

LCB File No. R096-02

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

**NOTICE OF PUBLIC HEARING
AND INTENT TO ADOPT A REGULATION
November 18, 2002**

**To establish the Unemployment Insurance Tax Rate Schedule for
Calendar year 2003
(NAC 612.270)**

The Employment Security Division of the Department of Employment, Training and Rehabilitation will hold a public hearing to receive comments from all interested persons regarding the adoption of a regulation to establish the unemployment insurance tax rate schedule for eligible employers for calendar year 2003.

The tax rate schedule being proposed is the same schedule currently in effect for calendar year 2002, and will result in an estimated 1.29% average tax rate on taxable wages. The schedule was recommended by the Employment Security Council at a workshop held on October 15, 2002, as required by NRS 233B.061.

Live Meeting: The hearing will be held on Monday, November 18, 9:00 a.m., at the Legislative Building, 401 South Carson Street, Room #2134, Carson City, Nevada 89701.

Video Conference: The hearing will be video conferenced to the Grant Sawyer Building, 555 East Washington Avenue, Room #4401, Las Vegas, Nevada 89101

Note: This hearing will also be broadcast on the Internet at www.leg.state.nv.us.

The following information is provided, pursuant to NRS 233B.0603:

1. Statement of need and purpose

The regulation is required to establish the schedule of unemployment insurance tax rates for those employers eligible for experience rating for calendar year 2003. The Administrator of the Employment Security Division is required to establish this schedule pursuant to NRS 612.550.

2. Substance of the proposed regulation

The tax rate schedule currently in effect for calendar year 2002 provides for an average tax rate of 1.29% of taxable wages. The proposed regulation will continue with the same schedule through calendar year 2003.

3. Estimated economic effect

The balance in the unemployment insurance trust fund on September 30, 2002 was \$479.2 million, which was \$109 million more than the state solvency requirement of \$370.2 million, as provided in NRS 612.550. It is projected that the proposed tax rate schedule will produce an ending balance of \$ 431.3 million on September 30, 2003, which will be approximately \$85.7 million more than the projected state solvency requirement of \$345.6 million.

(A) Effect on business

The immediate effect will be no tax rate increase for employers during a period of economic downturn. The long-term effect will be to reduce the balance in the unemployment insurance trust fund over the next year by an estimated \$47.9 million. The fund, however, is expected to exceed the state solvency test by an estimated \$85.7 million.

(B) Effect on the public

There are no immediate adverse or beneficial effects on the public, as the tax rate schedule would have no effect on unemployment benefit payments. The long-term effect is to ensure continued solvency of the unemployment insurance trust fund for payment of benefits.

4. Estimated cost

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

5. Overlap or duplication

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

6. Federal regulations

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

7. 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, or at any location listed at the bottom of this notice. Copies of this notice and the proposed regulation will also be mailed to members of the public upon request, telephone (775) 684-3909.

8. New or increased fee

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

9. 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.”

10. 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. Written submissions must be received on or before November 18, 2002. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Employment Security Division may proceed to immediately act upon any written submissions.

We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the hearing. If special arrangements for the hearing are necessary, please notify the Employment Security Division, 500 East Third Street, Carson City, Nevada 89713, or call Joyce Golden at (775) 684-3909.

This notice and a copy of the proposed regulation has been posted at the following locations:

