STAND. COM. REP. NO. 095

Honolulu, Hawaii 2013 RE: H.B. No. 915

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 915 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYMENT SECURITY LAW,"

begs leave to report as follows:

The purpose of this measure is to improve the integrity of the unemployment insurance program.

More specifically, the measure authorizes the Department of Labor and Industrial Relations to:

- Recoup certain overpayments of unemployment benefits from the employer's account in the unemployment trust fund;
- (2) Impose a penalty assessment upon certain individuals who have been overpaid unemployment benefits and to recoup both the penalty amount and the overpayment from the individual's federal income tax refunds;
- (3) Offset an employer's default of advance payments, contributions, or reimbursement against the employer's federal income tax refund payments; and
- (4) Use funds in the State's account in the unemployment trust fund for the payment of fees authorized under the Internal Revenue Code for the review of reductions relating to credits and refunds.

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Testimony in support of the measure was received from the Department of Labor and Industrial Relations (Department).

Your Committee finds that this measure is necessary to bring Hawaii's employment security laws into conformance with the federal Trade Adjustment Assistance Extension Act of 2011 and to make facilitating amendments. The federal law prohibits states from relieving charges to an employer's account when an overpayment results from the employer's failure to respond to the Department's written request for information and requires states to impose a specified minimum penalty on fraudulent overpayments. Failure to adopt the imposition of the minimum penalty may result in the loss of \$13,000,000 in federal grants.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 915 and recommends that it pass Third Reading.

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

IUKE, Chair SYLVIA

HSCR695

State of Hawaii House of Representatives The Twenty-seventh Legislature

Record of Votes of the Committee on Finance

Bill/Resolution No.:	Committee Referral: Dat		<u> </u>	
HB915	LAB, FIN	LAB, FIN 02/20/13		
□ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Dass, with amendments (HD) Dass				
Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)				
2. NISHIMOTO, Scott Y. (VC)				
3. JOHANSON, Aaron Ling (VC)				
4. CULLEN, Ty J.K.				
5. HASHEM, Mark J.				
6. ING, Kaniela				
7. JORDAN, Jo				
8. KOBAYASHI, Bertrand				
9. LOWEN, Nicole E.				
10. MORIKAWA, Dee				
11. ONISHI, Richard H.K.				
12. TAKAYAMA, Gregg				
13. TOKIOKA, James Kunane				
14. WOODSON, Justin H.				
15. YAMASHITA, Kyle T.				
16. FUKUMOTO, Beth				
17. WARD, Gene				
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TOTAL (17)	17			
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				