

Governor Linda Lingle

Director Darwin L.D. Ching

# Department of Labor & Industrial Relations

02/04/10 Update

Re: Alternatives to Unemployment Insurance Tax Increases



02/04/10 U



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

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DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

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# UI Program Goals

- The UI Program has 4 goals:
  - Provide temporary wage replacement for individuals who lose a job through no fault of their own
  - Protect employers against dispersal of trained workforce while temporary shutdowns are necessary
  - Facilitate reemployment
  - Help Stabilize the economy
    - On average, each \$1 spent on UI benefits generate \$2.15 in Gross Domestic Product (GDP) through the multiplier.
    - Without the UI Program, GDP would decline an additional 15 percent, on average during recessions.

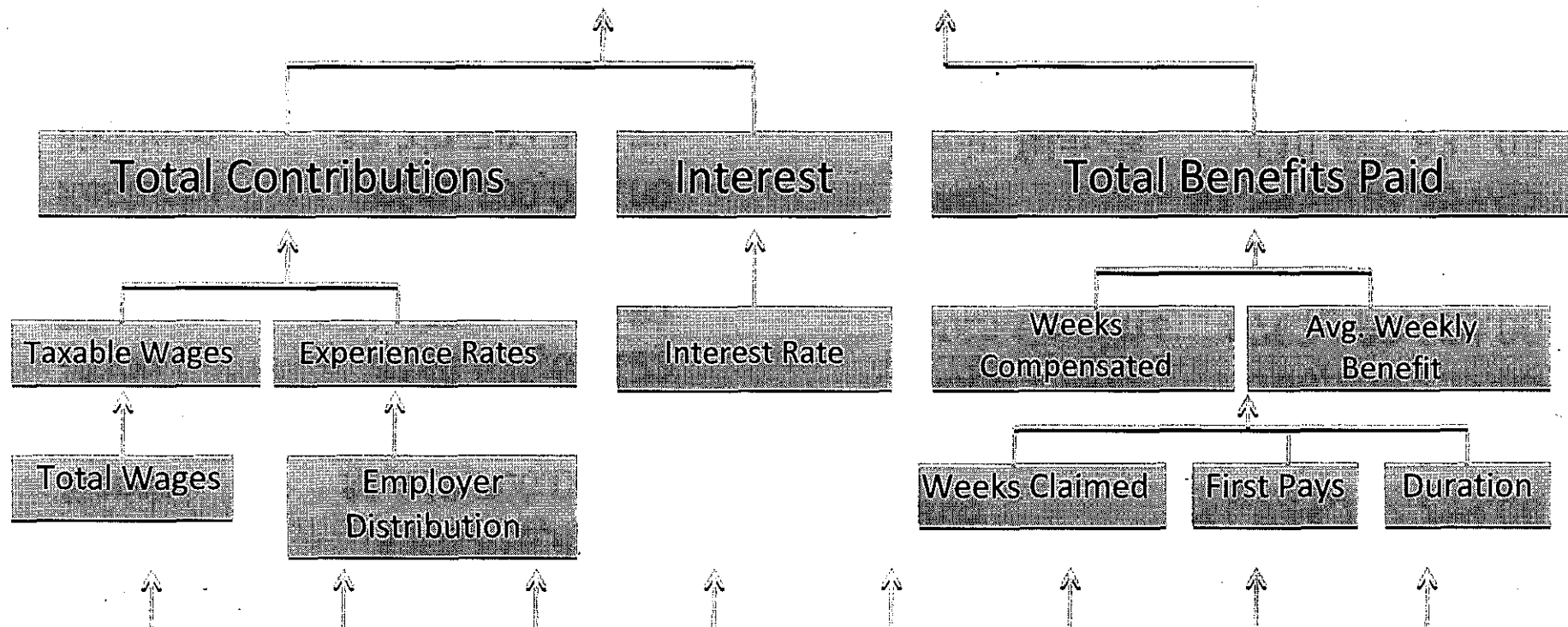


# Summary

- **Goal = tax moderation to keep workers fully employed**
  - Provide UI tax relief to businesses
  - Replenish the trust fund
  - Obtain consensus and quick legislative relief
- **Implementation Issues**
  - Focus on adjusting state law variables - tax rate and wage base
  - Obtain full legislative support
  - 3/12/10 Administrative Deadline

# Unemployment Insurance System Modeling

Beginning Trust Fund + Cash Inflow – Cash Outflow = Ending Trust Fund



Coverage / Eligibility / Benefit Levels / Wage Base / Tax Rates / Triggers

**State Law Variables**

Total Labor Force / Total Unemployment / Avg. Earnings / Interest Rate

**Economic Scenario Variables**



Alabama	\$192,685,007.30	Nevada	\$216,889,478.11
Arkansas	\$269,093,369.06	New Jersey	\$1,209,701,783.38
California	\$6,940,576,712.03	New York	\$2,462,228,500.81
Colorado	\$37,694,000.00	North Carolina	\$1,810,678,265.73
Connecticut	\$266,516,478.04	Ohio	\$1,924,117,799.00
Florida	\$1,210,700,000.00	Pennsylvania	\$2,256,675,586.13
Georgia	\$182,000,000.00	Rhode Island	\$158,756,759.00
Idaho	\$140,635,625.22	South Carolina	\$763,799,150.00
Illinois	\$1,487,100,642.82	South Dakota	\$12,944,423.67
Indiana	\$1,618,155,463.75	Texas	\$1,545,010,384.05
Kentucky	\$645,100,000.00	Virgin Islands	\$10,455,831.08
Michigan	\$3,371,382,333.32	Virginia	\$191,263,000.00
Minnesota	\$351,763,012.13	Wisconsin	\$1,082,796,996.95
Missouri	\$545,036,926.40		

**Total = \$30,903,757,527.98**

# Hawaii Unemployment Compensation Fund Status



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

UPDATED: 01/22/10

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME	OUTGO	BALANCE				
				Taxes	Interest					
<b>2008</b>										
Jan	2.9%	1.27%	7,520	5,884,573	6,782,703	12,846,083	552,005,441			
Feb	2.8%	1.32%	7,852	11,433,430	8,383	11,506,075	551,941,179			
Mar	2.9%	1.33%	7,898	13,381	15,223	13,015,492	538,954,290			
Apr	3.1%	1.41%	8,350	8,290,647	6,802,916	13,907,226	540,140,627			
May	3.4%	1.54%	9,149	16,067,654	-4,867	15,361,780	540,841,633			
Jun	4.4%	1.69%	10,018	96,584	6,501,325	18,249,665	529,189,878			
Jul	4.3%	1.81%	10,777	4,684,177	-5,128	18,231,203	515,637,723			
Aug	4.3%	1.95%	11,615	6,565,963	9,051	17,493,699	504,719,038			
Sep	4.6%	2.04%	12,109	-13,354	6,022,281	21,415,808	489,312,158			
Oct	4.4%	2.17%	12,906	2,718,646	0	21,017,006	471,013,798			
Nov	5.0%	2.29%	13,658	3,589,300	7,808	20,552,352	454,058,555			
Dec	5.1%	2.50%	14,860	66,972	5,369,430	28,736,028	430,758,928	Schedule A		
<b>CY 2008</b>	<b>3.9%</b>	<b>1.78%</b>	<b>11,611</b>	<b>59,397,972</b>	<b>31,509,125</b>	<b>212,332,417</b>	<b>430,758,928</b>	<b>0.7%</b>	<b>\$13,000</b>	<b>\$90</b>
<b>2009</b>										
Jan	6.1%	2.77%	16,441	1,904,055	-2,721	27,034,275	405,625,987			
Feb	6.4%	2.98%	17,736	3,365,512	-3,493	28,094,774	383,073,711*			
Mar	7.0%	3.16%	18,782	-278,979	4,538,880	35,118,096	352,215,516			
Apr	6.9%	3.35%	19,820	8,931,143	-6,386	32,124,535	322,165,684*			
May	7.2%	3.48%	20,619	12,886,974	-3,226	31,740,303	303,309,129			
Jun	8.0%	3.56%	21,054	33,266	3,494,313	36,186,672	279,785,004*			
Jul	7.2%	3.62%	21,245	4,229,983	-8,446	31,929,595	251,825,950*			
Aug	7.1%	3.58%	21,027	4,940,468	1,359	32,829,923	243,838,908*			
Sep	7.4%	3.54%	20,760	101,540	2,795,210	31,135,480	214,875,814*			
Oct	7.1%	3.50%	20,308	2,065,908	-3,533	28,032,870	188,680,587*			
Nov	7.0%	3.46%	19,991	3,851,929	-8,034	30,392,780	161,906,928*			
Dec		3.41%	19,795	44,241	1,890,732	29,231,748	134,368,850*	Schedule A		
<b>CY 2009</b>		<b>3.36%</b>	<b>20,176</b>	<b>42,076,039</b>	<b>12,684,653</b>	<b>373,851,050</b>	<b>134,368,850*</b>	<b>0.7%</b>	<b>\$13,000</b>	<b>\$90</b>



# Hawaii Unemployment Compensation Fund Current Projections 2009 through 2011



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

## CURRENT LAW

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			BALANCE	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME	OUTGO					
				Taxes	Interest					
<b>2009</b>										
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	352,215,515*	Schedule A 0.7%	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,004*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.38%	19,607	5,962,077	1,879,165	87,657,398	134,368,850*			
CY 2009	7.0%	3.36%	20,176	42,076,039	12,684,653	373,851,049	134,368,850*			
<b>2010</b>										
Jan		3.44%	19,682	2,000,000		30,500,000	105,900,000	Schedule F 2.75%	\$38,800	\$1,070
Feb		3.55%	20,300	3,000,000		30,500,000	78,400,000			
Mar		3.55%	20,300	0	900,000	33,000,000	46,300,000			
Apr		3.55%	20,300	32,000,000		31,500,000	46,800,000			
May		3.55%	20,300	75,000,000		31,500,000	90,300,000			
Jun		3.55%	20,300	0	500,000	32,000,000	58,800,000			
Jul		3.55%	20,300	28,000,000		31,500,000	55,300,000			
Aug		3.55%	20,300	65,000,000		33,000,000	87,300,000			
Sep		3.55%	20,300	0	600,000	31,500,000	56,400,000			
Oct		3.55%	20,300	25,000,000		31,500,000	49,900,000			
Nov		3.55%	20,300	46,000,000		33,500,000	62,400,000			
Dec		3.55%	20,300	0	400,000	32,000,000	30,800,000			
CY 2010	7.3%	3.55%	20,200	276,000,000	2,400,000	382,000,000	30,800,000			
<b>2011</b>										
Jan		3.20%	18,300	17,500,000		29,000,000	19,300,000	Schedule H 3.90%	\$39,100	\$1,520
Feb		3.20%	18,300	32,500,000		29,000,000	22,800,000			
Mar		3.20%	18,300	0	0	29,000,000	-6,200,000			
Apr		3.20%	18,300	48,000,000		29,000,000	12,800,000			
May		3.20%	18,300	112,000,000		29,000,000	95,800,000			
Jun		3.20%	18,300	0	300,000	29,000,000	67,100,000			
Jul		3.20%	18,300	41,500,000		29,000,000	79,600,000			
Aug		3.20%	18,300	96,500,000		30,000,000	146,100,000			
Sep		3.20%	18,300	0	700,000	29,000,000	117,800,000			
Oct		3.20%	18,400	37,000,000		29,000,000	125,800,000			
Nov		3.20%	18,400	88,000,000		30,000,000	163,800,000			
Dec		3.20%	18,400	0	800,000	29,000,000	135,600,000			
CY 2011	6.7%	3.20%	18,300	453,000,000	1,800,000	350,000,000	135,600,000			



# Hawaii Unemployment Compensation Fund Current Projections 2009 through 2011



DEPARTMENT OF LABOR &  
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HB2169 HD1: in 2010 Schedule D and TWB = 90% of AAW; in 2011 Schedule G and 100% TWB; permanent mwba = 75% AWW;  
tax schedule with 6 month reset; from 2012 Adequate Reserve multiplier = 1.25

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			BALANCE	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME	OUTGO					
				Taxes	Interest					
2009										
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	352,215,515*			
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,004*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.38%	19,607	5,962,077	1,879,165	87,657,398	134,368,850*			
CY 2009	7.0%	3.36%	20,176	42,076,039	12,684,653	373,851,049	134,368,850*	Schedule A 0.7%	\$13,000	\$90
2010										
Jan		3.44%	19,682	2,000,000		30,500,000	105,900,000			
Feb		3.55%	20,300	3,000,000		30,500,000	78,400,000			
Mar		3.55%	20,300	0	900,000	33,000,000	46,300,000			
Apr		3.55%	20,300	21,000,000		31,500,000	35,800,000			
May		3.55%	20,300	48,000,000		31,500,000	52,300,000			
Jun		3.55%	20,300	0	300,000	32,000,000	20,600,000			
Jul		3.55%	20,300	17,000,000		31,500,000	6,100,000			
Aug		3.55%	20,300	40,000,000		33,000,000	13,100,000			
Sep		3.55%	20,300	0	0	31,500,000	-18,400,000			
Oct		3.55%	20,300	16,000,000		31,500,000	-33,900,000			
Nov		3.55%	20,300	30,000,000		33,500,000	-37,400,000			
Dec		3.55%	20,300	0	0	32,000,000	-69,400,000	Schedule D 1.80%	\$34,900	\$630
CY 2010	7.3%	3.55%	20,280	177,000,000	1,200,000	382,000,000	-69,400,000			
2011										
Jan		3.20%	18,300	11,500,000		30,000,000	-87,900,000			
Feb		3.20%	18,300	21,500,000		30,000,000	-96,400,000			
Mar		3.20%	18,300	0	0	30,000,000	-126,400,000			
Apr		3.20%	18,300	41,000,000		29,000,000	-114,400,000			
May		3.20%	18,300	95,000,000		30,000,000	-49,400,000			
Jun		3.20%	18,300	0	0	30,000,000	-79,400,000			
Jul		3.20%	18,300	35,000,000		30,000,000	-74,400,000			
Aug		3.20%	18,300	82,000,000		30,000,000	-22,400,000			
Sep		3.20%	18,300	0	0	30,000,000	-52,400,000			
Oct		3.20%	18,400	31,000,000		30,000,000	-51,400,000			
Nov		3.20%	18,400	58,000,000		30,000,000	-23,400,000			
Dec		3.20%	18,400	0	0	30,000,000	-53,400,000	Schedule G 3.30%	\$39,100	\$1,290
CY 2011	6.7%	3.20%	18,300	375,000,000	0	359,000,000	-53,400,000			

# Hawaii Unemployment Compensation Fund Current Projections 2009 through 2011



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

HB2579: EEFF; TWB = 70% in 2010, then 80% Adequate Reserve = 1x.

