



DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

**News Release**

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GOVERNOR

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**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS PREPARES  
HAWAI'I BUSINESSES FOR HIGHER UNEMPLOYMENT INSURANCE  
TAX IN 2010**

**HONOLULU** – The Department of Labor and Industrial Relations (DLIR) is reminding Hawai'i businesses that they should be preparing for higher unemployment insurance (UI) taxes in 2010. By law, the increases will automatically take effect starting in April 2010 in order to help maintain the state's unemployment insurance trust fund.

In 2007 the unemployment insurance trust fund reached an all-time high balance of \$552 million, with taxes paid by employers averaging \$280 per employee. This was a result of low unemployment rates, which ranged from 2.2 percent to 3.2 percent, Hawai'i experienced between 2004 and 2007. Under Act 110, which was passed in 2007, unemployment insurance taxes were lowered to an average of \$90 per employee for 2008 and 2009. The law included a provision to automatically raise the unemployment insurance tax when the unemployment insurance trust fund balance dipped below an adequate level.

Due to the current recession, the UI trust fund has paid out an average of \$31.7 million per month since January 2009. Hawai'i ranks among the most generous states in unemployment

benefits, paying a maximum of \$545 per week for 26 weeks of state-funded benefits and an additional 33 weeks of federally approved benefits. With these generous benefits, higher unemployment rates (7.2 percent in August), and lower UI tax collections in 2008 and 2009, the DLIR projects that the UI trust fund balance will be depleted by the last quarter of 2010.

“Under the current law, unemployment insurance taxes will automatically increase to about \$450 to \$2,040 per employee depending upon the company’s unemployment experience rating,” said DLIR Director Darwin L.D. Ching. “New employers with no experience rating will pay about \$1,500 in unemployment insurance taxes per employee, so businesses need to prepare now for the tax increase that will start in 2010,” Ching added.

The DLIR calculates the UI tax schedule each year in December using the end of November UI trust fund balance. In March, after collecting employer data from the 4<sup>th</sup> quarter of the previous year, the DLIR calculates individual businesses’ experience ratings. This experience rating determines which tier on the tax schedule a company will be in. First quarter UI taxes for 2010 will be due in April, with the 2<sup>nd</sup> quarter taxes due in July, 3<sup>rd</sup> quarter in October, and 4<sup>th</sup> quarter in January 2011.

To ensure employers are prepared for the pending UI tax increase, DLIR officials are meeting with various business groups, chambers of commerce, ethnic chambers, trade and industry associations and employers councils to explain the tax increase rates and to answer questions employers may have.

DLIR also has information about the unemployment insurance trust fund and the tax increase posted on its web site ([http://hawaii.gov/labor/reports/Briefing\\_091709.pdf](http://hawaii.gov/labor/reports/Briefing_091709.pdf)).

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