

## ACT 277

H. B. NO. 1119

A Bill for an Act Relating to Employment Security.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 383-63, Hawaii Revised Statutes is amended by adding thereto the following:

“(5) ‘Benefit cost rate’ means the rate derived by dividing the total net benefits paid to all individuals during a twelve-consecutive-calendar-month period by the total remuneration paid by all employers with respect to employment for which contributions are payable during the last four completed calendar quarters ending at least five months before the end of the twelve-consecutive-month period. ‘Remuneration’, as used in this paragraph, means wages as defined in section 383-10.

“(6) ‘Adequate reserve fund’ means an amount which is equal to one and one-half times the amount derived by multiplying the benefit cost rate which is the highest during the ten-year period ending on November 30 of each year by the total remuneration paid by all employers, with respect to all employment for which contributions are payable during the last four calendar quarters ending on June 30 of the same year, as reported on contribution reports filed on or before October 31 of the same year. ‘Remuneration’, as used in this paragraph, means wages as defined in section 383-10. For the purpose of determining the highest benefit cost rate, the benefit cost rate for the first twelve-consecutive-calendar-month period beginning with the first day of the first month of the ten-year period and for each succeeding twelve-consecutive-calendar-month period beginning with the first day of each subsequent month shall be computed.

ACT 277

“(7) ‘Current reserve fund’ means the total assets of the fund available for the payment of benefits on November 30 of each year (exclusive of all moneys credited under section 903 of the Social Security Act to the account of this State in the unemployment trust fund which have been appropriated for expenses of administration whether or not withdrawn from the trust fund).

“(8) ‘Reserve balance’ means the difference between all contributions paid by an employer and credited to his account for all periods before January 1 (including those paid before February 1 of the same year with respect to wages paid by him before January 1 of the same year) and the total benefits chargeable to his account for all periods before January 1 of the same year.”

SECTION 2. Section 383-67, Hawaii Revised Statutes is amended to read:

**Section 383-67. Reserve ratio.** For the calendar year 1970 and for each calendar year thereafter, an employer’s reserve ratio shall be determined by dividing the employer’s most recent reserve balance by his most recent average annual payroll. The ratio shall be rounded to the nearest ten-thousandths.”

SECTION 3. Section 383-68, Hawaii Revised Statutes is amended to read:

“**Section 383-68. Contribution rate schedules; rates based on experience.** (a) Before December 31 of each year the contribution rate schedule applicable for the following calendar year shall be determined on the basis of the relationship between the most recent current reserve fund and the most recent adequate reserve fund. If the current reserve fund is less than the adequate reserve fund, contribution rate schedule I in this section shall apply; if the current reserve fund equals or exceeds the adequate reserve fund but is less than 1.5 times the adequate reserve fund, contribution rate schedule II in this section shall apply; and if the current reserve fund equals or exceeds 1.5 times the adequate reserve fund, contribution rate schedule III in this section shall apply. If, however, the total assets of the fund available for the payment of benefits at the end of a calendar year are \$13,000,000 or more but less than \$15,000,000, the applicable contribution rate schedule for the following calendar year shall be contribution rate schedule I, and if the assets are less than \$13,000,000 at the end of the calendar year, this section shall not apply during the following calendar year.

“(b) Subject to the requirements of sections 383-63 to 383-67 and 383-69, an employer’s contribution rate for a calendar year shall be that rate which appears on the same line as his reserve ratio for the year in the contribution rate schedule applicable for the year.

CONTRIBUTION RATE SCHEDULE

Employer Reserve Ratio	Contribution Rate		
	Schedule I	Schedule II	Schedule III
.1000 or more	.8 per cent	.4 per cent	.2 per cent
.0950 - .0999	1.0 per cent	.6 per cent	.4 per cent
.0900 - .0949	1.2 per cent	.8 per cent	.6 per cent

Employer Reserve Ratio	Contribution Rate		
	Schedule I	Schedule II	Schedule III
.0850 - .0899	1.4 per cent	1.0 per cent	.8 per cent
.0800 - .0849	1.6 per cent	1.2 per cent	1.0 per cent
.0750 - .0799	1.8 per cent	1.4 per cent	1.2 per cent
.0700 - .0749	2.0 per cent	1.6 per cent	1.4 per cent
.0650 - .0699	2.2 per cent	1.8 per cent	1.6 per cent
.0600 - .0649	2.4 per cent	2.0 per cent	1.8 per cent
.0550 - .0599	2.6 per cent	2.2 per cent	2.0 per cent
.0500 - .0549	2.8 per cent	2.4 per cent	2.2 per cent
.0450 - .0499	2.8 per cent	2.6 per cent	2.4 per cent
.0400 - .0449	2.8 per cent	2.8 per cent	2.6 per cent
.0350 - .0399	2.8 per cent	2.8 per cent	2.8 per cent
Less than .0350	3.0 per cent	3.0 per cent	3.0 per cent

**SECTION 4.** This Act shall take effect upon its approval.

(Became law July 30, 1969, without Governor's signature pursuant to State Constitution, Art. III, §17.)