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME	OUTGO	BALANCE				
				Taxes	Interest					
<b>2009</b>										
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	352,215,515*	Schedule A 0.7%	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,004*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.38%	19,607	5,962,077	1,879,165	87,657,398	134,368,850*			
CY 2009	7.0%	3.36%	20,176	42,076,039	12,684,653	373,851,049	134,368,850*			
<b>2010</b>										
Jan		3.44%	19,682	2,000,000		30,500,000	105,900,000	Schedule E 2.20%	\$27,200	\$600
Feb		3.55%	20,300	3,000,000		30,500,000	78,400,000			
Mar		3.55%	20,300	0	900,000	33,000,000	46,300,000			
Apr		3.55%	20,300	22,000,000		31,500,000	36,800,000			
May		3.55%	20,300	51,000,000		31,500,000	56,300,000			
Jun		3.55%	20,300	0	300,000	32,000,000	24,600,000			
Jul		3.55%	20,300	17,000,000		31,500,000	10,100,000			
Aug		3.55%	20,300	39,000,000		33,000,000	16,100,000			
Sep		3.55%	20,300	0	0	31,500,000	-15,400,000			
Oct		3.55%	20,300	16,500,000		31,500,000	-30,400,000			
Nov		3.55%	20,300	30,500,000		33,500,000	-33,400,000			
Dec		3.55%	20,300	0	0	32,000,000	-65,400,000			
CY 2010	7.3%	3.55%	20,200	181,000,000	1,200,000	382,000,000	-65,400,000			
<b>2011</b>										
Jan		3.20%	18,300	10,500,000		29,000,000	-83,900,000	Schedule E 2.20%	\$31,300	\$690
Feb		3.20%	18,300	19,500,000		29,000,000	-93,400,000			
Mar		3.20%	18,300	0	0	29,000,000	-122,400,000			
Apr		3.20%	18,300	25,500,000		29,000,000	-125,900,000			
May		3.20%	18,300	59,500,000		29,000,000	-95,400,000			
Jun		3.20%	18,300	0	0	29,000,000	-124,400,000			
Jul		3.20%	18,300	20,500,000		29,000,000	-132,900,000			
Aug		3.20%	18,300	47,500,000		30,000,000	-115,400,000			
Sep		3.20%	18,300	0	0	29,000,000	-144,400,000			
Oct		3.20%	18,400	17,000,000		29,000,000	-158,400,000			
Nov		3.20%	18,400	32,000,000		30,000,000	-154,400,000			
Dec		3.20%	18,400	0	0	29,000,000	-183,400,000			
CY 2011	6.7%	3.20%	18,300	232,000,000	0	350,000,000	-183,400,000			

# Hawaii Unemployment Compensation Fund Historical Projections 2009 through 2011



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

Unemployment Rate Projections	2009	2010	2011	2012	2013	2014
UHERO 12/18/2009	7.0%	7.3%	6.7%	5.9%	5.4%	4.9%
UHERO 9/25/2009	7.4%	8.1%	7.5%	6.6%	5.9%	
Brewbaker- BOH 10/15/2009	7.9%	8.4%				
Laney - FHB 11/5/2009	7.2%	7.5%				

UHERO 12/18/2009 Total Unemployment Rate forecast of 7.0% in 2009, 7.3% in 2010, 6.7% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME	OUTGO	BALANCE				
				Taxes	Interest					
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	352,215,515*	Schedule A 0.7%	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,004*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.46%	20,100	5,800,000	1,400,000	93,700,000	127,900,000*			
CY 2009	7.0%	3.45%	20,300	41,900,000	12,200,000	379,900,000	127,900,000*			
1st Qtr		3.55%	20,300	5,000,000	400,000	94,000,000	39,300,000	Schedule F 2.75%	\$38,800	\$1,070
2nd Qtr		3.55%	20,300	107,000,000	600,000	95,000,000	51,900,000			
3rd Qtr		3.55%	20,300	93,000,000	500,000	96,000,000	49,400,000			
4th Qtr		3.55%	20,300	71,000,000	300,000	97,000,000	23,700,000			
CY 2010	7.3%	3.55%	20,300	276,000,000	1,800,000	382,000,000	23,700,000			
1st Qtr		3.20%	18,300	50,000,000	0	87,000,000	-13,300,000	Schedule H 3.90%	\$39,100	\$1,520
2nd Qtr		3.20%	18,300	160,000,000	200,000	87,000,000	59,900,000			
3rd Qtr		3.20%	18,300	138,000,000	700,000	88,000,000	110,600,000			
4th Qtr		3.20%	18,300	105,000,000	800,000	88,000,000	128,400,000			
CY 2011	6.7%	3.20%	18,300	453,000,000	1,700,000	350,000,000	128,400,000			



# DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

UHERO 9/25/2009 Total Unemployment Rate forecast of 7.4% in 2009, 8.1% in 2010, 7.5% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				Taxes	Interest	OUTGO	BALANCE			
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	352,215,515*	Schedule A 0.7%	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,004*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.55%	20,600	6,000,000	1,300,000	97,000,000	125,200,000			
CY 2009	7.4%	3.50%	20,400	42,100,000	12,100,000	383,200,000	125,200,000*			
1st Qtr		3.70%	21,400	5,000,000	300,000	99,000,000	32,000,000	Schedule F 2.75%	\$38,800	\$1,070
2nd Qtr		3.75%	21,700	107,000,000	300,000	102,000,000	37,000,000			
3rd Qtr		3.80%	22,000	93,000,000	300,000	104,000,000	26,000,000			
4th Qtr		3.70%	21,500	71,000,000	0	102,000,000	-5,000,000			
CY 2010	8.1%	3.74%	21,600	276,000,000	900,000	407,000,000	-5,000,000			
1st Qtr		3.50%	20,300	50,000,000	0	96,000,000	-51,000,000	Schedule H 3.90%	\$39,100	\$1,520
2nd Qtr		3.50%	20,300	160,000,000	0	95,000,000	14,000,000			
3rd Qtr		3.50%	20,300	138,000,000	400,000	96,000,000	56,000,000			
4th Qtr		3.50%	20,300	105,000,000	600,000	96,000,000	66,000,000			
CY 2011	7.5%	3.50%	20,300	453,000,000	1,000,000	383,000,000	66,000,000			

Brewbaker 10/15/2009 Total Unemployment Rate forecast of 7.9% in 2009, 8.4% in 2010, UHERO = 7.5% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				Taxes	Interest	OUTGO	BALANCE			
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	352,215,515*	Schedule A 0.7%	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,004*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		4.50%	26,100	6,000,000	1,300,000	123,000,000	99,200,000			
CY 2009	7.9%	3.70%	21,800	42,100,000	12,100,000	409,200,000	99,200,000*			
1st Qtr		4.20%	24,300	5,000,000	0	113,000,000	-9,000,000	Schedule F 2.75%	\$38,800	\$1,070
2nd Qtr		4.00%	23,200	107,000,000	0	108,000,000	-10,000,000			
3rd Qtr		4.00%	23,200	93,000,000	0	110,000,000	-27,000,000			
4th Qtr		4.00%	23,200	71,000,000	0	111,000,000	-67,000,000			
CY 2010	8.4%	4.10%	21,600	276,000,000	0	442,000,000	-67,000,000			
1st Qtr		3.50%	20,300	50,000,000	0	96,000,000	-113,000,000	Schedule H 3.90%	\$39,100	\$1,520
2nd Qtr		3.50%	20,300	160,000,000	0	95,000,000	-48,000,000			
3rd Qtr		3.50%	20,300	138,000,000	0	96,000,000	-6,000,000			
4th Qtr	(Sept UHERO)	3.50%	20,300	105,000,000	0	96,000,000	3,000,000			
CY 2011	7.5%	3.50%	20,300	453,000,000	0	383,000,000	3,000,000			



# DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

Laney 11/5/2009 Total Unemployment Rate forecast of 7.2% in 2009, 7.5% in 2010, UHERO = 7.5% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME	OUTGO	BALANCE			
				Taxes	Interest				
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	Schedule A 0.7%	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998			
4th Qtr		3.30%	19,100	6,000,000	1,600,000	90,000,000			
CY 2009	7.2%	3.41%	20,100	42,100,000	12,400,000	376,200,000			
1st Qtr		3.60%	20,800	5,000,000	800,000	97,000,000	Schedule F 2.75%	\$38,800	\$1,070
2nd Qtr		3.60%	20,800	107,000,000	400,000	97,000,000			
3rd Qtr		3.50%	20,300	93,000,000	400,000	96,000,000			
4th Qtr		3.50%	20,300	71,000,000	300,000	97,000,000			
CY 2010	7.5%	3.50%	20,600	276,000,000	1,900,000	387,000,000			
1st Qtr		3.50%	20,300	50,000,000	0	96,000,000	Schedule H 3.90%	\$39,100	\$1,520
2nd Qtr		3.50%	20,300	160,000,000	0	95,000,000			
3rd Qtr		3.50%	20,300	138,000,000	600,000	96,000,000			
4th Qtr	(Sept UHERO)	3.50%	20,300	105,000,000	900,000	96,000,000			
CY 2011	7.5%	3.50%	20,300	453,000,000	1,500,000	383,000,000			

## Summary:

Tax schedules are still F in 2010 and H in 2011 under current law and economic projections.



# DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

## COMPARISON OF ACT 110 TO NO ACT 110

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
	CY	Total Unemployment Rate	Maximum Weekly Benefit Amount	Benefits Paid (in millions)	End of Year Fund Balances (in millions)	Adequate Reserve Amount (in millions)	Taxes Collected (in millions)	Total Tax Difference See Note 2 (in millions)	Adj. to Tax Schedule	Taxable Wage Base	Tax Rate per Schedule			Annual Taxes Per Employee See Note 3			Difference in Annual Taxes per Employee See Note 4		
											Minimum	Average	Maximum	Min	Avg	Max	Min	Avg	Max
CURRENT LAW	2007	4.6%	\$175	\$108	\$352	\$207	\$108		B	\$35,800	0%	0.70%	5.40%	\$0	\$90	\$700			
	2008	5.8%	\$523	\$212	\$131	\$253	\$59		A	\$18,000	0%	0.70%	5.40%	\$0	\$90	\$700			
	2009	7.0%	\$545	\$374	\$18	\$267	\$42		A	\$18,000	0%	0.70%	5.40%	\$0	\$90	\$700			
	2010	7.3%	\$559	\$382	\$31	\$333	\$276		F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100			
NO ACT 110	2008	5.8%	\$488	\$205	\$481	\$375	\$108	\$49	B	\$36,200	0%	0.90%	5.40%	\$0	\$330	\$1,950	\$0	\$240	\$1,250
	2009	7.0%	\$509	\$361	\$262	\$385	\$101	\$59	B	\$37,700	0%	0.90%	5.40%	\$0	\$340	\$2,040	\$0	\$250	\$1,340
	2010	7.3%	\$522	\$370	\$190	\$575	\$287	\$11	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0

### NOTES:

1. Current Law 2007 - 2009 actual; 2010 estimated based on 12/09 UHERO 7.3% total unemployment rate projection.
2. Taxes are paid on a one quarter lag. The \$11 million tax difference in CY 2010 is based on taxes on 4th quarter 2009 wages paid in first quarter 2010.
3. Annual taxes per Employee: Minimum = lowest tax rate on schedule times wages for minimum wage worker (\$15,080); Average = average tax rate times taxable wage base; Maximum = highest tax rate on schedule times taxable wage base
4. Difference in Annual Taxes per Employee: Minimum = tax savings at lowest tax rate for minimum wage worker; Average = tax savings at average tax rate for worker paid taxable wage base; Maximum = tax savings at highest tax rate for worker paid taxable wage base

### Summary if no Act 110:

Tax Schedule B would have been effect for 2008 and 2009 instead of Schedule A. Schedule F would still have been in effect for CY 2010.  
Taxes paid would have been approximately \$50 million higher in CY 2008, \$60 million higher in 2009 and \$11 million higher in the first quarter of 2010. See Note 2.  
Benefits would have been approximately 3.5% lower.  
Fund balance projected to be \$282 million at end of 2009 instead of \$134 million, and \$190 million instead of \$31 million at end of 2010.



