

**ADOPTED REGULATION OF THE ADMINISTRATOR OF THE
EMPLOYMENT SECURITY DIVISION OF THE DEPARTMENT
OF EMPLOYMENT, TRAINING AND REHABILITATION**

LCB File No. R153-05

Effective January 1, 2006

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1 and 2, NRS 612.220 and 612.550.

A REGULATION relating to unemployment compensation; revising the rates of contribution for eligible employers; and providing other matters properly relating thereto.

Section 1. NAC 612.270 The Administrator establishes the following schedule of contribution rates for eligible employers for calendar year ~~2005:~~ *2006:*

1. Class 1: A rate of 0.25 percent is assigned to each employer whose reserve ratio is ~~6.7~~ *7.1* percent or more;
2. Class 2: A rate of 0.55 percent is assigned to each employer whose reserve ratio is at least ~~5.3~~ *5.7* percent but less than ~~6.7~~ *7.1* percent;
3. Class 3: A rate of 0.85 percent is assigned to each employer whose reserve ratio is at least ~~3.9~~ *4.3* percent but less than ~~5.3~~ *5.7* percent;
4. Class 4: A rate of 1.15 percent is assigned to each employer whose reserve ratio is at least ~~2.5~~ *2.9* percent but less than ~~3.9~~ *4.3* percent;
5. Class 5: A rate of 1.45 percent is assigned to each employer whose reserve ratio is at least ~~1.1~~ *1.5* percent but less than ~~2.5~~ *2.9* percent;

6. Class 6: A rate of 1.75 percent is assigned to each employer whose reserve ratio is at least ~~[-0.3]~~ 0.1 percent but less than ~~[1.1]~~ 1.5 percent;
7. Class 7: A rate of 2.05 percent is assigned to each employer whose reserve ratio is at least ~~[-1.7]~~ -1.3 percent but less than ~~[-0.3]~~ 0.1 percent;
8. Class 8: A rate of 2.35 percent is assigned to each employer whose reserve ratio is at least ~~[-3.1]~~ -2.7 percent but less than ~~[-1.7]~~ -1.3 percent;
9. Class 9: A rate of 2.65 percent is assigned to each employer whose reserve ratio is at least ~~[-4.5]~~ -4.1 percent but less than ~~[-3.1]~~ -2.7 percent;
10. Class 10: A rate of 2.95 percent is assigned to each employer whose reserve ratio is at least ~~[-5.9]~~ -5.5 percent but less than ~~[-4.5]~~ -4.1 percent;
11. Class 11: A rate of 3.25 percent is assigned to each employer whose reserve ratio is at least ~~[-7.3]~~ -6.9 percent but less than ~~[-5.9]~~ -5.5 percent;
12. Class 12: A rate of 3.55 percent is assigned to each employer whose reserve ratio is at least ~~[-8.7]~~ -8.3 percent but less than ~~[-7.3]~~ -6.9 percent;
13. Class 13: A rate of 3.85 percent is assigned to each employer whose reserve ratio is at least ~~[-10.1]~~ -9.7 percent but less than ~~[-8.7]~~ -8.3 percent;
14. Class 14: A rate of 4.15 percent is assigned to each employer whose reserve ratio is at least ~~[-11.5]~~ -11.1 percent but less than ~~[-10.1]~~ -9.7 percent;
15. Class 15: A rate of 4.45 percent is assigned to each employer whose reserve ratio is at least ~~[-12.9]~~ -12.5 percent but less than ~~[-11.5]~~ -11.1 percent;
16. Class 16: A rate of 4.75 percent is assigned to each employer whose reserve ratio is at least ~~[-14.3]~~ -13.9 percent but less than ~~[-12.9]~~ -12.5 percent;

17. Class 17: A rate of 5.05 percent is assigned to each employer whose reserve ratio is at least ~~[-15.7]~~ -15.3 percent but less than ~~[-14.3]~~ -13.9 percent; and

18. Class 18: A rate of 5.4 percent is assigned to each employer whose reserve ratio is less than ~~[-15.7]~~ -15.3 percent.

Sec. 2. This regulation becomes effective on January 1, 2006.

**NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R153-05**

The Administrator of the Employment Security Division of the Department of Employment, Training and Rehabilitation adopted regulations assigned LCB File No. R153-05 which pertain to chapter 449 of the Nevada Administrative Code on November 9, 2005.

Notice date: 9/15/2005
Hearing date: 11/9/2005

Date of adoption by agency: 11/9/2005
Filing date: 11/17/2005

INFORMATIONAL STATEMENT

DESCRIPTION OF HOW PUBLIC COMMENT WAS SOLICITED

Public Workshop

In compliance with NRS 233B.061, a regular meeting of the Employment Security Council was held on October 3, 2004, at the Legislative Building, 401 S. Carson Street, Room 2135, Carson City, Nevada, to consider the unemployment contribution rate schedule to be adopted for calendar year 2006. The meeting was also video conferenced to the Grant Sawyer Building, 555 East Washington Avenue, Room 4406, Las Vegas, Nevada. Notice of the meeting was mailed on September 15, 2005, to all individuals on the Employment Security Division mailing list. Notice was posted at the principle 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 county libraries in the state, and was posted on the web sites of the Department of Employment, Training and Rehabilitation and the Legislative Counsel Bureau.

