



DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DAVID Y. IGE
GOVERNOR

DWIGHT TAKAMINE
DIRECTOR

FOR IMMEDIATE RELEASE

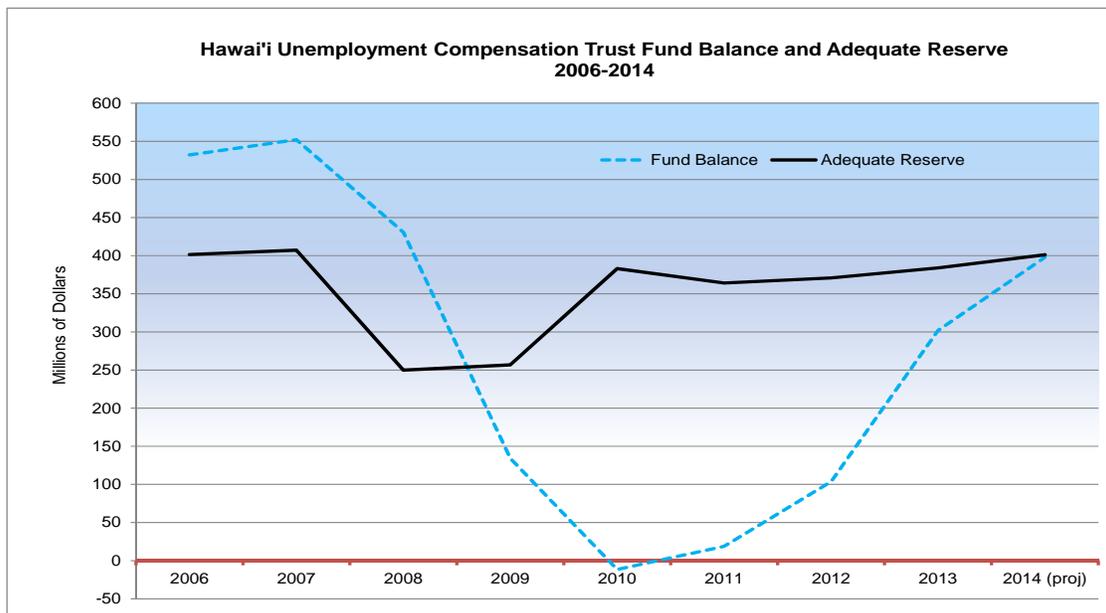
Dec. 15, 2014

STATE ANNOUNCES REDUCTION IN UNEMPLOYMENT TAXES FOR 2015 *Improved Rates Projected to Save Employers \$50 Million*

HONOLULU — The Hawaii State Department of Labor and Industrial Relations (DLIR) today announced that Unemployment Insurance contribution rates for 2015 will be reduced 22 percent on average, resulting in employers paying \$50 million less in taxes, or \$100 less per employee on average for 2015.

The unemployment rate has dropped to 4.1 percent from 6.8 percent in December 2010, which has helped contribute to the replenishment of the Unemployment Compensation Trust Fund. As of October 2014, Hawaii had the sixth lowest unemployment rate among states. Hawaii's civilian labor force reached a record of 667,750 persons in October.

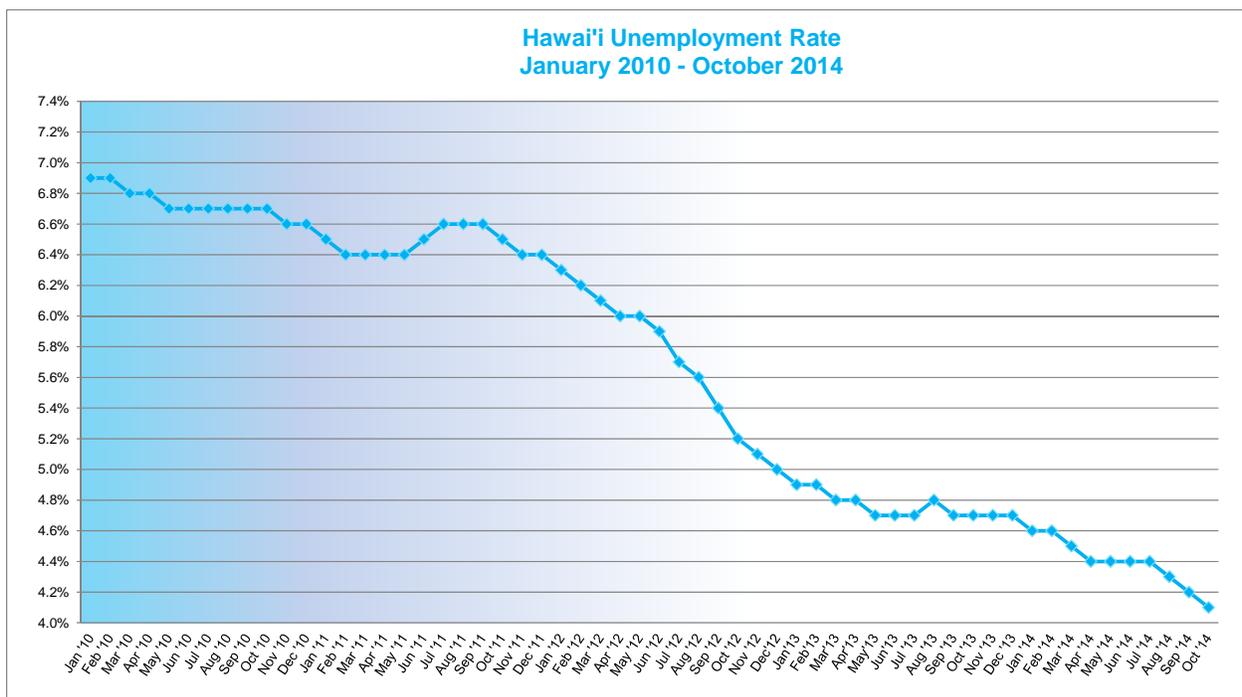
"This is welcome news to many small businesses throughout the state who can now consider investing the savings in their businesses and personnel," said Gov. David Ige. "The Trust Fund is designed to replenish its balance when times are better so the taxes on employers do not rise when the economy falters and when employers can least afford higher taxes."



The Unemployment Compensation Trust Fund went bankrupt in December 2010, and the state had to borrow \$183 million to pay benefits. However, the fund balance has grown to nearly \$400 million. The goal of the unemployment insurance financing structure is to maintain the Unemployment Compensation Trust Fund at an adequate reserve level, which is the balance necessary to pay out one year of benefits. The current reserve is at 0.99 of the adequate level, or about twelve months of benefits. The higher fund balance triggered Schedule D for 2015, down from Schedule E in 2014.

“Unemployment benefits play a major role in stabilizing the economy during recessions by maintaining the purchasing power of those without income from employment, and DLIR’s duty is to protect employers against the double ‘whammy’ of diminishing profits and rising unemployment taxes during recessionary times,” said DLIR Director Dwight Takamine.

“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.”



Equal Opportunity Employer/Program

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