# CURRENT LAW



## DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

	Specific Adjustments	CY	UHERO Projected Total Unemployment Rate (12/09)	Benefits to be Paid (in millions)	End of Year Fund Balances (in millions)	Interest on Federal Loans (in millions)	Adequate Reserve Amount (in millions)	Taxes to be Collected (in millions)
CURRENT LAW		2009	7.0%	\$380	\$128		\$267	\$42
		2010	7.3%	\$382	\$24	\$0	\$383	\$276
		2011	6.7%	\$350	\$128	\$0	\$581	\$453
		2012	6.9%	\$308	\$262	\$0	\$611	\$433
		2013	6.4%	\$292	\$358	\$0	\$633	\$374
		2014	4.9%	\$270	\$488	\$0	\$667	\$381

Total Tax Savings (in millions)	Adj. to Tax Schedule	Taxable Wage Base	Tax Rate per Schedule			Annual Taxes Per Employee See Note 5			Annual Tax Cut per Employee See Note 6		
			Minimum	Average	Maximum	Min	Avg	Max	Min	Avg	Max
NA	A	\$13,000	0%	0.70%	5.40%	\$0	\$90	\$700	NA	NA	NA
	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100			
	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110			
	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170			
	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210			
	F	\$42,000	1.20%	2.75%	5.40%	\$180	\$1,160	\$2,270			



# STATE LAW VARIABLES (ORIGINAL PROPOSED ADJUSTMENTS)

Type of Adjustment	Specific Adjustments	CY	UHERO Projected Total Unemployment Rate	Benefits to be Paid (in millions)	End of Year Fund Balances (in millions)	Interest on Federal Loans (in millions)	Adequate Reserve Amount (in millions)	Taxes to be Collected (in millions)	Total Tax Savings (in millions)	Adj. to Tax Schedule	Taxable Wage Base	Tax Rate per Schedule			Annual Taxes Per Employee See Note 5			Annual Tax Cut per Employee See Note 6			Comments	
												Minimum	Average	Maximum	Min	Avg	Max	Min	Avg	Max		
CURRENT LAW			2009	7.1%	\$380	\$128	\$257	\$42		A	\$13,000	0%	0.70%	5.40%	\$0	\$90	\$700				Current Law Projections	
			2010	8.1%	\$402	\$3	\$0	\$383	\$276	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100					
			2011	7.5%	\$383	\$75	\$0	\$581	\$453	N.A.	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	N.A.	N.A.		N.A.
			2012	6.6%	\$347	\$231	\$0	\$611	\$497		H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170				
			2013	5.9%	\$316	\$314	\$0	\$638	\$386		F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210				
Alt #	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
1	Tax Schedule	Set "E" as default	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	High negative balance and interest See Note 4
			2011	7.5%	\$383	<\$167>	\$6	\$581	\$267	\$186	E	\$39,100	0.60%	2.20%	5.40%	\$90	\$860	\$2,110	\$270	\$680	\$0	
			2012	6.6%	\$347	<\$233>	\$10	\$611	\$281	\$216	E	\$40,100	0.60%	2.20%	5.40%	\$90	\$880	\$2,170	\$270	\$880	\$0	
			2013	5.9%	\$316	<\$257>	\$11	\$638	\$292	\$94	E	\$41,000	0.60%	2.20%	5.40%	\$90	\$900	\$2,210	\$90	\$230	\$0	
2	Tax Schedule	Set "E" for 2010	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	2010 tax relief only
			2011	7.5%	\$383	\$9	\$0	\$581	\$443	\$10	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$347	\$161	\$0	\$611	\$497	\$0	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$303	\$0	\$638	\$450	<\$64>	G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,350	\$2,210	<\$90>	<\$220>	\$0	
3	Tax Schedule	Set "E" for 2010; "G" for 2011	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	2010 & 2011 tax relief: low debt service; negative tax relief in 2013 alleviated by combining alternative #3 and #4 to #5.
			2011	7.5%	\$383	<\$52>	\$2	\$581	\$382	\$71	G	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,290	\$2,110	\$90	\$230	\$0	
			2012	6.6%	\$347	\$98	\$0	\$611	\$486	\$11	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$295	\$0	\$638	\$517	<\$131>	H	\$41,000	2.40%	3.90%	5.40%	\$360	\$1,600	\$2,210	<\$180>	<\$470>	\$0	
4	Tax Schedule / Adequate Reserve	Change Adequate Reserve (AR) multiplier from 1.5 to 1.0 from 2011	2010	8.1%	\$402	\$3	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No immediate tax relief because fund balance is so low.
			2011	7.5%	\$383	\$75	\$0	\$388	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$347	\$165	\$0	\$408	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$316	\$231	\$0	\$426	\$374	\$12	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
5	Tax Schedule / Adequate Reserve	Adjust AR multiplier from 1.5 to 1.0 and set "E" for 2010 and "G" for 2011	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	Combination of tax relief and Adequate reserve adjustment.
			2011	7.5%	\$383	<\$52>	\$2	\$388	\$382	\$71	G	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,290	\$2,110	\$90	\$230	\$0	
			2012	6.6%	\$347	\$88	\$0	\$408	\$486	\$11	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$227	\$0	\$426	\$450	<\$64>	G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,350	\$2,210	<\$90>	<\$220>	\$0	
6	Wage Base	Change Taxable Wage Base from 100% to 50% of average annual wage	2010	8.1%	\$402	<\$94>	\$0	\$383	\$179	\$97	F	\$19,400	1.20%	2.75%	5.40%	\$180	\$530	\$1,050	\$0	\$540	\$1,050	Low wage employers will not benefit from low wage base: high negative balances and interest due. See Note 4.
			2011	7.5%	\$383	<\$179>	\$7	\$581	\$298	\$155	H	\$19,800	2.40%	3.90%	5.40%	\$360	\$760	\$1,060	\$0	\$760	\$1,050	
			2012	6.6%	\$347	<\$197>	\$8	\$611	\$329	\$168	H	\$20,100	2.40%	3.90%	5.40%	\$360	\$780	\$1,090	\$0	\$780	\$1,080	
			2013	5.9%	\$316	<\$172>	\$8	\$638	\$341	\$45	H	\$20,500	2.40%	3.90%	5.40%	\$360	\$800	\$1,110	<\$180>	\$330	\$1,100	
7	Benefits	Change maximum weeks of benefits from 26 weeks to 20 weeks	2010	8.1%	\$382	\$44	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No immediate tax relief because fund balance is so low. No tax relief until 2012.
			2011	7.5%	\$345	\$155	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$312	\$284	\$0	\$611	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$284	\$385	\$0	\$638	\$374	\$12	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
8A	Benefits	Change MWBA formula from 75% to 70% of average wklly wage (70% from 2011); See Note 2	2010	8.1%	\$390	\$16	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No tax relief. Formula automatically returns to 70% from 2011.
			2011	7.5%	\$383	\$97	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$347	\$242	\$0	\$611	\$497	\$0	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$323	\$0	\$638	\$386	\$0	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
8B	Benefits	Change MWBA formula from 75% to 60%. See Note 2	2010	8.1%	\$366	\$40	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No tax relief until 2012.
			2011	7.5%	\$361	\$135	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$326	\$248	\$0	\$611	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$296	\$338	\$0	\$638	\$374	\$76	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
8C	Benefits	Change MWBA formula from 75% to 50%. See Note 2	2010	8.1%	\$334	\$73	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No tax relief until 2012.
			2011	7.5%	\$330	\$200	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$298	\$345	\$0	\$611	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$272	\$462	\$0	\$638	\$374	\$12	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	



- Adjustments Analysis:
  - Focus is on tax rate and wage base adjustments only
  - Reduction of benefits yields little immediate tax relief because of low trust fund balance
  - Wage base adjustments alone do not benefit small business owners/low wage employers
  - Interest on federal loans must be paid by general fund dollars or special surcharge
  - Adequate reserve ratio irrelevant until we have high balance
  - 3/12/10 administrative deadline for adjustments
- Final Criteria:
  - Balancing Macro Tax Savings (Col. J) v. Negative Fund Balance (Col. F) and High Interest Payments (Col. G)
  - Issue: Stimulating the economy with greater tax relief
- The administration's proposal (SB2732/HB2579) provides greater tax moderation at a time when Hawaii's economy needs it most. The DLIR projects the administration's proposal will provide tax savings of \$95 million in 2010, \$221 million in 2011, \$131 million in 2012, and \$50 million in 2013. The administration's proposal will provide a tax savings of \$497 over the next 4 years. The costs of this to the businesses, who pay for all the trust funds costs will be a special assessment of 22 million dollars for a net tax savings of \$475 million. This tax savings will come at a time when Hawaii employers need it most. The administration believes this \$475 million is better left in the economy than in a fund in D.C. Under the administration's proposal employers will pay an average of \$600 per employee in annual UI taxes, \$690 in 2011, \$880 in 2012, and \$900 in 2013.
- Stakeholder proposal: (Rhoades) HB2169
- Stakeholder proposal: (Chamber) HB2201 (No hearing scheduled)
- Stakeholder proposal: (Gov.'s) SB2732/HB2579



# COMPARISON OF TAKEHOLDER ALTERNATIVES

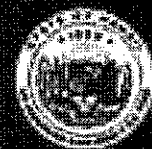


DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

	Specific Adjustments	CY	UHERO	Benefits to be Paid (in millions)	End of Year Fund Balances (in millions)	Interest on Federal Loans (in millions)	Adequate Reserve Amount (in millions)	Taxes to be Collected (in millions)	Total Tax Savings (in millions)	Adj. to Tax Schedule	Taxable Wage Base	Tax Rate per Schedule			Annual Taxes Per Employee See Note 5			Annual Tax Cut per Employee See Note 6			Comments
			Projected Total Unemployment Rate (12/09)									Minimum	Average	Maximum	Min	Avg	Max	Min	Avg	Max	
CURRENT LAW		2009	7.0%	\$374	\$124		\$257	\$242		A	\$18,000	0%	0.70%	5.40%	\$0	\$90	\$700				
		2010	7.3%	\$382	\$31	\$0	\$383	\$276		E	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100				
		2011	6.7%	\$350	\$135	\$0	\$556	\$453	NA	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	NA	NA	NA	
		2012	5.9%	\$308	\$259	\$0	\$585	\$433		G	\$40,100	1.80%	3.90%	5.40%	\$270	\$1,320	\$2,170				
		2013	5.4%	\$292	\$368	\$0	\$622	\$374		F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210				
		2014	4.9%	\$270	\$457	\$0	\$649	\$342		E	\$42,000	0.60%	2.20%	5.40%	\$90	\$920	\$2,270				
Alt #	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
HB2169 HD1	2010: TWB 90% / Sched D 2011: TWB 100% / Sched G MWBA=75% of AWW Tax schedule with 6 month reset  Adequate Reserve = 1.25x High Cost Rate	2010	7.3%	\$382	<\$70>	\$0	\$383	\$177	\$99	D	\$34,900	0.20%	1.80%	5.40%	\$30	\$630	\$1,880	\$150	\$440	\$220	
		2011	6.7%	\$359	<\$54>	\$2	\$377	\$375	\$78	G	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,290	\$2,110	\$90	\$230	\$0	
		2012-1	5.9%	\$157	\$19	\$0	\$496	\$230		H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	<\$90>	<\$240>	\$0	
		2012-2		\$159	\$117	\$0	\$496	\$256	-\$53	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	<\$90>	<\$240>	\$0	
		2013-1	5.4%	\$149	\$195	\$0	\$518	\$224		G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,350	\$2,210	<\$90>	<\$220>	\$0	
		2013-2		\$151	\$275	\$0	\$518	\$226	-\$76	G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,350	\$2,210	<\$90>	<\$220>	\$0	
		2014-1	4.9%	\$138	\$340	\$0	\$541	\$196		F	\$42,000	1.20%	2.75%	5.40%	\$180	\$1,160	\$2,270	<\$90>	<\$240>	\$0	
		2014-2		\$140	\$388	\$0	\$541	\$179	-\$33	E	\$42,000	0.60%	2.20%	5.40%	\$90	\$920	\$2,270	\$0	\$0	\$0	
HB2169 HD1 without 6 month reset	2010: TWB 90% / Sched D 2011: TWB 100% / Sched G MWBA=75% of AWW Adequate Reserve = 1.25x High Cost Rate	2010	7.3%	\$382	<\$70>	\$0	\$383	\$177	\$99	D	\$34,900	0.20%	1.80%	5.40%	\$30	\$630	\$1,880	\$150	\$440	\$220	
		2011	6.7%	\$359	<\$54>	\$2	\$377	\$375	\$78	G	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,290	\$2,110	\$90	\$230	\$0	
		2012	5.9%	\$316	\$117	\$0	\$496	\$486	-\$53	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	<\$90>	<\$240>	\$0	
		2013	5.4%	\$300	\$275	\$0	\$518	\$450	-\$76	G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,350	\$2,210	<\$90>	<\$220>	\$0	
		2014	4.9%	\$278	\$405	\$0	\$541	\$392	-\$50	F	\$42,000	1.20%	2.75%	5.40%	\$180	\$1,160	\$2,270	<\$90>	<\$240>	\$0	
GOV's (LB5-05) SB2732/ HB2579	Adeq Res=1x Set EFFF TWB=70%, then 80%	2010	7.3%	\$382	<\$72>	\$0	\$383	\$181	-\$161	E	\$27,200	0.60%	2.20%	5.40%	\$90	\$600	\$1,470	\$90	\$470	\$630	
		2011	6.7%	\$350	<\$190>	\$7	\$388	\$232	\$41	E	\$31,300	0.60%	2.20%	5.40%	\$90	\$690	\$1,690	\$270	\$830	\$420	
		2012	5.9%	\$308	<\$198>	\$8	\$408	\$302	\$151	F	\$32,100	1.20%	2.75%	5.40%	\$180	\$880	\$1,730	\$90	\$440	\$440	
		2013	5.4%	\$292	<\$164>	\$7	\$426	\$324	\$109	F	\$32,800	1.20%	2.75%	5.40%	\$180	\$900	\$1,770	\$0	\$230	\$440	
		2014	4.9%	\$270	\$23	\$0	\$444	\$457	-\$76	H	\$33,600	2.40%	3.90%	5.40%	\$360	\$1,310	\$1,810	<\$180>	<\$150>	\$460	

