

Small Business Impact Statement

Department of Employment, Training, and Rehabilitation

NAC 612.258 Payrolling approval mechanism for employers

Pursuant to NRS 241.020 and 233B.0608

- 1. Description of the manner in which comments were solicited from affected small businesses, a summary of their responses, and an explanation of the manner in which other interested persons may obtain a copy of the summary.**

On September 8, 2025, the Division publicly posted notice of the meeting notice and agenda for the Workshop to Address the Impact of Proposed Regulation on Small Businesses to solicit public comments pursuant to NRS 241.020 and 233B.061. Said Small Business Workshop is being held on October 6, 2025 immediately following the Employment Security Council (ESC) public meeting that begins at 1:00 PM.

- 2. Manner and Method of Analysis**

This analysis was conducted by the state employee, DETR's Chief Economist, with the most understanding of the subject of unemployment insurance, projected benefit and contributions, and ability to make a valid and educated determination as to the potential impact of said regulation amendments and repeals based on said economic analyses conducted and considerations from any/all public comments received by the Department during this rulemaking process. Analysis of expected benefit costs comes from a model of estimated employment growth and estimated average wage growth on a quarter-by-quarter basis throughout the time period to which the regulation would apply. Data about the number, size, and distribution of employers comes from the records of the Division from the required reports filed by those employers,

- 3. Estimated Economic Impact**

Only those Nevada employers who choose to centrally report wages from an account that has a higher UI Contribution Rate will be subject to the proposed regulation, which requires an additional step of notification and approval to do so, while imposing no other significant cost. Because the employer is still choosing to opt-in to potentially paying a higher rate, it is assumed that the perceived value of doing so exceeds the cost to the employer. This regulation imposes no significant cost on the employer, so it is expected that employers choosing to opt-in to this process would continue to do so. This regulation amends the current regulation, which was enrolled in 2024, LCB File No. **R086-24**, adding an additional non-substantive section (c) that if approved, would provide an approval procedure that would enable a reporting and tracking mechanism of said payrolling exemption requests by the Department, ensuring the integrity of the UI program and protecting both employers and claimants against abuse.

Beneficial Impacts

This regulation helps to ensure the integrity of the UI program and experience-rating system, ensuring that costs from bad actors are not passed on to other businesses. Therefore this regulation provides the potential for significant benefits to other employers, depending on how many employers choose to engage in this process.

Adverse Impacts

This regulatory change poses no substantial adverse impact to Nevada businesses.

Direct Impacts

By ensuring that employers who opt in to this process are paying a UI Contribution Rate greater than or equal to the rate that would be assessed for such workers, employers choosing to engage in this process provide a financial benefit to the UI system overall, increasing total revenue while incurring no additional costs. This regulation provides a stronger mechanism to track and enforce that provision, creating direct benefits to all employers in the system.

Indirect Impacts

This regulatory change would assist the Department's ability to track and report said payrolling exemption requests to ensure compliance with NAC 612.258 as said regulation complies with the federal compliance regulations governing State Unemployment Tax Act (SUTA) Dumping Prevention Act, which is federal legislation signed into law in 2004, that requires states to pass laws preventing employers from artificially lowering their State Unemployment Tax Act (SUTA) rates through fraudulent means, such as manipulating business ownership and experience ratings to avoid paying higher UI taxes. The Act mandates penalties for violations and requires states to implement measures, including transfer of experience laws and SUTA dumping detection systems, to enforce compliance and ensure fair collection of unemployment taxes.

4. Consideration of Impact on Small Businesses

This regulatory change imposes no cost on any business not engaging in the payrolling exemption, and provides direct benefits to such employers by protecting the integrity of the UI system.

5. Estimated Cost of Enforcement

This regulation amendment will be enforced as a regular part of ongoing UI operations and does not represent any additional burden on staff time, as the regulation is used to modify contribution rates each year. Funding for the administration of the UI program is provided to the Department by the US Department of Labor.

6. Anticipated Revenue Increase and Use

There is no anticipated revenue increase as a result of this regulation.

7. Duplication or More Stringent Standards than Federal, State, or Local Governments

It is the determination of the Department that this regulatory review is not anticipated to result in duplication or more stringent standards than those of federal, state, or local governments.

8. The Reason for the Conclusions of the Agency Regarding the Impact of the Regulation on Small Businesses

The distribution of small business employers closely matches the overall distribution of all employers in the state and the Department believes that there is no disparate impact to small businesses due to this regulation.

Certification of Concerted Effort to Determine Impact on Small Business and Accuracy of Statement

I certify that to the best of my knowledge or belief, a concerted effort was made by the Department of Employment, Training, and Rehabilitation to determine the impact of this regulation on small business, and that the information contained in this statement has been prepared properly and is accurate.

Kristine Nelson 09.08.2025

Kristine Nelson
ESD Administrator