Nevada State Library, 100 Stewart Street, Carson City, NV
Legislative Building, 401 South Carson Street, Carson City, NV
Grant Sawyer Building, 555 E. Washington Ave., Las Vegas, NV
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 89710
Unemployment Insurance Contributions, 1320 South Curry Street, Carson City, NV 89710
Casual Labor Office, 420 Galletti Way, Sparks, NV 89431
Unemployment Insurance Support Services, 1937 North Carson Street, Suite 210, Carson City, NV 89701
Workforce Investment Support Services, 1937 North Carson Street, Suite 200, Carson City, NV 89701
Nevada JobConnect- Reno Town Mall, 4001 South Virginia Street, Suite H-1, Reno NV 89502
Reno Field Audit Office, 1325 Corporate Blvd, Suite 102, Reno, NV 89502
Reno Appeals Office, 1325 Corporate Blvd, Suite 102, Reno, NV 89502
Nevada JobConnect- Elko, 172 Sixth Street, Elko, NV 89801
Nevada JobConnect-Ely, 480 Campton Street, Ely, NV 89301
Nevada JobConnect -Fallon, 121 Industrial Way, Fallon, NV 89406
Nevada JobConnect Winnemucca, 475 Haskell St., Suite 1, Winnemucca, NV 89445
Nevada JobConnect Carson City, 1929 North Carson Street, Carson City, NV 89701
Nevada JobConnect-Sparks, 2010 Oddie Boulevard, Sparks, NV 89431
ESD Southern Regional Administrative Office, 101 Convention Center Dr. Suite 925, Las Vegas, NV 89109
Las Vegas Field Audit Office, 3405 S. Maryland Parkway, Las Vegas, NV 89109
Las Vegas Appeals Office, 1820 E Sahara, Suite 301, Las Vegas, NV
Nevada JobConnect -Las Vegas, 3405 South Maryland Parkway, Las Vegas, NV 89109
Nevada JobConnect-North Las Vegas, 2827 Las Vegas Boulevard North, Las Vegas, NV 89030
Nevada JobConnect-Henderson, 119 Water Street, Henderson, NV 89015
Nevada JobConnect -Las Vegas, 2401 Las Verdes, Las Vegas NV 89102
Las Vegas Casual Labor Office, 1001 North A Street, Las Vegas, NV 89106

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EXPLANATION - matter in *italics* is new; matter in brackets ~~committed 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~~* 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~~* percent but less than ~~7.0~~* percent;
3. Class 3: A rate of 0.85 percent is assigned to each employer whose reserve ratio is at least ~~4.2~~* percent but less than ~~5.6~~* percent;
4. Class 4: A rate of 1.15 percent is assigned to each employer whose reserve ratio is at least ~~2.8~~*percent but less than ~~4.2~~* percent;
5. Class 5: A rate of 1.45 percent is assigned to each employer whose reserve ratio is at least ~~1.4~~* percent but less than ~~2.8~~* percent;
6. Class 6: A rate of 1.75 percent is assigned to each employer whose reserve ratio is at least ~~0.0~~* percent but less than ~~1.4~~* percent;
7. Class 7: A rate of 2.05 percent is assigned to each employer whose reserve ratio is at least ~~1.4~~* percent but less than ~~0.0~~* percent;
8. Class 8: A rate of 2.35 percent is assigned to each employer whose reserve ratio is at least ~~2.8~~* percent but less than ~~1.4~~* percent;

9. Class 9: A rate of 2.65 percent is assigned to each employer whose reserve ratio is at least ~~[-4.2]~~* percent but less than ~~[-2.8]~~* percent;
10. Class 10: A rate of 2.95 percent is assigned to each employer whose reserve ratio is at least ~~[-5.6]~~* percent but less than ~~[-4.2]~~* percent;
11. Class 11: A rate of 3.25 percent is assigned to each employer whose reserve ratio is at least ~~[-7.0]~~* percent but less than ~~[-5.6]~~* percent;
12. Class 12: A rate of 3.55 percent is assigned to each employer whose reserve ratio is at least ~~[-8.4]~~* percent but less than ~~[-7.0]~~* percent;
13. Class 13: A rate of 3.85 percent is assigned to each employer whose reserve ratio is at least ~~[-9.8]~~* percent but less than ~~[-8.4]~~* percent;
14. Class 14: A rate of 4.15 percent is assigned to each employer whose reserve ratio is at least ~~[-11.2]~~* percent but less than ~~[-9.8]~~* percent;
15. Class 15: A rate of 4.45 percent is assigned to each employer whose reserve ratio is at least ~~[-12.6]~~* percent but less than ~~[-11.2]~~* percent;
16. Class 16: A rate of 4.75 percent is assigned to each employer whose reserve ratio is at least ~~[-14.0]~~* percent but less than ~~[-12.6]~~* percent;
17. Class 17: A rate of 5.05 percent is assigned to each employer whose reserve ratio is at least ~~[-15.4]~~* percent but less than ~~[-14.0]~~* percent; and
18. Class 18: A rate of 5.4 percent is assigned to each employer whose reserve ratio is less than ~~[-15.4]~~* percent;
- 19. Sec. 2.** This regulation becomes effective on January 1, ~~[-2002]~~ **2003**.

* To be determined