses of administration whether or not withdrawn from the
2 trust fund).

3 "Reserve balance" means the difference between all
4 contributions paid by an employer and credited to the employer's
5 account for all periods before January 1 (including those paid
6 before February 1 of the same year with respect to wages paid by
7 the employer before January 1 of the same year) and the total
8 benefits chargeable to the employer's account for all periods
9 before January 1 of the same year."

10 SECTION 5. Section 383-68, Hawaii Revised Statutes, is
11 amended by amending subsection (c) as follows:

12 "(c) Effective with calendar year 1992 and thereafter,
13 before December 31 of the previous year the contribution rate
14 schedule for the following calendar year shall be determined on
15 the basis of the relationship between the most recent current
16 reserve fund and the most recent adequate reserve fund, in
17 accordance with this subsection and subsection (d).

18 (1) Whenever the ratio of the current reserve fund to the
19 adequate reserve fund is greater than 1.69,
20 contribution rate schedule A shall apply.



- 1 (2) Whenever the ratio of the current reserve fund to the
2 adequate reserve fund is 1.3 to 1.69, contribution
3 rate schedule B shall apply.
- 4 (3) Whenever the ratio of the current reserve fund to the
5 adequate reserve fund is 1.0 to 1.29, contribution
6 rate schedule C shall apply.
- 7 (4) Whenever the ratio of the current reserve fund to the
8 adequate reserve fund is .80 to .99, contribution rate
9 schedule D shall apply.
- 10 (5) Whenever the ratio of the current reserve fund to the
11 adequate reserve fund is .60 to .79, contribution rate
12 schedule E shall apply.
- 13 (6) Whenever the ratio of the current reserve fund to the
14 adequate reserve fund is .40 to .59, contribution rate
15 schedule F shall apply.
- 16 (7) Whenever the ratio of the current reserve fund to the
17 adequate reserve fund is .20 to .39, contribution rate
18 schedule G shall apply.
- 19 (8) Whenever the ratio of the current reserve fund to the
20 adequate reserve fund is less than .20, contribution
21 rate schedule H shall apply.



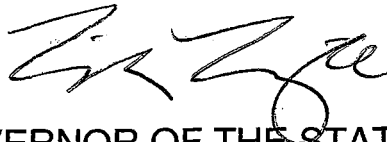
1 Notwithstanding the ratio of the current reserve fund to
2 the adequate reserve fund, contribution rate schedule D shall
3 apply for calendar year 2010 and contribution rate schedule F
4 shall apply for calendar year 2011."

5 SECTION 6. This Act does not affect rights and duties that
6 matured, penalties that were incurred, and proceedings that were
7 begun before its effective date.

8 SECTION 7. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 8. This Act shall take effect upon its approval
11 and shall apply retroactively to January 1, 2010, for
12 determinations of the employer's contribution rate and wage
13 base.

APPROVED this 11 day of MAR, 2010



GOVERNOR OF THE STATE OF HAWAII

