

LEGISLATIVE REVIEW OF ADOPTED REGULATIONS AS REQUIRED BY

NRS 233B.066

LCB FILE R084-14

The following statement is submitted for adopted amendments to Nevada Administrative code (NAC) Chapter 612.

1. A clear and concise explanation of the need for the adopted regulation.

The amendment to the regulation pertaining to NAC 612, pursuant to Nevada Revised Statute (NRS) 612.607 in order to provide clarification to the following: the requirements of conditions for approval of loans, the maximum loan amounts, how interest is charged, and the reimbursement of administrative costs.

2. A description of how public comment was solicited, a summary of public response, and an explanation how other interested persons may obtain a copy of the summary.

In compliance with NRS 233B.0603, a Employment Security Council meeting was held on May 27, 2014 and a Small Business Workshop was held on Tuesday, July 15, 2014 at 10:00 a.m., the Live meetings were held at the Legislative Building, 400 S. Carson Street, Room 3137, Carson City, Nevada 89701 and Video conferenced to the Grant Sawyer Building, 555 E. Washington Ave, Room 4406, Las Vegas, Nevada 89101. The purpose of the Employment Security Council Meeting and workshop was to review, discuss, and solicit comment on a proposed regulation pertaining to Nevada Revised Statute (NRS) 612.607, in order to provide clarification to the following: the requirements of conditions for approval of loans, the maximum loan amounts, how interest is charged, and the reimbursement of administrative costs.

Notice of the Employment Security Council meeting was sent on May 9, 2014 requesting comments by May 19, 2014 and the Workshop notice was sent on June 19, 2014 requesting comments by July 7, 2014 by U.S. mail, to all individuals and employers on the Employment Security Division mailing list. Notice was posted at the principal office of the Employment Security Division in Carson City, as well as numerous offices of the Employment Security Division throughout the state. In addition, the notice was submitted to the Legislative Counsel Bureau, the Nevada State Library, and all main county libraries in the state. The meeting was also noticed in three newspapers, the Reno Gazette Journal, the Nevada Appeal and the Las Vegas Review Journal. These documents were also made available at the website of the Department of Employment, Training and Rehabilitation (DETR) <http://www.nvdetr.org/index.htm> (DETR home

page), <http://www.nvdetr.org/publicmeetings.htm> (DETR Public Meetings page),
http://www.nvdetr.org/public_notices.htm (DETR Public Notices page),
<https://notice.nv.gov/> and at the Nevada Legislature website at
<http://www.leg.state.nv.us/App/Notice/A/>.

Posting locations:

Nevada State Library & Archives, 100 North Stewart Street, Carson City, NV 89701
Legislative Building, 401 South Carson Street, Carson City, NV 89701
Grant Sawyer State Building, 555 E. Washington Ave., Las Vegas, NV 89101
Legislative Counsel Bureau Web Site
Department of Employment, Training and Rehabilitation Web Site
All County Libraries in Nevada
Employment Security Division, State Administrative Office, 500 East Third Street,
Carson City, NV 89713
Employment Security Division Southern Administrative Office, 2800 E. St. Louis Ave,
Las Vegas, NV 89104
Unemployment Insurance Contributions, 1320 South Curry Street, Carson City, NV
89710
Reno Field Audit Office, 1325 Corporate Blvd, Suite B, Reno, NV 89502
Las Vegas Field Audit Office, 2800 E. St. Louis Ave, Las Vegas, NV 89104
Reno Appeals Office, 1325 Corporate Blvd, Suite C, Reno, NV 89502
Las Vegas Appeals Office, 2800 E. St. Louis Ave, Las Vegas, NV 89104
Reno Casual Labor Office, 420 Galletti Way, Sparks, NV 89431
Las Vegas Casual Labor Office, 1001 North A Street, Las Vegas, NV 89106
Nevada JobConnect-Carson City, 1929 North Carson Street, Carson City, NV 89701
Nevada JobConnect-Elko, 172 Sixth Street, Elko, NV 89801
Nevada JobConnect-Ely, 1500 Avenue F, Suite 1, Ely, NV 89301
Nevada JobConnect-Fallon, 121 Industrial Way, Fallon, NV 89406
Nevada JobConnect-Henderson, 119 Water Street, Henderson, NV 89015
Nevada JobConnect-Las Vegas, 3405 South Maryland Parkway, Las Vegas, NV 89169
Nevada JobConnect-North Las Vegas, 2827 Las Vegas Boulevard North, Las Vegas, NV
89030
Nevada JobConnect-Reno Town Mall, 4001 South Virginia Street, Suite H-1, Reno, NV
89502
Nevada JobConnect-Sparks, 1675 E. Prater Way, Suite 103 Sparks, NV 89434
Nevada JobConnect-Winnemucca, 475 Haskell St., Suite 1, Winnemucca, NV 89445

