

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

**LCB File No. R096-02**

Effective January 1, 2003

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.

**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 ~~2002;~~ *2003*:

1. Class 1: A rate of 0.25 percent is assigned to each employer whose reserve ratio is ~~7.0~~ *6.4* percent or more;
2. Class 2: A rate of 0.55 percent is assigned to each employer whose reserve ratio is at least ~~5.6~~ *5.0* percent but less than ~~7.0~~ *6.4* percent;
3. Class 3: A rate of 0.85 percent is assigned to each employer whose reserve ratio is at least ~~4.2~~ *3.6* percent but less than ~~5.6~~ *5.0* percent;
4. Class 4: A rate of 1.15 percent is assigned to each employer whose reserve ratio is at least ~~2.8~~ *2.2* percent but less than ~~4.2~~ *3.6* percent;
5. Class 5: A rate of 1.45 percent is assigned to each employer whose reserve ratio is at least ~~1.4~~ *0.8* percent but less than ~~2.8~~ *2.2* percent;
6. Class 6: A rate of 1.75 percent is assigned to each employer whose reserve ratio is at least ~~0.0~~ *-0.6* percent but less than ~~1.4~~ *0.8* percent;

7. Class 7: A rate of 2.05 percent is assigned to each employer whose reserve ratio is at least ~~[-1.4]~~-2.0 percent but less than ~~[0.0]~~-0.6 percent;
8. Class 8: A rate of 2.35 percent is assigned to each employer whose reserve ratio is at least ~~[-2.8]~~-3.4 percent but less than ~~[-1.4]~~-2.0 percent;
9. Class 9: A rate of 2.65 percent is assigned to each employer whose reserve ratio is at least ~~[-4.2]~~-4.8 percent but less than ~~[-2.8]~~-3.4 percent;
10. Class 10: A rate of 2.95 percent is assigned to each employer whose reserve ratio is at least ~~[-5.6]~~-6.2 percent but less than ~~[-4.2]~~-4.8 percent;
11. Class 11: A rate of 3.25 percent is assigned to each employer whose reserve ratio is at least ~~[-7.0]~~-7.6 percent but less than ~~[-5.6]~~-6.2 percent;
12. Class 12: A rate of 3.55 percent is assigned to each employer whose reserve ratio is at least ~~[-8.4]~~-9.0 percent but less than ~~[-7.0]~~-7.6 percent;
13. Class 13: A rate of 3.85 percent is assigned to each employer whose reserve ratio is at least ~~[-9.8]~~-10.4 percent but less than ~~[-8.4]~~-9.0 percent;
14. Class 14: A rate of 4.15 percent is assigned to each employer whose reserve ratio is at least ~~[-11.2]~~-11.8 percent but less than ~~[-9.8]~~-10.4 percent;
15. Class 15: A rate of 4.45 percent is assigned to each employer whose reserve ratio is at least ~~[-12.6]~~-13.2 percent but less than ~~[-11.2]~~-11.8 percent;
16. Class 16: A rate of 4.75 percent is assigned to each employer whose reserve ratio is at least ~~[-14.0]~~-14.6 percent but less than ~~[-12.6]~~-13.2 percent;
17. Class 17: A rate of 5.05 percent is assigned to each employer whose reserve ratio is at least ~~[-15.4]~~-16.0 percent but less than ~~[-14.0]~~-14.6 percent; and

18. Class 18: A rate of 5.4 percent is assigned to each employer whose reserve ratio is less than ~~[-15.4]~~ **-16.0** percent.

**Sec. 2.** This regulation becomes effective on January 1, 2003.

**NOTICE OF ADOPTION OF PROPOSED REGULATION  
LCB File No. R096-02**

The Administrator of the Employment Security Division of the Department of Employment, Training and Rehabilitation adopted regulations assigned LCB File No. R096-02 which pertain to chapter 612 of the Nevada Administrative Code on November 18, 2002.

