

LCB File No. R120-98

**NOTICE OF PUBLIC HEARING
And Intent to Adopt a Regulation
To establish Unemployment Compensation Tax Rate Schedule for 1999**

**DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
Employment Security Division**

The Employment Security Division of the Department of Employment, Training and Rehabilitation will hold a public hearing at 2:00 p.m., on Friday, November 20, 1998 in the Board Room of the Nevada Department of Education, 700 East Fifth Street, Carson City, Nevada. The purpose of the hearing will be to receive comments from all interested persons regarding the adoption of a regulation which will establish the unemployment contribution rate schedule for eligible employers for calendar year 1999. The administrator of the Employment Security Division is required to prescribe the contribution rate schedule, pursuant to NRS 612.550.

The rate schedule being proposed for 1999 will result in an estimated 1.4% average tax rate on taxable wages. This schedule was recommended by the Employment Security Council at its meeting of October 20, 1998.

Estimated Economic Effect

Business

(a) The proposed regulation provides for an estimated 1.4% average tax rate on taxable wages for the calendar year 1999, which is the same average rate on taxable wages currently in effect for 1998. The effect of the regulation is to ensure continued solvency of the Unemployment Insurance Trust Fund from which unemployment benefits are paid. The balance on September 30, 1998 was \$414.6 million, which was \$117.4 million more than the state solvency test of \$297.2 million, as provided in NRS 612.550. It is projected that the adopted rate schedule will produce an ending balance of \$457.2 million on September 30, 1999, which will be approximately \$131.7 million more than the projected state solvency test of \$325.5 million.

(b) The immediate effect will be to maintain the estimated average tax rate paid by businesses at 1.4% of taxable wages. The long-term effect will be to maintain the solvency of the Unemployment Insurance Trust Fund to ensure that unemployment benefits will be paid, and that Nevada will not have to borrow federal funds.

Public

- (a) There are no adverse or beneficial effects on the public, as the tax rate schedule would have no impact on benefit payments.
- (b) There are no immediate effects on the public. The long-term effect is to ensure that Nevada may continue to pay benefits to those individuals who are unemployed through no fault of their own, and to stabilize the economy during periods of economic downturn.

Estimated cost

There are no additional costs involved in enforcing the adopted regulation, since funds are provided by the Department of Labor to administer the Unemployment Insurance Program.

Overlap or duplication

The regulation does not overlap or duplicate any regulations of other state, or other governmental agencies.

Copies of proposed regulation

Copies of the proposed regulation may be inspected and copied during normal working hours at the Department of Employment, Training, and Rehabilitation, Employment Security Division, 500 East Third Street, Carson City, Nevada 89713.

New or increased fee

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

NRS 233B.064, Subsection 2

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

Comments

Persons wishing to comment on the proposed action of the Employment Security Division may appear at the above scheduled public hearing or may address comments, data, views or arguments in written form to the Department of Employment, Training and Rehabilitation, Employment Security Division, 500 East Third Street, Carson City, Nevada 89713.

**PROPOSED REGULATION OF THE
EMPLOYMENT SECURITY DIVISION**

**S T A T E O F N E V A D A
DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
Employment Security Division**

NEVADA ADMINISTRATIVE CODE 616.270 (REVISED)

ASSIGNMENT OF RATES

Effective January 1, 1999

AUTHORITY: NRS 616.220, 612.550

Section 1. NAC 612.270 is hereby amended to read as follows:

612.270

The administrator establishes the following schedule of contribution rates for eligible employers for calendar year ~~1998~~ 1999:

Class 1: A rate of 0.25 percent is assigned to each employer whose reserve ratio is 7.7 percent or more;

Class 2: A rate of 0.55 percent is assigned to each employer whose reserve ratio is at least 6.3 percent but less than 7.7 percent;

Class 3: A rate of 0.85 percent is assigned to each employer whose reserve ratio is at least 4.9 percent but less than 6.3 percent;

Class 4: A rate of 1.15 percent is assigned to each employer whose reserve ratio is at least 3.5 percent but less than 4.9 percent;

Class 5: A rate of 1.45 percent is assigned to each employer whose reserve ratio is at least 2.1 percent but less than 3.5 percent;

Class 6: A rate of 1.75 percent is assigned to each employer whose reserve ratio is at least 0.7 percent but less than 2.1 percent;

Class 7: A rate of 2.05 percent is assigned to each employer whose reserve ratio is at least -0.7 percent but less than 0.7 percent;

8. Class 8: A rate of 2.35 percent is assigned to each employer whose reserve ratio is at least -2.1 percent but less than -0.7 percent;

9. Class 9: A rate of 2.65 percent is assigned to each employer whose reserve ratio is at least -3.5 percent but less than -2.1 percent;
10. Class 10: A rate of 2.95 percent is assigned to each employer whose reserve ratio is at least -4.9 percent but less than -3.5 percent;
11. Class 11: A rate of 3.25 percent is assigned to each employer whose reserve ratio is at least -6.3 percent but less than -4.9 percent;
12. Class 12: A rate of 3.55 percent is assigned to each employer whose reserve ratio is at least -7.7 percent but less than -6.3 percent;
13. Class 13: A rate of 3.85 percent is assigned to each employer whose reserve ratio is at least -9.1 percent but less than -7.7 percent;
14. Class 14: A rate of 4.15 percent is assigned to each employer whose reserve ratio is at least -10.5 percent but less than -9.1 percent;
15. Class 15: A rate of 4.45 percent is assigned to each employer whose reserve ratio is at least -11.9 percent but less than -10.5 percent;
16. Class 16: A rate of 4.75 percent is assigned to each employer whose reserve ratio is at least -13.3 percent but less than -11.9 percent;
17. Class 17: A rate of 5.05 percent is assigned to each employer whose reserve ratio is at least -14.7 percent but less than -13.3 percent; and
18. Class 18: A rate of 5.4 percent is assigned to each employer whose reserve ratio is less than -14.7 percent.

Sec. 2. This regulation becomes effective on January 1, [1998] 1999