95  
221  
131  
32

# COMPARISON OF SHAREHOLDER ALTERNATIVES (NOTES)



DEPARTMENT OF LABOR &  
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1. Projections assumes 12/09 UHERO projected unemployment rates: 2010 = 7.3%; 2011 = 6.7%; 2012 = 5.9%; 2013 = 5.4%; 2014 = 4.9%
2. Under HB2169, the maximum weekly benefit amount (MWBA) is permanently set at 75% average weekly wage (AWW). Under HB2579, it reverts to 70% of AWW in 2011.
3. Adequate Reserve multiplier under current law automatically reverts to 1.5 beginning with 2011 tax schedule computation. Under HB2169 HD1, multiplier changes to 1.25 computed on a semi-annual basis. HB2579 assumes multiplier is changed to 1 from 2011; has no immediate effect on tax schedules for forecast period because the adequate reserve amount is not used to set the tax schedule for those years.
4. Interest must be paid by special assessment and/or general funds; cannot be paid from UI trust fund balance.
5. Taxes per Employee: Minimum = lowest tax rate on schedule times wages for minimum wage worker; Average = average tax rate times taxable wage base; Maximum = highest tax rate on schedule times taxable wage base
6. Tax Savings per Employee: Minimum = tax savings at lowest tax rate for minimum wage worker; Average = tax savings at average tax rate for worker paid taxable wage base; Maximum = tax savings at highest tax rate for worker paid taxable wage base



TRUST FUND AND LEGISLATION SURVEY

1/22/10

STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
AL	Insolvent – 9/09 federal loan	Taxable wage base \$8,000. Min/Max tax rate = 0.44%/6.04%	Tax increase in 2010.	
AK		Taxable wage base \$32,700. Min/Max tax rate = 1.00%/5.40%		
AZ		Tax rate schedule adjustments by calculating the fund ratio and identifying required income rate. Taxable wage base \$7,000. Min/Max tax rate = 0.02%/5.40%		None planned.
AR	Insolvent – 3/09 federal loan	Taxable wage base \$10,000, \$12,000 in 2010. Min/Max tax rate = 0.90%/6.80%	Increases taxable wage base to \$12,000 in 2010.	
CA	Insolvent – 1/09 federal loan (\$17.8 billion deficit by 12/2010 if no changes.)	15% surcharge required when trust fund below specified level. (Tax collection of \$11 billion for 2009-2010.) Taxable wage base \$7,000. Min/Max tax rate = 1.50%/6.20%		Proposed: increase taxable wage base to \$16,000 in 2009 or \$21,000 upon enactment.
CO	Insolvent – 1/10 federal loan	Taxable wage base \$10,000. Min/Max tax rate = 0.0%/5.4%		
CT	Insolvent – 10/09 federal loan	Taxable wage base \$15,000. Min/Max tax rate = 1.90%/6.80%		
DE		Taxable wage base \$10,500. Min/Max tax rate = 1.00%/8.00%		
DC		Taxable wage base \$9,000. Min/Max tax rate = 1.30%/6.60%		
FL	Insolvent - 8/09 federal loan	Automatic provisions to increase tax rates but trust fund level was adjusted downward in 2002. Taxable wage base \$7,000; \$8,500 in 2010 – 2014. Min/Max tax rate = 0.12%/5.40%	Temporarily increases taxable wage base to \$8,500 in 2010 to 2014.	



# DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
GA	Insolvent – 12/09 federal loan	Taxable wage base \$8,500. Min/Max tax rate = 0.025%/5.40%		
HI		Taxable wage base \$13,000; \$37,800 in 2010. Min/Max tax rate = 0.00%/5.40%		
ID	Insolvent – 6/09 federal loan	Employer tax rate increases 70% and maximum weekly benefit amount decreases 3% in 2009. Taxable wage base \$33,200. Min/Max tax rate = 0.447%/5.40%	70% tax rate increase in 2009. Adjusts benefits in conjunction with taxes.	
IL	Insolvent – 7/09 federal loan	Taxable wage base \$12,300. Min/Max tax rate = 0.60%/6.80%		
IN	Insolvent – 11/08 federal loan	Taxable wage base \$7,000. Min/Max tax rate = 1.10%/5.60%	Increases taxable wage base to \$9,500 in 2010; hike in tax rate.	
IA		Taxable wage base \$23,700. Min/Max tax rate = 0.00%/8.00%		
KS		Taxable wage base \$8,000. Min/Max tax rate = 0.00%/7.40%		
KY	Insolvent – 1/09 federal loan	Taxable wage base \$8,000. Min/Max tax rate = 1.00%/10.00%	Freeze benefit increases if trust fund level drops.	Created UI Task Force in 2009.
LA		Taxable wage base \$7,000. Min/Max tax rate = 0.10%/6.20%		
ME		Taxable wage base \$12,000. Min/Max tax rate = 0.44%/5.40%	Tax increase in 2010.	
MD		Taxable wage base \$8,500. Min/Max tax rate = 0.60%/9.00%	2005 law introduced trigger mechanism.	UI Oversight Committee.





# DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
MA		Employer & govt contribute to fund. Taxable wage base \$14,000. Min/Max tax rate = 1.26%/12.27%		No tax rate freeze. May impose higher tax on certain employers such as construction & seasonal.
MI	Insolvent – 12/07 federal loan	Solvency tax applicable to negative balance employers during period of federal loan – deferred due to ARRA. Employers with positive reserve balance as of a certain date receive 50% SUTA credit of the increased expense due to FUTA credit reduction of .3% beginning 2010. Taxable wage base \$9,000. Min/Max tax rate = 0.60%/10.30%		Tax policy work group. Education efforts since 9/08. Likely recommend TWB increase.
MN	Insolvent – 7/09 federal loan	Taxable wage base \$26,000. Min/Max tax rate = 0.556%/10.70%		
MS		Taxable wage base \$7,000. Min/Max tax rate = 0.70%/5.40%		
MO	Insolvent 2/09 – federal loan	No automatic provisions for fund or automatic rate increase. Tax rates increased 30% when average balance in fund is less than \$350m. Taxable wage base \$12,500. Min/Max tax rate = 0.00%/9.75%		Unemployment Council formed. No plans to raise tax rates in 2010.
MT		10 rate schedules, automatic rate increases, and taxable wage base changes according to trust fund level. Taxable wage base \$25,100. Min/Max tax rate = 0.00%/6.12%		
NE		Taxable wage base \$9,000. Min/Max tax rate = 0.00%/5.40%	Tax rate increase in 2010.	





# DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
NV	Insolvent – 11/09 federal loan	Taxable wage base \$27,000. Min/Max tax rate = 0.25%/5.40%	Emergency regulation for 120 days to keep reduced tax rates.	Employment Security Council urges no change to tax. Gov wanted to lower tax. Taxes will have to go up in 2011.
NH		Taxable wage base \$8,000. Min/Max tax rate = 0.10%/6.50%	Increases taxable wage base to \$10,000 in 2010, \$12,000 in 2011, & \$14,000 in 2012. 1 week delay in benefits.	
NJ	Insolvent – 3/09 federal loan	Transferred state money to trust fund to prevent tax increase. Taxable wage base \$28,900. Min/Max tax rate = 0.30%/5.40%	25% reduction in tax when fund reserves exceed cap.	
NM		Taxable wage base \$20,800. Min/Max tax rate = 0.03%/5.40%		
NY	Insolvent – 1/09 federal loan	Taxable wage base \$8,500. Min/Max tax rate = 0.70%/8.70%		
NC	Insolvent – 2/09 federal loan	Taxable wage base \$19,300. Min/Max tax rate = 0.00%/6.84%		
ND		Taxable wage base \$23,700. Min/Max tax rate = 0.20%/9.86%	Increases taxable wage base to \$24,700 in 2010.	
OH	Insolvent – 1/09 federal loan	Taxable wage base \$9,000. Min/Max tax rate = 0.30%/9.00%		
OK		Taxable wage base \$14,200. Min/Max tax rate = 0.10%/5.50%	Freeze benefit increases.	
OR		Taxable wage base \$31,300. Min/Max tax rate = 0.90%/5.40%		



# DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
PA	Insolvent – 3/09 federal loan	Automatic solvency taxes when trust fund reaches certain levels but capped at 1988 levels. Taxable wage base \$8,000. Min/Max tax rate = 1.8370%/13.1576%		No plans to raise TWB.
PR		Taxable wage base \$7,000. Min/Max tax rate = 1.40%/5.40%		
RI	Insolvent – 3/09 federal loan	When trust fund level is below 0 at the end of the second month of a quarter, automatic surtax of .3% added to employer's tax rate. Taxable wage base \$18,000. Min/Max tax rate = 1.69%/9.79%	Waive the surtax while tax waiver on interest due to federal loan in effect. Allows gov to make <u>interfund</u> transfer from TDI fund to UI fund.	Round table meeting w/employers, labor, government to be scheduled.
SC	Insolvent – 10/08 federal loan	Taxable wage base \$7,000. Min/Max tax rate = 1.14%/6.00%	Increases taxable wage base from to \$12,000 & modify tax rate schedule.	Round table forum – surcharge & increase TWB?
SD	Insolvent federal loan	Taxable wage base \$10,000. Min/Max tax rate = 0.00%/8.50%	Surcharge of 1.5% effective 10/09.	UI Advisory Council
TN		Taxable wage base \$9,000. Min/Max tax rate = 0.50%/10.00%	Increases taxable wage base from \$7,000 to \$9,000 in 2009 & raised tax rate 0.6%.	Raise taxes & consider automatic increases.
TX	Insolvent 7/09 federal loan	Tax rates adjusted based on trust fund balance as of 10/1. If balance is below 1% of taxable wages then employer's prior tax rate is adjusted up by a "deficit ratio". Taxable wage base \$9,000. Min/Max tax rate = 0.26%/6.26%	Tax rate increase in 2010 to 0.72%/8.6%.	No plans to raise TWB.
UT		Taxable wage base \$27,800. Min/Max tax rate = 0.20%/9.20%		



# DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
VT	Insolvent 12/09?	Taxable wage base \$8,000. Min/Max tax rate = 0.80%/6.50%	Increases taxable wage base to \$10,000 in 2010; freeze weekly benefit amount.	Unemployment committee – tax increase for employers & benefit cuts for employees.
VA	Insolvent 11/09 federal loan	Taxable wage base \$8,000. Min/Max tax rate = 0.18%/6.28%	Higher tax rates. Fund builder tax 1/1/10 and deduct 50% of SSA.	Economic Crisis Strike Force created 5/09.
VI	Insolvent federal loan	Taxable wage base \$22,100. Min/Max tax rate = 0.00%/6.00%		
WA		Automatic adjustments to employer rates depending on balance in trust fund. Taxable wage base \$35,700. Min/Max tax rate = 0.00%/5.40%	Employers charged based on 2 highest quarter of wages. Reduced rates in schedule & reduced triggers for the social cost factor.	
WI	Insolvent – 2/09 federal loan	Higher tax schedules if reserve fund balance is reduced. Current state law limits amount of tax increase for employer. Taxable wage base \$12,000; \$13,000 in 2011; \$14,000 in 2013. Min/Max tax rate = 0.00%/8.5%		Increase taxes, decrease benefits.
WV		Recd one-time transfer from worker's comp of \$40m. Taxable wage base \$12,000 but decreases to \$9,000 when trust fund balance exceeds \$220m. Min/Max tax rate = 1.50%/7.50%	Temporarily increases taxable wage base to \$12,000 in 2009 until trust fund level increases & thereafter indexed to annual wages. Freeze benefit increases until trust fund level rises.	





STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
WY		Taxable wage base \$21,500. Min/Max tax rate = 0.30%/9.10%		



## Free UI Federal Loan Provisions

- Section 2004 of Public Law 111-5 waived payment of interest on loans made by states to continue payment of unemployment insurance benefits. The amendments provided that any interest due on loans during February 17, 2009 to December 31, 2010 is waived. Further, no interest accrues on any advances made during this period.
- No loans are needed for 2010 under current law projections. However, lowering tax rates etc. will require loans in the 3<sup>rd</sup> quarter 2010. Applications for loans must be made 1 month prior to a zero balance to fund the following 3 months.



## **Impact of the Furlough/Layoffs on the UI Trust Fund**

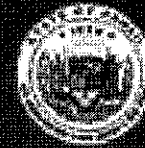
- No direct impact on the UI Trust Fund as no unemployment payouts would occur under HRS § 383. (25 hours worked / 15 hours max. furlough per week)
- Fund is not depleted by State Worker UI benefits paid since under HRS § 383-62, the State is a reimbursable employer – the State pays dollar for dollar UI benefits to State workers.
- Layoffs would also not deplete fund balance. (Layoff savings would be initially diminished by benefit payouts estimated to be a maximum of 62% for the initial 26 weeks.)



## UI Taxes – 1970 - 1989

CY	Tax Schedule <sup>1</sup>	Minimum Tax Rate	Maximum Tax Rate	New Employer Tax Rate	Average Tax Rate <sup>1</sup>	Taxable Wage Base <sup>2</sup>	Average taxes at Taxable Wage Base <sup>3</sup>	New Employer taxes at Taxable Wage Base <sup>4</sup>	Minimum taxes at Taxable Wage Base <sup>5</sup>	Maximum taxes at Taxable Wage Base <sup>6</sup>
1970	II	0.4%	3.0%	3.0%	1.2%	\$5,500	\$70	\$165	\$20	\$170
1971	II	0.4%	3.0%	3.0%	1.4%	\$6,000	\$80	\$180	\$20	\$180
1972	I	0.8%	3.0%	3.0%	1.9%	\$6,300	\$120	\$189	\$50	\$190
1973	I	0.8%	3.0%	3.0%	1.8%	\$6,500	\$120	\$195	\$50	\$200
1974	I	0.8%/1.3%	3.0%	3.0%	1.9%	\$6,800	\$130	\$204	\$50	\$200
1975	I	1.3%/3.0%	3.0%	3.0%	2.6%	\$7,300	\$190	\$219	\$90	\$220
1976	-	3.0%	3.0%	3.0%	2.9%	\$7,800	\$230	\$234	\$230	\$230
1977	-	3.5%	3.5%	3.5%	3.5%	\$9,300	\$330	\$326	\$330	\$330
1978	-	3.5%	3.5%	3.5%	3.5%	\$9,800	\$340	\$343	\$340	\$340
1979	1.6%	1.8%	4.5%	4.5%	2.8%	\$10,400	\$290	\$468	\$190	\$470
1980	0.8%	1.0%	4.5%	4.5%	2.1%	\$11,200	\$240	\$504	\$110	\$500
1981	0.4%	0.6%	4.5%	4.5%	1.8%	\$12,200	\$220	\$549	\$70	\$550
1982	0.4%	0.6%	4.5%	4.5%	1.8%	\$13,100	\$240	\$590	\$80	\$590
1983	0.8%	1.0%	4.5%	4.5%	2.3%	\$13,800	\$320	\$621	\$140	\$620
1984	0.4%	0.6%	4.5%	4.5%	1.9%	\$14,600	\$280	\$657	\$90	\$660
1985	0.0%	0.2%	5.4%	3.6%	1.6%	\$15,100	\$240	\$544	\$30	\$820
1986	0.0%	0.2%	5.4%	3.6%	1.7%	\$15,600	\$270	\$562	\$30	\$840
1987	0.0%	0.2%	5.4%	3.6%	1.7%	\$16,500	\$280	\$594	\$30	\$890
1988	-0.5%	0.0%	5.4%	3.1%	1.3%	\$8,700	\$110	\$270	\$0	\$470
1989	-0.5%	0.0%	5.4%	3.1%	1.3%	\$18,600	\$240	\$577	\$0	\$1,000





## UI Taxes – 1990 - 2008

1990	-0.5%	0.0%	5.4%	3.1%	1.3%	\$19,900	\$260	\$617	\$0	\$1,070
1991	-0.5%	0.0%	5.4%	3.1%	1.3%	<del>\$7,000</del>	\$90	\$217	\$0	\$380
1992	A	0.0%	5.4%	1.7%	0.6%	\$22,700	\$140	\$386	\$0	\$1,230
1993	B	0.0%	5.4%	1.9%	1.0%	\$23,900	\$240	\$454	\$0	\$1,290
1994	B	0.0%	5.4%	1.9%	1.1%	\$25,000	\$280	\$475	\$0	\$1,350
1995	D	0.2%	5.4%	3.0%	2.2%	\$25,500	\$560	\$765	\$50	\$1,380
1996	D	0.2%	5.4%	3.0%	2.1%	\$25,800	\$540	\$774	\$50	\$1,390
1997	D	0.2%	5.4%	3.0%	1.9%	\$26,000	\$490	\$780	\$50	\$1,400
1998	D	0.2%	5.4%	3.0%	1.8%	\$26,400	\$480	\$792	\$50	\$1,430
1999	D	0.2%	5.4%	3.0%	1.7%	\$27,000	\$460	\$810		\$1,460
2000	D	0.2%	5.4%	3.0%	1.7%	\$27,500	\$470	\$825	\$60	\$1,490
2001	C	0.0%	5.4%	2.4%	1.1%	\$28,400	\$310	\$682	\$0	\$1,530
2002	C	0.0%	5.4%	2.4%	1.2%	\$29,300	\$350	\$703	\$0	\$1,580
2003	D	0.2%	5.4%	3.0%	1.7%	\$30,200	\$510	\$906	\$60	\$1,630
2004	C	0.0%	5.4%	2.4%	1.2%	\$31,000	\$370	\$744	\$0	\$1,670
2005	C	0.0%	5.4%	2.4%	1.3%	\$32,300	\$420	\$775	\$0	\$1,740
2006	C	0.0%	5.4%	2.4%	1.3%	\$34,000	\$440	\$816	\$0	\$1,840
2007	B	0.0%	5.4%	1.9%	0.8%	\$35,300	\$280	\$671	\$0	\$1,910
2008	A	0.0%	5.4%	1.7%	0.7%	<del>\$13,000</del>	\$90	\$221	\$0	\$700

Shaded areas indicate temporary changes due to special legislation.

<sup>1</sup>From 1970 to 1978, one of three tax schedules triggered on depending on level of the fund; effective July 1, 1974 through March 31, 1975 all employers' tax rates were increased by 0.5%, up to a maximum of 3.0%; from April 1975 through the end of 1978, all employers paid 3.0% tax rate; for 1977 and 1978 all employers paid 3.5% tax rate; from 1979 to 1991, depending on ratio of current to adequate reserve, a fund solvency rate ranging from -0.5% to +2.4% was triggered on each year and added to each employer's basic contribution rate; from 1992 to the present, one of eight tax schedules, A through H triggers on depending on ratio of current to adequate reserve; for 2002, Schedule C remained in effect due to special legislation as a result of terrorist attacks.

<sup>2</sup>CY 1988, taxable wage base out by special legislation due to high fund balance; CY 1991, wage base set at \$7,000 by special legislation due to Persian Gulf War;

CY 2008-2010, taxable wage base set at \$13,000 by special legislation; 2010 base reverts to regular formula (100% of average annual wage) as fund drops below Adequate Reserve level.

<sup>3</sup>Taxable wage base times average tax rate

<sup>4</sup>Taxable wage base times new employer tax rate

<sup>5</sup>Taxable wage base times minimum tax rate

<sup>6</sup>Taxable wage base times maximum tax rate



## Average UI Employee Taxes

*(UI Taxes on an employee with annual wages at or above taxable wage base at average tax rate)*

YEAR	Tax Wage Base (TWB)	X	TAX SCHEDULE	=	AVG. TAXES AT TWB
2007	\$35,300	X	Schedule B 0.8%	=	<b>\$280</b>
2008 (Act 110)	\$13,000	X	Schedule A 0.7%	=	<b>\$90</b>
2009 (Based on fund balance at end of 2008)	\$13,000	X	Schedule A 0.7%	=	<b>\$90</b>
Projection 2010	\$38,800	X	Schedule F 2.75%	=	<b>\$1,070</b>
Projection 2011	\$39,100	X	Schedule H 3.9%	=	<b>\$1,520</b>



# DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

## Number of Employers by Industry Sectors and 2009 Tax Rates under Schedule A with Comparison to Schedule F Tax Rates

Col 1: Tax rates assigned to employers for calendar year 2009 under Schedule A

Col 2: Tax rates under Schedule F, projected to be in effect for calendar year 2010. For 2010, employers may move into different groups based on their 2009 tax and benefit experience.

This table shows that employers are distributed among a wide range of tax rates within industry groups.

For example, although employers in the Construction industry (Col 5) tend to experience high unemployment, 349 employers are assigned the zero rate for calendar year 2009.

New employers are assigned the 1.7% tax rate under Schedule A. This is the reason for the large number of employers in Col 21, Unknown industry in the 1.7% group. New employers do not qualify for experience rating until they have one year of employment and their industry assignment may still be pending.

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16	Col 17	Col 18	Col 19	Col 20	Col 21	Col 22	Col 23
2009 Tax Rates Schedule A	Schedule F Tax Rates	Natural Resources & Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation & Warehousing	Information	Finance & Insurance	Real Estate, Rental & Leasing	Professional & Technical Services	Management of Companies & Enterprises	Administrative & Waste Services	Educational Services	Health Care & Social Assistance	Arts, Entertainment & Recreation	Accommodation & Food Service	Other Services, except Public Administration	Unknown Industry	All Employers	Percent distribution
0.0%	1.2-2.0%	132	13	349	363	778	1125	220	130	383	686	1306	55	498	146	1338	104	724	1353	9	9712	31%
0.1%	2.2%	20	2	103	62	128	211	34	26	73	93	200	18	105	35	170	50	196	212	5	1743	6%
0.3%	2.4%	16	2	117	46	117	231	37	20	61	98	170	9	95	26	178	31	196	169	2	1621	5%
0.5%	2.6%	27	1	102	56	89	170	41	20	52	77	194	12	106	38	149	34	198	167	4	1537	5%
0.7%	2.8%	16	3	120	43	108	148	50	21	57	85	190	10	110	31	112	22	153	159	1	1439	5%
0.9%	3.0%	15	1	142	50	104	162	42	23	57	85	206	16	105	28	110	25	131	155	9	1466	5%
1.1%	3.2%	37	8	300	89	180	361	100	44	128	170	455	29	275	63	243	61	335	327	85	3290	11%
1.3%	3.6%	22	2	196	41	59	140	58	21	36	58	127	4	138	23	106	24	156	120	8	1339	4%
1.7%	4.0%	38	4	468	84	214	350	104	102	154	201	576	19	362	83	263	79	397	331	1109	4938	16%
2.1%	4.4%	12		222	24	26	65	19	17	17	23	55	3	60	9	27	4	51	57	1	692	2%
2.5%	5.0%	9	1	143	16	13	21	15	8	6	20	28	3	26	6	10	9	17	55		406	1%
2.9%	5.4%	18	1	397	20	30	42	23	25	16	28	79	1	53	8	19	9	23	102	4	898	3%
3.4%	5.4%	11		137	4	2	6	4		2	7	10	1	6	3	4	2		7	2	208	1%
4.1%	5.4%	8		51	2	2		1	1	1	1	1	1	2		1	4	2	1		79	0%
4.7%	5.4%	2		23	3	1	1		1	1		3							1		36	0%
5.4%	5.4%	42	2	270	61	66	136	74	40	54	64	152	5	141	19	80	29	158	135	340	1868	6%
Total		425	40	3140	964	1917	3169	822	499	1098	1696	3752	186	2082	518	2810	487	2737	3351	1579	31272	100%



# DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

Employment (Number of Workers in calendar year 2008) by Industry Sectors and 2009 Tax Rates under Schedule A with Comparison to Schedule F Tax Rates

Col 1: Tax rates assigned to employers for calendar year 2009 under Schedule A

Col 2: Tax rates under Schedule F, projected to be in effect for calendar year 2010. For 2010, employers may move into different groups based on their 2009 tax and benefit experience.

This table shows the number of workers the employers in Table 1 employed in calendar year 2008. Employment is also distributed among a wide range of tax rates within industry groups. Using the same group in the Table 1 example, Construction industry, (Col 5), the 349 employers assigned the zero rate for calendar year 2009 had 1,656 workers in 2008.