A copy of the proposed regulation was posted to the DETR website and provided at the meeting. During the Employment Security Council Meeting and Workshop, DETR staff members reviewed Career Enhancement Program (CEP) Veterans and Senior Citizens Small Business Loan Program regulation. Staff also reviewed the determination of

Impact to Small Businesses per NRS 233B.0608 pursuant to Subsection 3. There were no written comments received and there were no public comments during the Employment Security Council meeting or workshop.

On July 10, 2014, the Division issued an Agenda and a Notice of Intent to Act Upon the Regulation. The Notice and Agenda were sent by U.S. mail, to all individuals and employers on the Employment Security Division mailing list. The Notice and Agenda were posted at the principal office of the Employment Security Division in Carson City, as well as numerous offices of the Employment Security Division throughout the state. In addition, the notice was submitted to the Legislative Counsel Bureau, the Nevada State Library, and all main county libraries in the state, including all locations in the workshop notification list above. The meeting was also noticed in three newspapers, the Reno Gazette Journal, the Nevada Appeal and the Las Vegas Review Journal. These documents were also made available at the website of the Department of Employment, Training and Rehabilitation (DETR) <http://www.nvdetr.org/index.htm> (DETR home page), <http://www.nvdetr.org/publicmeetings.htm> (DETR Public Meetings page), http://www.nvdetr.org/public_notices.htm (DETR Public Notices page), <https://notice.nv.gov/> and at the Nevada Legislature website at <http://www.leg.state.nv.us/App/Notice/A/>.

The final draft of the regulation was drafted by LCB on July 10, 2014. On July 10, 2014, the Division posted the revised language to the DETR website and posted the revised language to the Nevada Legislature website. A copy of the revised regulation was available to the public at the hearing. During the Hearing, DETR staff members reviewed the amended regulation to the Career Enhancement Program (CEP) Veterans and Senior Citizens Small Business Loan Program, provided an explanation of the Regulation.

In compliance with NRS 233B, a Hearing for the adoption of the regulation was held on Tuesday, August 12, 2014 at 10:00 a.m., the Live meeting was held at Legislative Building, 401 South Carson Street, Room 3138, Carson City, Nevada, 89701 and Video conferenced to the Grant Sawyer Building, 555 East Washington Ave., Room 4406, Las Vegas, Nevada, 89101. The purpose of the hearing was to receive comments from all interest persons regarding the adoption of the regulation pertaining to Chapter 612 of the Nevada Administrative Code. There were no written or public comments received during the hearing.

The Division is in the process of having the audio recording of the Hearing meeting transcribed and the transcript will be posted to the DETR website as soon as it is available.

3. The number of persons who:

a. Attended at each meeting:

Employment Security Council

May 27, 2014: Carson City: 16; Las Vegas: 4

Small Business Workshop:

July 15, 2014: Carson City: 7; Las Vegas: 1

Hearing:

August 12, 2014: Carson City: 5; Las Vegas: 2

b. Testified at each meeting:

Employment Security Council

May 27, 2014: Carson City: 0; Las Vegas: 0

Small Business Workshop:

July 15, 2014: Carson City: 0; Las Vegas: 0

Hearing:

August 12, 2014: Carson City: 0; Las Vegas: 0

c. Submitted to the agency written comments:

Employment Security Council: No written comments were submitted

Small Business Workshop: No written comments were submitted.

