

LCB File No. R132-04

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

**NOTICE OF PUBLIC MEETING
and
WORKSHOP
TO ADDRESS THE IMPACT OF THE PROPOSED REGULATION
ON SMALL BUSINESS PURSUANT TO NRS 233B.0608**

To Consider Adoption of a Regulation to Establish the Unemployment
Tax Rate Schedule for Calendar Year 2005
(NAC 612.270)

The Employment Security Division of the Department of Employment, Training, and Rehabilitation (775) 684-3909, will hold a public meeting and small business workshop to elicit comments from small employers on the proposed regulation to establish the unemployment tax rate schedule for Nevada employers for calendar year 2005. The proposed average annual tax rate for 2005 is 1.38%, which is an increase from the 2004 average annual tax rate of 1.29%. This notice is provided in compliance with NRS 241.020 and NRS 233B.061. A copy of the agenda is attached.

Date: Wednesday, November 3, 2004
Time: 10:00 a.m.
Location: **Live Meeting:** Public Utilities Commission
1150 E. Williams Street, Hearing Room A
Carson City, NV 89701
Video Conference: Public Utilities Commission
101 Convention Center Dr., Suite 250
Las Vegas, NV 89109

Note: A copy of the Small Business Impact Statement can be obtained on or after October 25, 2004 by calling Joyce Golden (775) 684-3909 or on the Internet at www.nvdetr.org. The meeting will also be broadcast on the Internet at <http://puc.state.nv.us/admin>

This notice and a copy of the agenda 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
Public Utility Commission, 1150 E William Street, Carson City, NV 889701
Grant Sawyer State 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
Employment Security Division Southern Administrative Office, 101 Convention Center Dr. Suite 925, Las Vegas, NV 89109
Unemployment Insurance Contributions, 1320 South Curry Street, Carson City, NV 89710
Reno Field Audit Office, 1325 Corporate Blvd, Suite B, Reno, NV 89502
Las Vegas Field Audit Office, 3405 S. Maryland Parkway,, Las Vegas, NV 89109
Reno Appeals Office, 1325 Corporate Blvd, Suite C, Reno, NV 89502
Las Vegas Appeals Office, 1820 E Sahara, Suite 301, Las Vegas, NV
Reno Casual Labor Office, 420 Galletti Way, Sparks, NV 89431
Las Vegas Casual Labor Office, 1001 North A Street, Las Vegas, NV 89106
Nevada JobConnect - Carson City, 1929 North Carson Street, Carson City, NV 89701
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 - Henderson, 119 Water Street, Henderson, NV 89015
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 - Reno Town Mall, 4001 South Virginia Street, Suite H-1, Reno NV 89502
Nevada JobConnect - Sparks, 1675 E. Prater Way, Suite 103, Sparks, NV 89431
Nevada JobConnect - Winnemucca, 475 Haskell St., Suite 1, Winnemucca, NV 89445

MEETING NOTICE AND AGENDA

**WORKSHOP TO ADDRESS THE IMPACT OF THE PROPOSED REGULATION ON
SMALL BUSINESS PURSUANT TO NRS 233B.0608**

**This meeting of the Employment Security Division is the Small Business Workshop
to solicit public comment on a proposed regulation pursuant to
Nevada Revised Statute (NRS) 233B.061.**

Name of Organization: Nevada Employment Security Division, DETR

Date and Time of Meeting: Wednesday, November 03, 2004; 10:00 a.m.

Place of Meeting:	<u>Live Meeting:</u>	<u>Video Conference To:</u>
	Public Utilities Commission	Public Utilities Commission
	1150 E. Williams Street	101 Convention Center Drive
	Hearing Room A	Suite 250
	Carson City, Nevada 89701	Las Vegas, Nevada 89109

Note: This meeting will also be broadcast on the Internet at <http://puc.state.nv.us/admin>

AGENDA

- I. Call to Order and Welcome – Cynthia A. Jones, Administrator
- II. Workshop to Consider Adoption of Regulation to Establish the Unemployment Insurance (UI) Tax Rate Schedule for Calendar Year 2005 (NAC 612.270):
 - A. Review of Unemployment Insurance Trust Fund - Patrick Morton, Economist
 - B. Tax Schedule Explanation - Joan Richards, Management Analyst
 - C. Small Business Impact Statement - Donna Clark, Chief of Contribution
- III. Public Comment
- IV. Adjournment

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

**NOTICE OF PUBLIC HEARING
AND INTENT TO ADOPT A REGULATION**

**To establish the Unemployment Insurance Tax Rate
Schedule for Calendar year 2005
(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 2005.