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16	Col 17	Col 18	Col 19	Col 20	Col 21	Col 22	Col 23
2009 Tax Rates Schedule A	Schedule F Tax Rates	Natural Resources & Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation & Warehousing	Information	Finance & Insurance	Real Estate, Rental & Leasing	Professional & Technical Services	Management of Companies & Enterprises	Administrative & Waste Services	Educational Services	Health Care & Social Assistance	Arts, Entertainment & Recreation	Accommodation & Food Service	Other Services, except Public Administration	Unknown Industry	All Employers	Percent distribution
0.0%	1.2-2.0%	1327	2304	1656	6504	7605	31921	11641	5336	12051	3901	8164	290	6787	3037	15178	2815	30455	8859	42	159873	35%
0.1%	2.2%	318	414	959	1408	2775	7453	1063	1438	1521	1098	2035	158	3398	587	2855	1699	9624	1958	3	40764	9%
0.3%	2.4%	156	161	1221	963	2275	10686	927	291	2141	1490	1535	46	2247	393	2654	676	10963	2385		41210	9%
0.5%	2.6%	651	16	807	727	854	4673	1340	340	469	850	2088	91	2782	770	2514	998	10303	1851	2	32126	7%
0.7%	2.8%	185	61	1147	717	1077	3232	922	296	704	918	1481	13	4161	316	2806	419	4851	1065		24371	5%
0.9%	3.0%	981	9	1216	644	1280	2265	1251	693	350	1382	1230	82	3509	312	3774	726	5494	968	4	26170	6%
1.1%	3.2%	330	71	1695	738	961	3195	968	547	465	765	1998	178	6252	448	2595	389	6025	1626	83	29329	6%
1.3%	3.6%	983	26	2898	911	491	2232	2610	446	417	720	1212	45	4036	343	3481	418	6999	1251	9	29528	6%
1.7%	4.0%	949	4	3658	583	557	1996	1435	747	515	704	1483	24	11261	362	1736	585	3716	989	311	31615	7%
2.1%	4.4%	326		4196	375	247	523	1114	179	137	155	281	75	2948	29	132	84	1421	269		12491	3%
2.5%	5.0%	179	3	4077	309	32	61	268	25	9	82	149	6	246	52	26	52	890	163		6629	1%
2.9%	5.4%	274		8614	52	53	99	263	574	19	55	456	1	296	36	51	62	136	257	6	11304	2%
3.4%	5.4%	284		2006	32	1	35	2			10	18		17	6	5			3		2419	1%
4.1%	5.4%	36		417	1	2		1	67	2	2	1	12	11		2	131				688	0%
4.7%	5.4%	2		395	230	1	1		57			1									687	0%
5.4%	5.4%	55	2	500	150	120	250	1172	69	80	160	289	7	396	61	226	112	1948	219	83	5899	1%
Total		7036	3071	35462	14344	18331	68622	24977	11105	18880	12292	22421	1028	48347	6752	38035	9166	92828	21863	543	455103	100%



# Estimated UI Taxes at Schedules A through H on CY 2010 and CY 2011

Note: Taxes are collected on a one quarter lag, so taxes shown below will be collected from April of the current year through March of the following year.

Tax Schedule	Estimated Average Tax Rate	Estimated taxes	
		CY 2010	CY 2011
A	0.71%	\$82,700,000	\$86,200,000
B	0.90%	\$104,800,000	\$109,300,000
C	1.35%	\$157,200,000	\$163,900,000
D	1.80%	\$209,700,000	\$218,500,000
E	2.20%	\$256,300,000	\$267,100,000
F	2.75%	\$320,300,000	\$333,900,000
G	3.30%	\$384,400,000	\$400,600,000
H	3.90%	\$454,300,000	\$473,500,000
Estimated taxable wages:		\$11,648,100,000	\$12,140,600,000



## Estimated Unemployment Insurance (UI) Taxes Per Employee for Calendar Year 2010

UI taxes owed per employee = employer's tax rate times wages paid to employee.

Wages taxed per employee per year limited to "taxable wage base" (TWB) amount. No taxes due on wages over TWB.  
TWB for calendar year 2010 = \$38,800.

Employer's UI tax rates vary depending on their tax and benefit experience and the Tax Schedule in effect for the year.

Projected Tax Schedule for CY 2010 = F

Under Schedule F: Employer tax rates range from minimum of 1.2% to maximum of 5.4%.

The following tables show the estimated UI taxes per employee at Schedule F at three levels of wages.

### Taxes on an employee earning the MINIMUM WAGE

Hourly wage:

\$7.25

Annual wage (40 hrs/wk x 52 weeks)

\$15,080

If Schedule F

Tax Rate

CY 2010 taxes

If employer is at minimum tax rate

1.20%

\$180

If employer tax rate is average tax rate

2.75%

\$410

If employer is at maximum tax rate

5.40%

\$810



### Taxes on an employee earning \$10 PER HOUR

Hourly wage:

\$10.00

Annual wage (40 hrs/wk x 52 weeks)

\$20,800

If Schedule F

Tax Rate

CY 2010 taxes

If employer is at minimum tax rate

1.20%

\$250

If employer tax rate is average tax rate

2.75%

\$570

If employer is at maximum tax rate

5.40%

\$1,120

### Taxes on an employee earning \$20 (OR MORE) PER HOUR

Hourly wage:

\$20.00

Annual wage (40 hrs/wk x 52 weeks)

\$41,600

**Wages taxed, limited to TWB:**

\$38,800

Employee was paid more than the TWB of \$38,800, therefore wages in excess of TWB not subject to UI tax.

If Schedule F

Tax Rate

CY 2010 taxes

If employer is at minimum tax rate

1.20%

\$470

If employer tax rate is average tax rate

2.75%

\$1,070

If employer is at maximum tax rate

5.40%

\$2,100



# How to Calculate Your Unemployment Insurance Contribution Rate



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS



## Information Needed

- 2009 Contribution Rate Notice
  - Reserve Balance 2008
  - Annual Taxable Payroll for 2007 and 2008
- 2009 Statement of Benefit Charges – Quarterly
- 2009 Contributions Paid – Quarterly Filings, UC-B6
- Contribution Rate Schedule - A to H
- 2009 Estimated Annual Taxable Payroll

# Contribution Rate Notice



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
UNEMPLOYMENT INSURANCE DIVISION

ABC Corporation

830 Punchbowl St.  
Honolulu, HI 96813

ACCOUNT NUMBER  
FEIN  
DATE MAILED  
DATE COMPILED  
LIABLE DATE

0001234567  
99-9999999  
03/20/09  
03/13/09  
01/01/89

CONTRIBUTION RATE NOTICE  
FOR CALENDAR YEAR 2009

YOUR CONTRIBUTION RATE AND EMPLOYMENT AND TRAINING ASSESSMENT RATE FOR  
CALENDAR YEAR 2009 ARE LISTED BELOW

CONTRIBUTION RATE 1.1%

E&T ASSESMENT RATE .01%

THE TABULATION SHOWS ANNUAL TAXABLE PAYROLL AND CONTRIBUTION DATA  
REPORTED ON YOUR QUARTERLY CONTRIBUTION REPORTS FOR 2006, 2007, AND 2008, AND  
BENEFITS CHARGED TO YOUR ACCOUNT FOR 2008.

RESERVE 12/31/07 78,690.00  
CONTRIBUTIONS + 21,293.00  
2008 BENEFITS CHARGED 779.00

ANNUAL TAXABLE PAYROLL  
2006 1,500,420.00  
2007 2,100,500.00  
2008 1,400,200.00

RESERVE 12/31/08 99,204.00

ANNUAL AVG 1,667,040.00

RESERVE RATIO (RESERVE 12/31/08 / AVERAGE ANNUAL PAYROLL) = .0595

CONTRIBUTION RATE SCHEDULE IN EFFECT:

A

# Statement of Benefit Charges



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

LIPBR51R | STATE OF HAWAII, DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS  
10/01/08 UNEMPLOYMENT INSURANCE DIVISION

00:27:36.8

STATEMENT OF BENEFIT CHARGES

PAGE 1

ABC Corporation

EMPLOYER NO 0001040197

830 Punchbowl St.  
Honolulu, HI 96813

QUARTER ENDING 09/30/08  
STATEMENT DATE 10/01/08

SOCIAL SECURITY NO	CLAIMANT NAME	BENEFIT YR BEGIN	YOUR %	Y R	CHARGE	CREDIT
515-51-5154	Smith, Bruce	04/20/08	59.565	8	526.56	
		TOTAL			526.56	.00

NET CHARGE/CREDIT TO YOUR RESERVE \$526.56

# Form UC-B6



## DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
UNEMPLOYMENT INSURANCE DIVISION  
**QUARTERLY WAGE, CONTRIBUTION AND  
EMPLOYMENT AND TRAINING ASSESSMENT REPORT**

DO NOT WRITE IN THIS SPACE

TAX OFFICE RECEIVED DATE

ABC CORPORATION  
830 PUNCHBOWL ST.  
HONOLULU, HI. 96813

FEIN 999999999

ACCOUNT # 0001040197

For Quarter Ending Delinquent After

033110 043010

3) TOTAL QTR WAGES PAID

1) EMPLOYEE'S SSN#

2) EMPLOYEE'S NAME (LAST, FIRST)

### INTERNET FILERS:

To complete the filing process, go to <https://hui.ehawaii.gov> to file your Quarterly Wage Report, Quarterly Contribution and E&T Assessment Report and pay your contributions online.

0001040197  
Contribution Rate

3.20 %

10/1

E&T Rate

.01 %

1st Month	2nd Month	3rd Month
2	2	2

I CERTIFY THAT THE INFORMATION ON THIS REPORT IS TRUE AND CORRECT.

SIGNED BY: \_\_\_\_\_

PRINT NAME: X \_\_\_\_\_

TITLE: X \_\_\_\_\_

TELEPHONE NUMBER: X \_\_\_\_\_

DATE: X \_\_\_\_\_

6) TOTAL WAGES PAID THIS QUARTER	71760.00
7) EXCESS WAGES 37800	3800.00
8) NET TAXABLE WAGES	67960.00
9) CONTRIBUTIONS DUE .0320	2174.72
10) E&T ASSESSMENT DUE .0001	6.80
11) AMOUNT DUE	2181.52
12) OVERPAYMENT	.00
13) ADJUSTED CONTRIBUTIONS DUE	2181.52
14) PENALTY AND INTEREST	.00
15) TOTAL PAYMENT DUE	2181.52
16) TOTAL REMITTANCE	2181.52

37



# UI Contribution Calculator



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INDUSTRIAL RELATIONS




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## Tax Rate Calculator

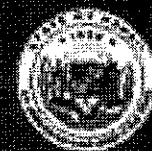
**DISCLAIMER:** This rate calculator is intended solely for estimation purposes only. Your actual rate will be determined in mid-March and a Contribution Rate Notice will be mailed.

To be eligible for experience rating, the account must have been chargeable with benefits for the 12-month period prior to the rate computations date (December 31). If an employer has **not** submitted Form UC-B6 for any of the prior year(s), the maximum rate of 5.4% will be assessed. New or newly liable employers who are not eligible for experience rating will receive the new employer rate.

Use the Contribution Rate Notice mailed in mid-March of every year to help with the estimation.

? Year  

# UI Contribution Calculator



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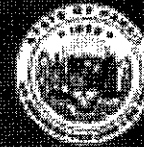
## Tax Rate Calculator

To be eligible for experience rating, the account must have been chargeable with benefits for the 12-month period prior to the rate computations date (December 31). If an employer has not submitted Form UC-B6 for any of the prior year(s), the maximum rate of 5.4% will be assessed. New or newly liable employers who are not eligible for experience rating will receive the new employer rate.

Use the Contribution Rate Notice mailed in mid-March of every year to help with the estimation.

Year	2010	
Reserve as of 12/31/2008	\$	<input type="text"/>
2009 Contributions Paid	\$	<input type="text"/>
2009 Benefits Charged	\$	<input type="text"/>
Annual Taxable Payroll		
2007	\$	<input type="text"/>
2008	\$	<input type="text"/>
2009	\$	<input type="text"/>
<input type="button" value="Calculate"/>		<input type="button" value="Clear Form"/>

# Calculating Your Contribution Rate



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## Tax Rate Calculator

To be eligible for experience rating, the account must have been chargeable with benefits for the 12-month period prior to the rate computations date (December 31). If an employer has **not** submitted Form UC-B6 for any of the prior year(s), the maximum rate of 5.4% will be assessed. New or newly liable employers who are not eligible for experience rating will receive the new employer rate.

Use the Contribution Rate Notice mailed in mid-March of every year to help with the estimation.

Year	<input type="text" value="2010"/>	
Reserve as of 12/31/2008	<input type="text" value="\$ 99204"/>	
<input type="checkbox"/> 2009 Contributions Paid	<input type="text" value="\$"/>	← Estimated
<input type="checkbox"/> 2009 Benefits Charged	<input type="text" value="\$"/>	← Estimated
<input type="checkbox"/> Annual Taxable Payroll		
2007	<input type="text" value="\$ 2100500"/>	
2008	<input type="text" value="\$ 1400200"/>	
2009	<input type="text" value="\$"/>	← Estimated
<input type="button" value="Calculate"/>		<input type="button" value="Clear Form"/>

# Calculating Your Contribution Rate



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## Tax Rate Calculator

To be eligible for experience rating, the account must have been chargeable with benefits for the 12-month period prior to the rate computations date (December 31). If an employer has not submitted Form UC-B6 for any of the prior year(s), the maximum rate of 5.4% will be assessed. New or newly liable employers who are not eligible for experience rating will receive the new employer rate.

Use the Contribution Rate Notice mailed in mid-March of every year to help with the estimation.