**Notice date:** 10/17/2002  
**Hearing date:** 11/18/2002

**Date of adoption by agency:** 11/18/2002  
**Filing date:** 12/17/2002

**INFORMATIONAL STATEMENT**

**DESCRIPTION OF HOW PUBLIC COMMENT WAS SOLICITED**

**Workshop**

In compliance with NRS 233B.061, a workshop was conducted at a meeting of the Employment Security Council on October 15, 2002, at the Legislative Building, 401 S. Carson Street, Rm. 2134, Carson City, Nevada, to consider the unemployment contribution rate schedule to be adopted for calendar year 2003. The workshop was also video conferenced to the Grant Sawyer Building, 555 East Washington Avenue, Rm. 4401, Las Vegas, Nevada. Notice of the workshop was mailed on September 20, 2002, 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 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 Legislative Counsel Bureau web site.

A total of 31 persons attended the workshop, including 7 members of the Employment Security Council, 16 Employment Security Division staff members, 2 representatives of employer organizations, 2 employer agents, 1 representative from the attorney general's offices and 3 news reporters. Three Employment Security Division staff members testified at the workshop regarding the proposed contribution rate schedule. No written comments were received.

The Employment Security Council voted to adopt the proposed contribution rate schedule, which provides for an estimated average employer rate of 1.29 percent of taxable wages for calendar year 2003. The two members of the council representing labor and the two members representing the general public voted in favor of the proposal. The three members representing employers also voted in favor of the proposal. No other comments were received from the public.

Copies of the minutes from the workshop, as well as this summary may be obtained from the Employment Security Division, 500 East Third Street, Carson City, Nevada 89713.

### **Public Hearing**

In compliance with NRS 233B.0603, a public hearing was held on November 18, 2002, at the Legislative Building, 401 S. Carson Street, Rm. 2134, Carson City, Nevada. The hearing was also video conferenced to the Grant Sawyer Building, 555 East Washington Avenue, Rm. 4401, 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 17, 2002, 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 17, 2002, 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 office 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 Legislative Counsel Bureau web site, and published in three newspapers.

A total of 11 persons attended the hearing. Myla C. Florence, Director of the Department of Employment, Training and Rehabilitation, presided, and was accompanied by 8 staff members. 1 new reporter and 1 representative of the attorney general's office attended the hearing. No comments were voiced. No other persons testified, and no written or oral comments were received.

Copies of the minutes from the public hearing, as well as this summary, may be obtained from the Employment Security Division, 500 East Third Street, Carson City, Nevada 89713.

### **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.

### **REASONS FOR ADOPTION WITHOUT CHANGE**

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

### **ESTIMATED ECONOMIC EFFECT**

#### **Business which it is to Regulate**

All Nevada employers who are required by Nevada Unemployment Compensation Law to pay state unemployment compensation contributions, and who are eligible for a reduced rate under the experience rating system, are affected by the adopted regulation, which sets the employer contribution rates for calendar year 2003.

**Beneficial effects**

The adopted contribution rate schedule provides for no increase in the estimated average contribution rate of 1.29 percent, which is the same average rate in effect for 2002.

**Adverse effects**

There are no anticipated adverse effects on the business 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, 2002 was \$476.3 million, which was \$106.1 million more than the state solvency test of \$370.2 million, as provided in NRS 612.550. It is projected that the adopted contribution rate schedule will enable the fund to produce an ending balance of \$431.3 million on September 30, 2003, which will be approximately \$85.7 million more than the state solvency test of \$345.6 million.

**Public**

Although the regulation involves a tax on employers, it also has 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 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.

**ESTIMATED COST FOR ENFORCEMENT**

There is no additional cost for enforcement of this regulation. NAC 612.270 is adopted each year to set employer contribution rates, and is required by NRS 612.550. Funds for administration of the unemployment compensation program are provided by the U.S. Department of Labor.

**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 a new fee or increase an existing fee.