Hearing: No written comments were submitted

4. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.

Comments were solicited from affected businesses in the same manner as they were solicited from the public. The summary may be obtained as instructed in response to question #2.

5. If, after consideration of public comment, the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

No written or public comments were received

6. **The estimated economic effect of the adopted regulation on the business which it is to regulate and on the public. These must be stated separately, and each case must include:**
- a. Both adverse and beneficial effects; and**
 - b. Both immediate and long-term effects.**

Effect on Businesses Affected by Regulation

The proposed regulation will only regulate a nonprofit lender who chooses to participate in the CEP loan program. The regulation only places additional burdens on any such lenders with respect to the grants received for this loan program, and does not restrict any business practices outside of the loan program. The regulation does provide for reimbursement of administrative costs both through interest collected on loans issued and provides for up to 10% of the grants made to the lender to be used for reimbursement of administrative expenses. Therefore, no adverse effects on the business being regulated are expected, in the short term or long term. A nonprofit lender participating in the program will have access to additional funds which may be used to issue loans to qualified borrowers; potentially increasing the amount of business that lender is able to participate in. This would be a potential benefit to the lender.

Effect on the Public

Under this regulation, there are two paths by which the public is affected. First, the effect of the loans being made in assisting the formation of new businesses. The potential beneficial impact here is to the owners of any business that may take advantage of these loans, which would provide an interest-free loan for the first year of borrowing, which is a cheaper cost of capital than may otherwise be available. If such a business has employees, the cheaper cost of capital may allow for additional employment opportunities. Such effects may be limited by the size of the loans, and the size of the grants made under this regulation.

Second, the effect of the money being pulled out of other CEP programs in order to make these loans. To the extent that grants made under this program reduce the funding available to other CEP programs, which have a direct effect on helping individuals within the state find employment, those programs may be able to help fewer jobseekers than they would be otherwise able to do. However, this depends upon whether the grants made under this program deplete the available CEP resources, or simply draw upon otherwise unspent reserves. The regulation does not force the Administrator to issue grants of a particular size, allowing the Administrator to balance the funding needs of the various CEP programs, so the potential adverse effect on other CEP programs is expected to be negligible.

7. The estimated cost to the agency for enforcement of the adopted regulation.

Based on the expectation that proposals will be requested for one statewide program, with a total grant award greater than \$100,000, the total expected cost to administer and enforce the regulation is approximately \$6,500 per year. Costs would be higher if more than one grantee were needed to provide services statewide.

8. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

The proposed regulation does not overlap or duplicate any regulations of other state or local government agencies.

9. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.

The proposed regulation is not required pursuant to federal law, nor is there a federal regulation that regulates the same activity.

10. If the regulation establishes a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

This regulation does not impose any new fees or change any existing fees.

11. Is the proposed regulation is likely to impose a direct and significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business? What methods did the agency use in determining the impact of the regulation on a small business?

The proposed regulation imposes no additional fees on any businesses, as it draws from the existing funds of the Career Enhancement Program. No change to the existing 0.05% CEP contribution rate is included in this regulation, or expected if this regulation is approved as drafted. The only potential impact is indirect, if grants made under this program should reduce the funds available for other programs under CEP, and small businesses are participating in those programs. But this is an indirect effect, and not likely to be significant to any small business.

This regulation has no negative effect on the formation of a small business. If approved, the only potential effect is to provide an additional source of funds to senior citizens or veterans who are trying to start a business, which could assist in the formation of a small

business. This regulation does not restrict the operation or expansion of any small business.

An analysis of the text of the regulation, the source of the funds used for the CEP program, and a summary of other programs funded under CEP as presented at the Employment Security Council meeting on May 27, 2014 were used in determining the impact of the regulation on a small business.