Year	<input type="text" value="2010"/>
Reserve as of 12/31/2008	<input type="text" value="\$ 99204"/>
2009 Contributions Paid	<input type="text" value="\$ 18914.76"/>
2009 Benefits Charged	<input type="text" value="\$ 15200"/>
Annual Taxable Payroll	
2007	<input type="text" value="\$ 2100500"/>
2008	<input type="text" value="\$ 1400200"/>
2009	<input type="text" value="\$ 1719523"/>

# Calculating Your Contribution Rate



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## Tax Rate Calculator

To be eligible for experience rating, the account must have been chargeable with benefits for the 12-month period prior to the rate computations date (December 31). If an employer has not submitted Form UC-B6 for any of the prior year(s), the maximum rate of 5.4% will be assessed. New or newly liable employers who are not eligible for experience rating will receive the new employer rate.

Use the Contribution Rate Notice mailed in mid-March of every year to help with the estimation.

Year	2010		
<b><u>Reserve Balance</u></b>		<b><u>Annual Taxable Payroll</u></b>	
Reserve as of 12/31/2008	\$ 99,204.00	2007	\$ 1,719,523.00
2009 Contributions Paid	\$ 18,914.76	2008	\$ 1,400,200.00
2009 Benefits Charged	\$ 15,200.00	2009	\$ 2,100,500.00
<b>RESERVE BALANCE</b>	<b>\$ 102,918.76</b>	<b>TOTAL PAYROLL</b>	<b>\$ 5,220,223.00</b>

[Reset](#)

$$\text{Reserve Balance} / \text{Average Annual Taxable Payroll} = \text{Reserve Ratio}$$

$$\$102,918.76 / \$1,740,074.33 = 0.0591$$



# Contribution Rate Schedules



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

Contribution Rate Schedules* (rates in percentages)								
Reserve Ratio	A	B	C	D	E	F	G	H
.1500 and over	0.0	0.0	0.0	0.2	0.6	1.2	1.8	2.4
.1400 to .1499	0.0	0.0	0.1	0.4	0.8	1.4	2.0	2.6
.1300 to .1399	0.0	0.0	0.2	0.6	1.0	1.6	2.2	2.8
.1200 to .1299	0.0	0.1	0.4	0.8	1.2	1.8	2.4	3.0
.1100 to .1199	0.0	0.2	0.6	1.0	1.4	2.0	2.6	3.2
.1000 to .1099	0.1	0.3	0.8	1.2	1.6	2.2	2.8	3.4
.0900 to .0999	0.3	0.5	1.0	1.4	1.8	2.4	3.0	3.6
.0800 to .0899	0.5	0.7	1.2	1.6	2.0	2.6	3.2	3.8
.0700 to .0799	0.7	0.9	1.4	1.8	2.2	2.8	3.4	4.0
.0600 to .0699	0.9	1.1	1.6	2.0	2.4	3.0	3.6	4.2
.0500 to .0599	1.1	1.3	1.8	2.2	2.6	3.2	3.8	4.4
.0300 to .0499	1.3	1.5	2.0	2.6	3.0	3.6	4.2	4.8
.0000 to .0299	1.7	1.9	2.4	3.0	3.4	4.0	4.6	5.2
-.0000 to -.0499	2.1	2.3	2.8	3.4	3.8	4.4	5.0	5.4
-.0500 to -.0999	2.5	2.7	3.2	4.0	4.4	5.0	5.4	5.4
-.1000 to -.4999	2.9	3.1	3.6	4.6	5.0	5.4	5.4	5.4
-.5000 to -.9999	3.4	3.6	4.2	5.2	5.4	5.4	5.4	5.4
-1.0000 to -1.4999	4.1	4.2	4.8	5.4	5.4	5.4	5.4	5.4
-1.5000 to -1.9999	4.7	4.8	5.4	5.4	5.4	5.4	5.4	5.4
-2.0000 and less	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4

\*Your rate depends on the schedule for the rate year. The rate schedule is determined in December prior to the rate year.



## 2010 UI Tax Projections


- Using QWRS software program
  - <http://hawaii.gov/labor/ui>
- Estimate Contributions Due
  - Enter Contribution Rate
  - Enter Taxable Wage Base
- Calculate Projected contributions Due




<http://hawaii.gov/labor/ui>



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS



STATE OF HAWAII  
DEPARTMENT OF  
LABOR AND INDUSTRIAL RELATIONS  
*Hana Lokahi, Working Together*



STATEHOOD  
Commemorating 50 Years of Statehood

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## Unemployment Insurance Home



STATE OF HAWAII  
DEPARTMENT OF  
LABOR AND INDUSTRIAL RELATIONS  
*Hana Lokahi, Working Together*



**NEW** LIMITED ONLINE INITIAL CLAIM FILING AVAILABLE NOW  
AVAILABLE MONDAY THROUGH FRIDAY 6:30 AM TO 6:30 PM \*  
YOU MAY FILE ONLINE IF YOU:  
- RESIDE IN HAWAII  
- ARE TOTALLY UNEMPLOYED  
- WORKED ONLY FOR HAWAII EMPLOYERS  
- HAVE NOT FILED AN UNEMPLOYMENT INSURANCE CLAIM WITHIN THE PAST 12 MONTHS  
*\*Closed on State Holidays and Furlough Days*

[Apply Online](#)

### Unemployment Insurance News

- Furlough Calendar for Unemployment Insurance
- **DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS PREPARES HAWAII'S BUSINESSES FOR HIGHER UNEMPLOYMENT INSURANCE TAX IN 2010**
- Information on Emergency Unemployment Compensation (extended benefits) (11/18/09)
- DLIR to Provide Additional 14 Weeks of Federally Funded Unemployment Benefits (11/6/09)
- DLIR Prepares Hawaii Businesses For Higher Unemployment Insurance Tax In 2010 (9/17/09)
- Limited Online Initial Claim Filing Available Now (5/27/09)
- State Unemployment Triggers Additional Federal Benefits (4/17/09)
- More News

### Worker/Benefit Information

- Applicant Information
- Unemployment Insurance Handbook
- Claim Filing By Phone
- Claim Filing Online
- Post Job Resume Online
- Job Opportunities
- FAQ

### Employer/Tax Information

- Contribution Rates Explained
- Tax Rate Calculator
- Employer Information
- Download QWRS Program
- File Quarterly Reports

# Schedule F & \$37,800 TWB



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

Employer	
UI Account Number:	1001040197
Federal Employer Id No.:	999999999
Company Name:	ABC CORPORATION
Street:	830 PUNCHBOWL ST.
City:	HONOLULU
State Code:	HI
Zip Code:	96813
Foreign Post Code:	
Tax Year:	2010
UI Tax Rate (%):	3.20
Wage Base:	37800.00
E&T Tax Rate (%):	0.01
Quarter 1:	<input checked="" type="checkbox"/>
Quarter 2:	<input type="checkbox"/>
Quarter 3:	<input type="checkbox"/>
Quarter 4:	<input type="checkbox"/>
<input type="checkbox"/> Record Changed	
Please enter your 10 digit Unemployment Insurance Account Number.	
<div></div>	
<div>SaveClose</div>	
Record: 1	

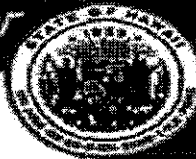
# Employer's Page



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

File Edit Reports Help

Hawaii.gov/Labor



Department of Labor & Industrial Relations

## Quarterly Wage Reporting System

ABC CORPORATION

FEIN 999999999

830 PUNCHBOWL ST.

Employer # 0001040197

HONOLULU

HI

96813

Year

2010

Quarter

1

Start New Quarter

Wage Base \$37,800.00

UI Tax Rate (%) 3.20

E&T Tax Rate (%) 0.01

Employees on File 0

Employee Sort Order: Name

Update Employee Data

Print or View Worksheets

## Contribution Worksheet

Employee Count	0
Total Quarterly Wages	0.00
Excess Wages	0.00
Net Taxable Wages	0.00
UI Contributions Due	0.00
E&T Assessment Due	0.00
Total UI Contributions and E&T Assessment Due	0.00

Prepare Transmit File



# Employee Wage Data

## Three Separate Wage Earners



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

Employees for 2010 Quarter 1

Seq. No.	SSAN	Name (Last, First MI)	Wages
▶	455-45-5555	SMITH, JOHN	\$15,080.00
	555-55-5555	TAYLOR, TERRY	\$20,800.00
	645-55-5555	SMITH, MARY	\$41,600.00
*			

Go to the last line to Add    Undelete    Delete    Update    Close

Record: 1

# Scenario A Contribution Page



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

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Hawaii.gov/Labor



Department of Labor & Industrial Relations

## Quarterly Wage Reporting System

ABC CORPORATION

FEIN

999999999

830 PUNCHBOWL ST.

Employer #

0001040197

HONOLULU

HI

96813

Year

2010

Quarter

1

Start New Quarter

Wage Base \$ 37,800.00

UI Tax Rate (%) 3.20

E&T Tax Rate (%) 0.01

Employees on File 3

Employee Sort Order SSAN

Update Employee Data

Print or View Worksheets

## Contribution Worksheet

Employee Count	3
Total Quarterly Wages	77,480.00
Excess Wages	3,800.00
Net Taxable Wages	73,680.00
UI Contributions Due	2,357.76
E&T Assessment Due	7.37
Total UI Contributions and E&T Assessment Due	2,365.13

Prepare Transmittal File

Journal file being used is: C:\QWRS Data\ABC Corporation.mdb

9/29/2009 9:05 AM



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

# Schedule A & \$13,000 TWB

Employer	
UI Account Number:	0001040197
Federal Employer Id No.:	999999999
Company Name:	ABC CORPORATION
Street:	830 PUNCHBOWL ST.
City:	HONOLULU
State Code:	HI
Zip Code:	96813
Foreign Post Code:	
Tax Year:	2010
UI Tax Rate (%):	1.10
Wage Base:	13000.00
E&T Tax Rate (%):	0.01
Quarter 1:	<input checked="" type="checkbox"/>
Quarter 2:	<input type="checkbox"/>
Quarter 3:	<input type="checkbox"/>
Quarter 4:	<input type="checkbox"/>
<input type="checkbox"/> Record Changed	
Please enter your 10 digit Unemployment Insurance Account Number.	
<div></div>	
<div>SaveClose</div>	
Record: 1	

# Scenario B Contribution Page



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

File Edit Reports Help

Hawaii.gov/Labor



Department of Labor & Industrial Relations

## Quarterly Wage Reporting System

ABC CORPORATION

FEIN

999999999

830 PUNCHBOWL ST.

Employer #

0001040197

HONOLULU

HI

96813

Year

2010

Quarter

1

Start New Quarter

Wage Base

\$13,000.00

UI Tax Rate (%)

1.10

E&T Tax Rate (%)

0.01

Employees on File:

3

Employee Sort Order:

SSAN

Update Employee Data

Print or View Worksheets

## Contribution Worksheet

Employee Count	3
Total Quarterly Wages	77,480.00
Excess Wages	38,480.00
Net Taxable Wages	39,000.00
UI Contributions Due	429.00
E&T Assessment Due	3.90
Total UI Contributions and E&T Assessment Due	432.90

Prepare Transmittal File

# Comparison of Scenarios A and B



DEPARTMENT OF LABOR &  
INDUSTRIAL RELATIONS

				Scenario A		Scenario B	
WAGE EARNER				Schedule F		Schedule A	
				Tax Rate	TWB	Tax Rate	TWB
				3.20%	\$37,800	1.10%	\$13,000
Minimum Wage Earner							
\$7.25/hr x 40/hr/wk x 52 weeks					\$15,058.00		\$15,058.00
				TAX	\$481.86	TAX	\$143.00
\$10.00/hr Wage Earner							
\$10.00/hr x 40/hr/wk x 52 weeks					\$20,800.00		\$20,800.00
				TAX	\$665.60	TAX	\$143.00
\$20.00/hr Wage Earner							
\$20.00/hr x 40/hr/wk x 52 weeks					\$41,600.00		\$41,600.00
				TAX	\$1,209.60	TAX	\$143.00
Annual Contributions Due					\$2,357.76		\$429.00
Average Annual Contributions Per Employee							
\$2,357.76/3 and \$429.00/3					\$785.92		\$143.00





PO Box 17787  
Honolulu, HI 96817  
Phone: 808.841.6600  
Fax: 808.841.0700  
E-Mail: [info@popeyeshawaii.com](mailto:info@popeyeshawaii.com)



**Testimony to the House Committee on Finance  
Friday, February 5, 2010; 1:30 p.m.  
Conference Room 308**

**RE: HOUSE BILL 2169 HD1 RELATING TO EMPLOYMENT SECURITY**

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Sean Uezu and my company is Popeyes Chicken & Biscuits. I appreciate the efforts being made by the Legislature in addressing the unemployment insurance tax increase. I support HB 2169 HD1 with amendments.

Running a quick service restaurant in Hawaii, we operate on very low price margins. It is absolutely essential to keep our costs down. A tax increase of this magnitude will result in either raising prices or worse, cutting costs such as labor. It would be ironic that the employment tax could result in increasing unemployment.

Although the current draft of the bill provides some tax assistance, I feel that lowering the schedule to another level in 2011 will alleviate some of the hardships and help businesses plan expenses over a larger period of time as well as minimize the impact on jobs, wage or benefits reductions.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 841-6600 or you can e-mail me at [Sean@PopeyesHawaii.com](mailto:Sean@PopeyesHawaii.com).



