

Honolulu, Hawaii

MAR 06 , 2026

RE: H.B. No. 2165
H.D. 2

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

Madame:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 2165, H.D. 1, 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 qualifications 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 Society for Human Resource Management - Hawaii; UNITE HERE Local 5; and Hawai'i Nurses' Association, OPEIU Local 50.

Your Committee finds that the effective administration of the unemployment insurance program depends on timely reporting, accurate information, and adequate enforcement tools. Your Committee further finds that limitations on the recovery of overpaid benefits, outdated reporting requirements, and insufficient penalties for noncompliance have impaired the State's ability to prevent improper payments and protect the Unemployment Compensation Trust Fund. This measure modernizes reporting requirements, strengthens recovery mechanisms, and authorizes reasonable service charges for dishonored payments to promote compliance, improve administrative efficiency, ensure state law remains consistent with federal requirements, and ensure that unemployment benefits are paid accurately and fairly to eligible claimants.

Your Committee notes that the Department of Labor and Industrial Relations requested an effective date of April 1, 2027, to allow the Department to implement the changes proposed in this measure.

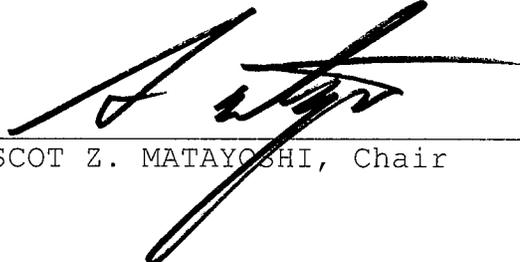
Your Committee has amended this measure by:

- (1) In the event of overpayment of an individual's weekly benefit amount, specifying that the individual is liable for an amount that does not exceed fifty percent of the weekly benefit amount paid for that week and does not reduce the weekly benefit amount below \$250;
- (2) Inserting a savings clause; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2165, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2165, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



SCOT Z. MATAYOSHI, Chair



