



DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

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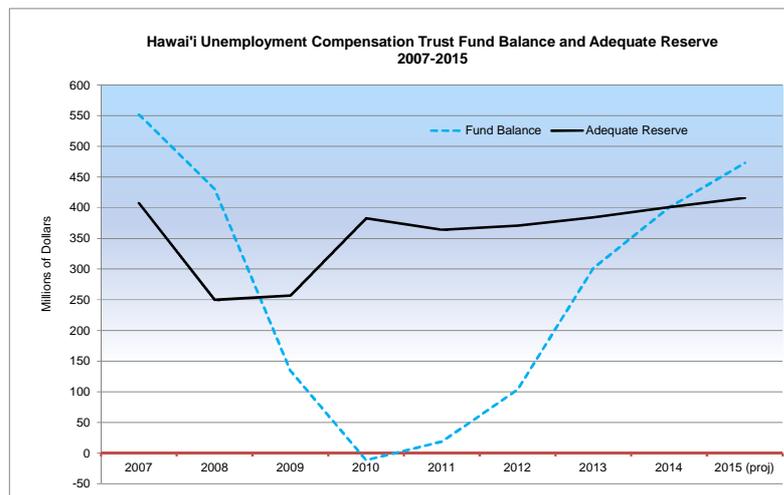
Dec. 23, 2015

STATE ANNOUNCES 26 PERCENT REDUCTION IN UNEMPLOYMENT TAXES FOR 2016

Improved Rates Projected to Save Employers \$50 Million

HONOLULU — The Hawaii State Department of Labor & Industrial Relations (DLIR) today announced a 26 percent average drop in Unemployment Insurance contribution rates, resulting in employers paying \$50 million less in taxes, or \$100 less per employee on average for 2016. The annual average per employee has fallen from \$910 in 2013 to an estimated \$300 in 2016.

“This move comes at a time of continued strength in our state’s economy. It frees up capital that companies can use to improve their businesses, and it’s also a reassuring sign to workers that the reserve has been replenished and will be available to act as a safety net in the event of a future economic downturn,” stated Gov. David Ige.



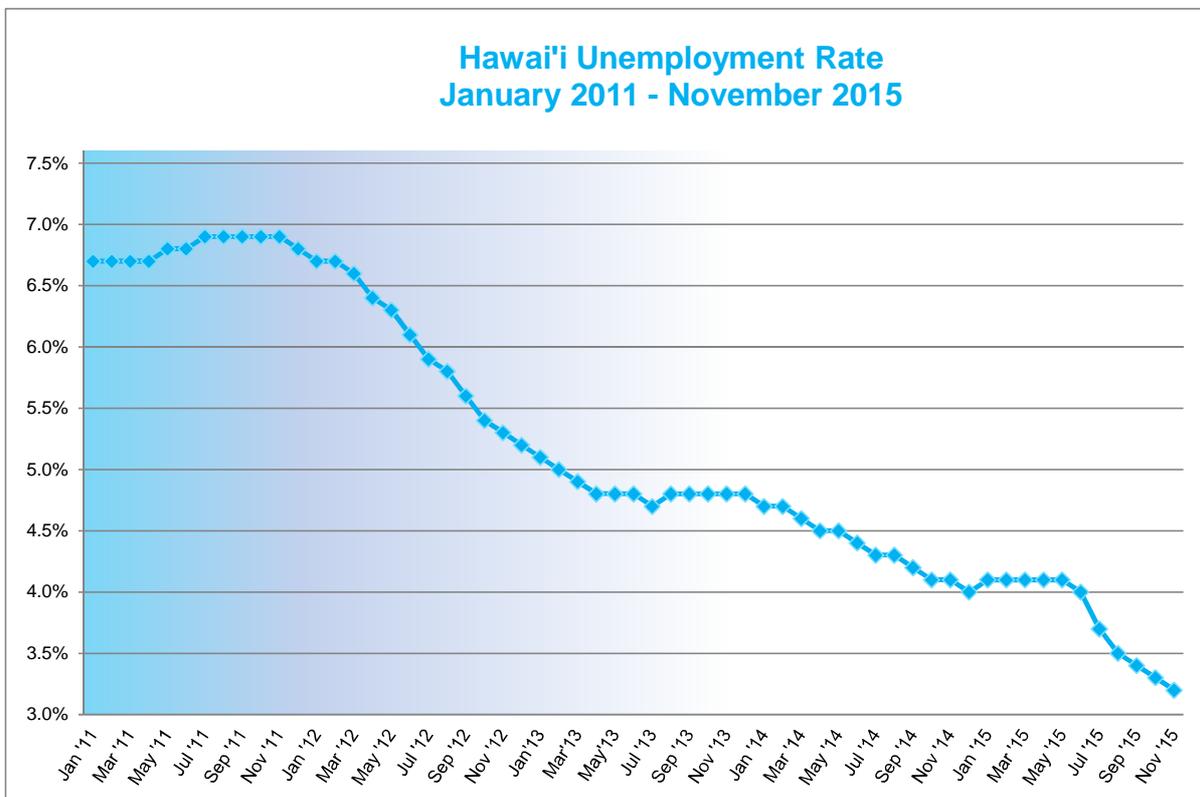
The unemployment rate has dropped to 3.2 percent in November 2015 from 4.1 percent in November 2014, which has helped contribute to the replenishment of the Unemployment Compensation Trust Fund. Hawaii had the fourth lowest unemployment rate amongst the states in November while Hawaii's civilian labor force reached a record of 679,900 persons.

The state had to borrow \$183 million to pay benefits when the Unemployment Compensation Trust Fund went bankrupt in December 2010. However, the fund balance has grown to approximately \$460 million. The goal of the unemployment insurance financing structure is to maintain the fund at

an adequate reserve level, which is the balance necessary to pay out one year of benefits. The current reserve is at about thirteen months of benefits. The higher fund balance triggered Schedule C for 2016, down from Schedule D in 2015.

“The DLIR’s duty is to protect employers against the double ‘whammy’ of diminishing profits and rising unemployment taxes during recessionary times,” said DLIR Director Linda Chu Takayama. “Unemployment benefits also provide the ability for a worker unemployed through no fault of their own to put food on the table and shelter over the heads of their family while they search for another job.”

“This is welcome news to many small businesses throughout the state who can now consider investing the savings in their businesses and personnel,” said Luis P. Salaveria, Director, Department of Business, Economic Development and Tourism. “The Trust Fund is designed to replenish its balance when times are better so the taxes on employers do not rise when the economy falters and when employers can least afford higher taxes.”



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