A total of 24 persons attended the meeting, including seven members of the Employment Security Council, fifteen Department of Employment, Training and Rehabilitation staff members, one newspaper reporter, and one employer representative.

Three Department of Employment, Training and Rehabilitation staff members testified at the workshop regarding the proposed contribution rate schedule. No written comments were received.

The Employment Security Council voted unanimously to adopt the proposed contribution rate schedule, which provides for an estimated average employer tax rate of 1.38 percent of taxable wages for calendar year 2006. The council consisted of two members representing labor, three members representing employers and two members representing the general public.

Public Hearing

In compliance with NRS 233B.0603, a public hearing was held on November 9, 2005, at the Legislative Building, 401 S. Carson Street, Room 2135, Carson City, Nevada. The hearing was also video conferenced to the Grant Sawyer Building, 555 East Washington Avenue, Room

4412, Las Vegas, Nevada. A copy of the proposed regulation and Notice of Intent to Adopt a Regulation were submitted to the Legislative Counsel Bureau and the Nevada State Library on October 6, 2005, providing at least 30 days notice of the Employment Security Division's intention to adopt the regulation. The notice included a copy of the proposed regulation and contained a statement of the need and purpose of the regulation. It further specified a time and location for a public hearing, at which interested individuals would be given the opportunity to present their views, or to submit any oral or written evidence. Notice of the public hearing was mailed on October 7, 2005, to all individuals 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 county libraries in the state, posted on the Department of Employment Training and Rehabilitation site, and published in three newspapers.

A total of 7 persons attended the public hearing. Cynthia A. Jones, Administrator of the Employment Security Division of the Department of Employment, Training, and Rehabilitation, presided over the hearing. 6 staff from the Department of Employment, Training and Rehabilitation and the Division's legal counsel attended the meeting. Two staff members provided testimony during the hearing. One member from the public arrived after the hearing was completed. No written comments were received.

Copies of the minutes from the public workshop and the public hearing, as well as this summary, may be obtained from Joyce Golden, Employment Security Division, 500 East Third Street, Carson City, Nevada 89713, (775) 684-3909 and are also being made available on the Department's web site at <http://www.nvdetr.org/>.

DESCRIPTION OF HOW COMMENT WAS SOLICITED FROM AFFECTED BUSINESSES

Comment was solicited from affected businesses in the same manner as for the public, as indicated above.

REASON FOR ADOPTION WITHOUT CHANGE

The regulation was adopted without change, as recommended by the Employment Security Council, and the public expressed no opposition, either verbally or in written statements.

ESTIMATED ECONOMIC EFFECT

Business which it is to regulate

All Nevada employers who are required by the Nevada Unemployment Compensation Law to pay state unemployment compensation contributions, and are eligible for a rate under the

experience rating system are affected by the adopted regulation, which sets the employer contribution rates for calendar year 2006.

Beneficial effects

The adopted contribution rate schedule provides for no increase in the estimated average contribution rate of 1.38 percent, which is the same average rate in effect for 2005.

Adverse effects

There are no anticipated adverse effects on the businesses which the regulation is to regulate.

Immediate and long-term effects

The immediate effect of the regulation is to continue payment of unemployment benefits without increasing the estimated average contribution rate paid by employers. The long-term effect is to ensure solvency of the unemployment trust fund to pay future benefits, and to serve as a stabilizer during economic downturns. The balance in the trust fund on September 30, 2005 was \$564.8 million, which were \$118.3 million more than the state solvency test of \$446.5 as provided in NRS 612.550. It is projected that the adopted contributions rate schedule will enable the fund to produce an ending balance of \$652.4 million, which will be \$153.7 million more than the projected solvency test of \$498.7

Public

While the regulation involves a tax on employers, it also has an impact on the public.

Beneficial effects

It is anticipated that the adopted contribution rate schedule will ensure continued payment of unemployment benefits to unemployed workers, which will enable them to purchase basic goods and services. Payment of benefits also serves as an economic stabilizer for the Nevada economy, particularly during periods of an economic downturn.

Adverse effects

There are no anticipated adverse effects on the public.

Immediate and long-term effects

The immediate effect on the public is to ensure payment of unemployment benefits to workers who are unemployed through no fault of their own. The long-term effect is continued solvency of the unemployment trust fund to ensure payment of such benefits in the future without borrowing funds from the federal government.

REGULATIONS OF OTHER STATE OR GOVERNMENT AGENCIES

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

FEDERAL REGULATIONS

There are no federal regulations that regulate the same activity.

NEW FEE OR INCREASE AN EXISTING FEE

The regulation does not provide for a new fee or increase an existing fee.