

Honolulu, Hawaii

FEB 17, 2026

RE: H.B. No. 2165
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Labor, to which was referred H.B. No. 2165
entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend the qualification for unemployed individuals who are able to receive unemployment benefits;
- (2) Beginning April 1, 2027, remove the two-year limitation on the recoupment of overpayments;
- (3) Beginning April 1, 2027, require the Department of Labor and Industrial Relations to assess and collect a service charge for dishonored unemployment insurance assessments;
- (4) Specify that employers must report separation and wage information within five calendar days of notice being sent, whether by mail or electronic notification; and



- (5) Increase the penalty for failure to report separations or wages and for failure to file or for filing insufficient wage reports.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations. Your Committee received testimony in opposition to this measure from the University of Hawaii Professional Assembly.

Your Committee finds that outdated reporting requirements and low penalty amounts within the Hawaii Employment Security Law have contributed to delays in wage reporting and hindered the timely recovery of improper unemployment benefit payments. These gaps reduce the Department of Labor and Industrial Relations' ability to administer benefits efficiently and ensure program integrity. This measure modernizes reporting timeframes, strengthens penalties, and updates overpayment recovery procedures to improve compliance and enforcement.

Your Committee has amended this measure by:

- (1) Changing the fine for failure to report the separation of any employee or the wages paid to the employee and an employer who was found to have filed an insufficient report of wages from \$1,000 to \$300; and
- (2) Changing the effective date to July 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2165, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2165, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



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



JACKSON D. SAYAMA, Chair



