

STAND. COM. REP. NO.

568

Honolulu, Hawaii

FEB 16, 2007

RE: H.B. No. 520

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 520 entitled:

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

begs leave to report as follows:

The purpose of this bill is to amend the formula used for calculating the "adequate reserve fund" of the Unemployment Insurance Trust Fund (UI Trust Fund) by:

- (1) Eliminating the one and a half times multiplier used to determine the benefit cost rate; and
- (2) Reducing the number of years used to determine the benefit cost rate.

The Chamber of Commerce of Hawaii testified in support of this bill. The Department of Labor and Industrial Relations supported the intent of this measure. ILWU Local 142 opposed this bill. The National Federation of Independent Business submitted comments.

Current economic prosperity has caused the UI Trust Fund to grow and maintain a balance that far exceeds the "adequate reserve fund." However, your Committee notes that a cautious approach needs to be taken when attempting to adjust the calculations used

HB520 HD1 HSCR LAB HMS 2007-2239



in determining the "adequate reserve fund" in case the State experiences severe economic difficulties, such as those faced in the 1970s when the UI Trust Fund was depleted.

Accordingly, your Committee has amended this measure by deleting its contents and replacing it with language that requires the Legislative Reference Bureau to conduct a cost-benefit analysis of adjusting the formulas used to calculate the "adequate reserve fund".

Your Committee has also amended this bill by changing its effective date to July 1, 2007.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 520, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 520, H.D. 1, and be referred to the Committee on Finance.

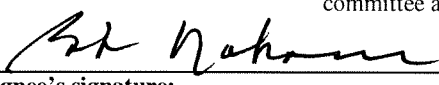
Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



ALEX M. SONSON, Chair



Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 520		Date: 2-13-07		
Committee Referral: LAB,FIN		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommitment for further consideration				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. SONSON, Alex M. (C)	✓			
2. NAKASONE, Bob (VC)	✓			
3. EVANS, Cindy	✓			
4. HAR, Sharon E.	✓			
5. LEE, Marilyn B.	✓			
6. LUKE, Sylvia	✓			
7. McKELVEY, Angus L.K.	✓			
8. NISHIMOTO, Scott Y.	✓			
9. SOUKI, Joseph M.	✓			
10. TAKAMINE, Dwight Y.	✓			
11. TAKUMI, Roy M.	✓			
12. MEYER, Colleen Rose		✓		
13. PINE, Kymberly Marcos	✓			
TOTAL	12	1	—	—
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office				