## **LATE TESTIMONY**

**Testimony to the House Committee on Finance  
Friday, February 5, 2010; 1:30 p.m.  
Conference Room 308**

**RE: HOUSE BILL 2169 HD1 RELATING TO EMPLOYMENT SECURITY**

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Jerry Gibson and my company is Hilton Hawaiian Village Beach Resort & Spa with more than 1,700 team members. I appreciate the efforts being made by the Legislature in addressing the unemployment insurance tax increase. I support HB 2169 HD1 with amendments.

Although the current draft of the bill provides some tax assistance, I feel that lowering the schedule to another level in 2011 will alleviate some of the hardships and help businesses plan expenses over a larger period of time as well as minimize the impact on jobs, wage or benefits reductions.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at the Hilton Hawaiian Village at (808) 949-4321.



LATE

Testimony to the House Committee on Finance

Friday, February 5, 2010; 1:30 p.m.

Conference Room 308

RE: HOUSE BILL 2169 HD1 RELATING TO EMPLOYMENT SECURITY

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Kirk Baldridge and my company is Ruby's Diner in which we have 40 employees. I appreciate the efforts being made by the Legislature in addressing the unemployment insurance tax increase. I support HB 2169 HD1 with amendments.

This increase will most likely push us to lay off 3-5 employees, and cause a potential loss of \$15,000-\$20,000 a year from operating profits, which could be used to expand our facilities by opening another restaurant on one of the other Hawaiian Islands.

Although the current draft of the bill provides some tax assistance, I feel that lowering the schedule to another level in 2011 will alleviate some of the hardships and help businesses plan expenses over a larger period of time as well as minimize the impact on jobs, wage or benefits reductions.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at:

Ruby's Diner

(808)248-7829

275 W. Kaahumanu Ave. #1G-03

Kahului, HI 96732

Regards,

Kirk Baldridge

**FOUR SEASONS RESORT***Maui at Wailea*

THOMAS STEINHAEUER  
Regional Vice President  
and General Manager

**LATE**

**Testimony to the House Committee on Finance  
Friday, February 5, 2010; 1:30 p.m.  
Conference Room 308**

**RE: HOUSE BILL 2169 HD1 RELATING TO EMPLOYMENT SECURITY**

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Thomas Steinhauer and I am the Regional Vice President and General Manager of Four Seasons Resort Maui, a luxury resort located in Wailea, Hawaii, employing approximately 800 people. I appreciate the efforts being made by the Legislature in addressing the unemployment insurance tax increase. I support HB 2169 HD1 with amendments.

Although the current draft of the bill provides some tax assistance, I feel that lowering the schedule to another level in 2011 will alleviate some of the hardships and help businesses plan expenses over a larger period of time as well as minimize the impact on jobs, wage or benefits reductions.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases.

Thank you for the opportunity to submit testimony. If you have any questions, please do not hesitate to contact me at (808) 874-8000.

Sincerely,

Thomas Steinhauer



Testimony to the House Committee on Finance

Friday, February 5, 2010; 1:30 p.m.

Conference Room 308

RE: HOUSE BILL 2169 HD1 RELATING TO EMPLOYMENT SECURITY

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Tom Roelens, General Manager of Four Seasons Resort Lāna'i at Manele Bay and Four Seasons Resort Lāna'i, The Lodge at Koele which currently has 615 employees. I appreciate the efforts being made by the Legislature in addressing the unemployment insurance tax increase. I support HB 2169 HD1 with amendments.

We would see an estimated increase in rate is from 0.91% to 3.2% and an increase in limit from \$13,900 to \$37,800. This would result in \$360K additional unemployment taxes. This represents an increase of 138% for this expense compared with 2009.

Although the current draft of the bill provides some tax assistance, I feel that lowering the schedule to another level in 2011 will alleviate some of the hardships and help businesses plan expenses over a larger period of time as well as minimize the impact on jobs, wage or benefits reductions.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

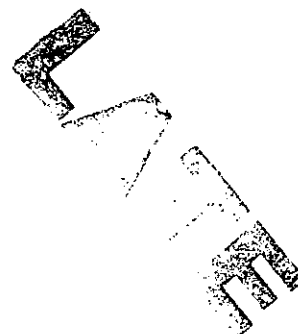
This will reduce the impact of the tax increase on businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at (808) 565-2000.

Warmest Regards,

Tom Roelens  
General Manager  
Four Seasons Resorts Lāna'i





**Testimony to the House Committee on Finance**

**Friday, February 5, 2010; 1:30 p.m.**

**Conference Room 308**

**RE: HOUSE BILL 2169 HD1 RELATING TO EMPLOYMENT SECURITY**

**Chair Oshiro, Vice Chair Lee and Members of the Committee:**

My name is Barbara Pino and my company ERGObaby is a Baby carrier manufacturing company with 20 employees. I appreciate the efforts being made by the Legislature in addressing the unemployment insurance tax increase. I support HB 2169 HD1 with amendments.

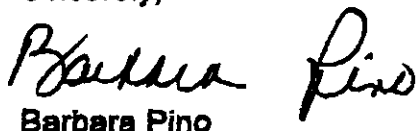
Although the current draft of the bill provides some tax assistance, I feel that lowering the schedule to another level in 2011 will alleviate some of the hardships and help businesses plan expenses over a larger period of time as well as minimize the impact on jobs, wage or benefits reductions.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at [csmanager@ergobaby.com](mailto:csmanager@ergobaby.com). 3390 Old Haleakala Hwy, Pukalani, Hawaii, 96768. 808 572-6953.

Sincerely,

  
Barbara Pino

Human Resources Manager

3390 Old Haleakala Hwy  
Pukalani, HI 96768

(808)572-6953 office  
(888)416-4888 toll free

[info@ergobaby.com](mailto:info@ergobaby.com)  
[www.ergobaby.com](http://www.ergobaby.com)

February 4, 2010

To: The Honorable Marcus Oshiro & Committee Members  
Finance Committee  
415 South Beretania St. Rm 306  
Honolulu HI 96813

Re: HB 2169, HD 1

As the CEO of The Arc of Hilo, I am thankful for this opportunity to submit testimony on HB 2169, HD 1.

Our non-profit serving people with disabilities employees over 200 people, 70 of which are people with disabilities and we will be devastated by the full increase of the unemployment insurance tax.

We will be forced to lay off employees to meet the tax burden or be forced to close some of our programs completely. Both these scenarios will take money out of our struggling economy, place a larger burden on the unemployment insurance fund and leave many people with disabilities without the services they desperately need.

I respectfully urge you to amend the bill by holding the tax rate schedule at D in 2010 and F in 2011. Please permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0. This action will allow us to better adjust to the increased unemployment insurance tax over a period of time and perhaps not have to lay off employees or close programs.

Thank you again for this opportunity to testify and if you need any additional information, please contact me at 808-557-5429.

Sincerely,

Mike Gleason, CEO  
The Arc of Hilo  
1099 Waianuenue Ave.  
Hilo, HI 96720-2019  
Phone: Office (808) 935-8534  
Cell (808) 557-5429

alled 12:26 pm

**Testimony to the House Committee on Finance  
Friday, February 5, 2010; 1:30 p.m.  
Conference Room 308**

**RE: HOUSE BILL 2169 HD1 RELATING TO EMPLOYMENT SECURITY**

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Keith Regan and my company is Credit Associates of Maui. I appreciate the efforts being made by the Legislature in addressing the unemployment insurance tax increase. I support HB 2169 HD1 with amendments.

The poor state of the economy is having an effect on all businesses both small and large regardless of what segment they are operating. Wages and jobs are critical to protect if we are to pull through these tough times. Depending on the impact of the UI increase, we may have to reevaluate our staffing levels and/or be forced to reduce wages. These are two actions I do not want to be forced to make but, depending on the actions taken, I may have few other options.

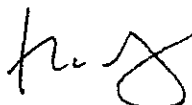
Although the current draft of the bill provides some tax assistance, I feel that lowering the schedule to another level in 2011 will alleviate some of the hardships and help businesses, including our own, plan for expenses over a longer period of time giving us some breathing room to better prepare.

To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases.

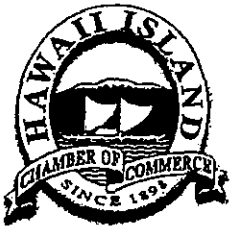
Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-244-3711.

Sincerely,



Keith A. Regan  
President

Serving the debt collection needs of Hawaii since 1954



## Hawai'i Island Chamber of Commerce

106 Kamehameha Avenue  
Hilo, Hawai'i 96720-2862  
Phone: (808) 935-7178  
Fax: (808) 961-4435  
E-mail: admin@hicc.biz  
[www.hicc.biz](http://www.hicc.biz)

### 2009-10 Board

*President*  
Mary Begier

*President-Elect*  
Mike Gleason

*Vice President*  
Jon Miyata

*Treasurer*  
Vaughn Cook

*Past President*  
Barbara Hastings

### Directors

Howard Ainsley

Kurt Corbin

Charles Ensey

Charles Erskine

Judith Fox-Goldstein

Stan Fortuna, Jr.

Stewart Hussey

Randy Kurohara

Karina Leasure

Linda Levine

Marco Mangelsdorf

Eugene Nishimura

Spencer Oliver

Robert C. Porter

Marcia Sakai

Glenn Santos

Margaret Shiba

Alice Sledge

Mele Spencer

Art Taniguchi

Ron Terry

Steve Ueda

February 4, 2010

To: The Honorable Marcus Oshiro & Committee Members  
Finance Committee  
415 South Beretania St. Rm 306  
Honolulu HI 96813

From: Mike Gleason, President-Elect  
& Government Affairs Committee Chair

Re: HB 2169, HD 1

The Hawaii Island Chamber of Commerce Government Affairs Committee is thankful for this opportunity to submit testimony on HB 2169, HD 1.

Our committee is hearing many concerns from the business community, both large and small businesses, about the devastating effect the full increase of the unemployment insurance tax will have on their businesses. They will be forced to lay off employees to meet the tax burden or be forced out of business completely. Both these scenarios will take money out of our struggling economy and place a larger burden on the unemployment insurance fund.

We respectfully urge you to amend the bill by holding the tax rate schedule at D in 2010 and F in 2011. Please permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0. This action will allow employers to better adjust to the increased unemployment insurance tax over a period of time and perhaps not have to lay off employees or close their businesses.

Thank you again for this opportunity to testify and if you need any additional information, please contact me at (808)935-8535.

**moshiro1-Ann**

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, February 05, 2010 3:18 PM  
**To:** FINTestimony  
**Cc:** kyle@gaikona.com  
**Subject:** Testimony for HB2169 on 2/5/2010 1:30:00 PM

Testimony for FIN 2/5/2010 1:30:00 PM HB2169

Conference room: 308  
Testifier position:  
Testifier will be present: No  
Submitted by: General Appliance, Inc.  
Organization: Individual  
Address: 81-6678 Mamao St. Kealakekua  
Phone: 808-322-8877  
E-mail: [kyle@gaikona.com](mailto:kyle@gaikona.com)  
Submitted on: 2/5/2010

## LATE TESTIMONY

Comments:  
GENERAL APPLIANCE, INC.  
81-6678 Mamao Street  
Kealakekua, Hawaii 96750  
Phone: 808-322-8877  
Fax: 808-322-2591

Testimony to the House Committee on Finance Friday, February 5, 2010; 1:30 p.m.  
Conference Room 308

RE: HOUSE BILL 2169 HD1 RELATING TO EMPLOYMENT SECURITY

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Kyle H. Onaka and my company is General Appliance, Inc. registered in the state of Hawaii doing business in retail sales with three full time employees. I appreciate the efforts being made by the Legislature in addressing the unemployment insurance tax increase. I support HB 2169 HD1 with amendments.

With the current economic conditions this increase would severely hinder our ability to sustain our business operations. We already pay substantially for property taxes, all labor related insurance (workman's comp., medical, unemployment, liability), and the 4% on top of the general excise taxes collected. Charging an "across the board" increase to all employers is unfair and wrong. Increases should especially be directed to those businesses that have added to the unemployment as well as the labor unions for failing to assist their members during tough economic times. After all, union members pay dues every month but they are not well represented when their union directs unemployment back to the employers. Without employers where would these union members and unions be? Making it burdensome to businesses (employers) will force them to make cutbacks and run "lean" thus only weakening our economy.

Although the current draft of the bill provides some tax assistance, I feel that lowering the schedule to another level in 2011 will alleviate some of the hardships and help businesses plan expenses over a larger period of time as well as minimize the impact on jobs, wage or benefits reductions.



To help reduce the "tax shock" and safeguard the statewide unemployment rate, please amend the bill by holding the tax rate schedule to D in 2010 and F in 2011, permanently set the taxable wage base at 90% and maintain the adequate reserve multiplier at 1.0.

This will reduce the impact of the tax increase on businesses. Extending the tax assistance beyond 2010 will save jobs, preserve businesses and spur the economy by keeping more dollars flowing into the economy through wages and purchases.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at:

GENERAL APPLIANCE, INC,  
81-6678 Mamao Street, Kealahakua, HI 96750  
Phone: 808-322-8877  
Fax: 808-322-2591  
Email: [kyle@gaikona.com](mailto:kyle@gaikona.com)