

**LEGISLATIVE REVIEW OF ADOPTED
PERMANENT REGULATIONS AS REQUIRED BY
NRS 233B.066**

LCB FILE R194-24

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 proposed amendment to the regulation pertaining to NAC 612, pursuant to Nevada Revised Statute (NRS) 612.550 relating to Unemployment Insurance Tax Rate schedule for Nevada Employers for calendar year 2025. NRS 612.550 requires the Administrator to annually classify employers and determine contribution rates for employers for unemployment compensation. Because the existing rates expire at the end of calendar year 2024, this regulation is needed to establish rates for calendar year 2025.

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

On September 11, 2024, the Employment Security Division publicly notified the Division would be holding a Small Business Workshop to be held on September 30, 2024 to solicit further public comment on the proposed amendment of a regulation to review, discuss, and comment on the amendment Chapter 612 of Nevada Administrative Code. The Division received no public comment as of September 25, 2024. After the Small Business Workshop, and with new data available on economic indicators, the Administrator chose to maintain a steady tax rate (representing no increase from calendar year 2024). The Division held a hearing to adopt the regulations on November 12, 2024, noticed on October 10, 2024 and received no written public comment as of November 8, 2024. Public comment was received during the hearing from Paul Moradkhan, Trade Association, Las Vegas Chamber of Commerce (pmoradkhan@vegaschamber.com) in support of no rate increase for businesses.

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
- Public Notices website
- 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
- Constituent Services Office of the Governor

- Employ NV Career Hub, 121 Industrial Way, Fallon, NV 89406
- Employ NV Career Hub, 3405 S. Maryland Parkway., Las Vegas, NV 89169
- Employ NV Career Hub, 2827 Las Vegas Blvd N., North Las Vegas, NV 89030
- Employ NV Career Hub, 4001 South Virginia St. Suite H., Reno, NV 89502
- Employ NV Career Hub, Carson City, 1929 North Carson Street, Carson City, NV 89701
- Employ NV Career Hub, Elko, 172 Sixth Street, Elko, NV 89801
- Nevada EmployNV Hub -Winnemucca, 475 Haskell St., Suite 1, Winnemucca, NV 89445

During the Small Business Workshop, DER staff members reviewed and presented the proposed 2024 Tax Rate regulation. The final draft of the regulation was drafted by LCB on October 1, 2024; the Division posted the revised language to the DETR website and posted the revised language to the Nevada Legislature website once it was made available, 30 days or more prior to the hearing to adopt. The Small Business Impact Statement per NRS 233B.0608 pursuant to Subsection 3 was also reviewed by staff at the Small Business Workshop.

The Division posted the regulation drafted by LCB to the DETR website and posted the revised language to the Nevada Legislature website. A copy of the revised regulation was also made available to the public at the Hearing and DETR staff reviewed the Amended Regulation to the 2025 Tax Rate, providing an explanation of the Regulation.

In compliance with NRS 233B, a Hearing for the adoption of the regulation was held on November 12, 2024 at 1:00 p.m. through ZOOM. The purpose of this hearing was to receive comments from all interested persons regarding the adoption of the regulation pertaining to Chapter 612, of the Nevada Administrative Code.

The transcript of the Hearing been requested and will post to DETR’s Public Meeting Minutes page within 30 days of the Hearing at the following link; https://detr.nv.gov/Page/Minutes_of_Employment_Security_Division_Employment_Security_Council

3. The number of persons who:

a. Attended at each meeting:

Small Business Workshop:

September 30, 2024: Carson City: 9

September 30, 2024: Las Vegas: 1

Hearing:

November 12, 2024: Carson City: 5

November 12, 2024: Las Vegas: 3

b. Testified at each meeting:

Small Business Workshop:

September 30, 2024

- No public comment

Hearing:

November 12, 2024

- Public comment from Paul Moradkhan, Trade Association Las Vegas Chamber, pmoradkhan@vegaschamber.com

c. Submitted to the agency written comments:

Small Business Workshop: No written comments were received.

Hearing: No written comments were submitted

4. A description of how comments were 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.

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.

The Administrator, following the engagement with the business community and the latest economic data, chose to maintain a steady tax rate.

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.

All Nevada employers subject to Unemployment Insurance (UI) Contributions and eligible for experience rating will be affected by the proposed regulation, will maintain the current ratings at 1.65% in 2025.

Beneficial Impacts

Possible increase in work search activity on the part of UI claimants, to the potential benefit of employers.

Adverse Impacts

This regulatory amendment does not pose any known adverse economic impact on the State and/or the public.

Direct Impacts

The direct impact of this regulation on any particular Nevada business depends on that business' prior experience with respect to unemployment. Because the rates that employers pay are fixed in statute, the average rate is adjusted each year in the regulatory process by adapting a range of reserve ratios which will apply to those rates. Each employer's reserve ratio changes each year as well, rising or falling, depending on the net balance of UI contributions and benefit charges from and to that account.

Indirect Impacts

This regulation complies with the federal compliance regulations governing Unemployment Insurance contribution rates. Therefore, employers maintain eligibility for a full 5.4% credit toward their federal unemployment insurance taxes. In addition, the additional solvency in the UI system will help to pay for unemployment benefits in the future. On average, evidence suggests that for each dollar in UI benefits, \$2 or more in economic activity results. In addition, employers benefit as funds are returned to the economy through UI benefit payments, helping to mitigate the decline in consumption that takes place in a recession. Finally, the UI system helps to maintain the attachment of workers to the local workforce and facilitate a faster return to work.

Immediate Effect:

This Regulation will adopt the experience rating schedule that will be in effect for calendar year 2025. The Average Unemployment Contribution Rates of 1.65% together with the Career Enhancement Program Assessment (CEP), will maintain the total of 1.70% of wages subject to unemployment contributions in 2023.

Long-Term Effect:

This Regulation will continue to build reserves and/or offset costs in the Nevada Unemployment Insurance Trust Fund, earning interest to the credit of that fund and helping to improve the State’s ability to pay unemployment benefits.

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

This regulation 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.

Anticipated Revenue Increase and Use

This regulation maintains the 2022 average UI contribution rate at 1.65% into calendar year 2025. By Law, money collected from state unemployment insurance contributions can only be used to pay unemployment insurance benefits, so these funds will remain deposited in the Nevada Unemployment Insurance Trust Fund.

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.

This regulation is only an annual modification to the Unemployment Insurance Contribution schedule. Therefore, this regulation does not duplicate or provide a more stringent standard than any other regulation of federal, state, or local governments.

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 or increased fees on employers; rather providing a positive impact for payrolling.

Kristine Nelson

Kristine Nelson, ESD Administrator

11/12/2024; 12/09/2024

Date