The tax rate schedule being proposed for calendar year 2005 will result in an estimated 1.38% average tax rate on taxable wages. This is an increase over the tax schedule currently in effect for calendar year 2004 with an average tax rate of 1.29%. The schedule was recommended by the Employment Security Council at a workshop held on October 6, 2004, as required by NRS 233B.061.

Date:	Tuesday, November 16, 2004
Time:	10:00 a.m.
Location:	<u>Live Meeting:</u> Department of Employment, Training and Rehabilitation, Auditorium 500 E. Third Street, Auditorium Carson City, NV 89713
	<u>Video Conference:</u> Nevada JobConnect-Las Vegas 3405 S. Maryland Parkway, Conference Room Las Vegas, NV 89109

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 2005. 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 2004 provides for an average tax rate of 1.29% of taxable wages. The proposed regulation will increase the average tax rate from 1.29% to 1.38%.

3. Estimated economic effect

The balance in the unemployment insurance trust fund on September 30, 2004 is estimated to be \$439.2 million, which is \$37.3 million more than the estimated state solvency requirement of \$401.9 million, as provided in NRS 612.550. It is projected that the proposed tax rate schedule

will produce an ending balance of \$455.7 million on September 30, 2005, which will be approximately \$38.3 million more than the projected state solvency requirement of \$417.4 million.

(A) Effect on business

The immediate effect will be an average tax rate increase from 1.29% in 2004 to 1.38% in 2005 for employers. However the effect on individual businesses may increase or decrease since rates are based on each employer's experience with the Unemployment Compensation Program. The long-term effect is to protect the financial integrity of the trust fund through counter-cyclical forward financing which allows the fund to build during economic expansion and provide stable taxation during periods of slow or negative economic growth.

(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 the assurance of continued solvency of the unemployment insurance trust fund and to ensure continued payment of benefits during future economic downturns.

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 increases the average tax rate from 1.29% to 1.38%. This may or may not increase the tax rate on individual businesses since each employer's tax rate is based on their experience with unemployment compensation.

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 16, 2004. 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 State 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
Employment Security Division Southern Administrative Office, 101 Convention Center Dr. Suite 925, Las Vegas, NV 89109
Unemployment Insurance Contributions, 1320 South Curry Street, Carson City, NV 89710
Reno Field Audit Office, 1325 Corporate Blvd, Suite B, Reno, NV 89502
Las Vegas Field Audit Office, 3405 S. Maryland Parkway,, Las Vegas, NV 89109
Reno Appeals Office, 1325 Corporate Blvd, Suite C, Reno, NV 89502
Las Vegas Appeals Office, 1820 E Sahara, Suite 301, Las Vegas, NV
Reno Casual Labor Office, 420 Galletti Way, Sparks, NV 89431
Las Vegas Casual Labor Office, 1001 North A Street, Las Vegas, NV 89106
Nevada JobConnect Carson City, 1929 North Carson Street, Carson City, NV 89701
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-Henderson, 119 Water Street, Henderson, NV 89015
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 Reno Town Mall, 4001 South Virginia Street, Suite H-1, Reno NV 89502
Nevada JobConnect-Sparks, 1675 E. Prater Way, Suite 103 Sparks, NV 89431
Nevada JobConnect Winnemucca, 475 Haskell St., Suite 1, Winnemucca, NV 89445

LCB File No. R132-04

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

NEVADA ADMINISTRATIVE CODE 612.270 (REVISED)

ASSIGNMENT OF RATES

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 ~~2004~~ 2005:

1. Class 1: A rate of 0.25 percent is assigned to each employer whose reserve ratio is ~~6.2~~* percent or more;
2. Class 2: A rate of 0.55 percent is assigned to each employer whose reserve ratio is at least ~~4.8~~* percent but less than ~~6.2~~* percent;
3. Class 3: A rate of 0.85 percent is assigned to each employer whose reserve ratio is at least ~~3.4~~* percent but less than ~~4.8~~* percent;
4. Class 4: A rate of 1.15 percent is assigned to each employer whose reserve ratio is at least ~~2.0~~* percent but less than ~~3.4~~* percent;
5. Class 5: A rate of 1.45 percent is assigned to each employer whose reserve ratio is at least ~~0.6~~* percent but less than ~~2.0~~* percent;
6. Class 6: A rate of 1.75 percent is assigned to each employer whose reserve ratio is at least ~~0.8~~* percent but less than ~~0.6~~* percent;
7. Class 7: A rate of 2.05 percent is assigned to each employer whose reserve ratio is at least ~~2.2~~* percent but less than ~~0.8~~* percent;
8. Class 8: A rate of 2.35 percent is assigned to each employer whose reserve ratio is at least ~~3.6~~* percent but less than ~~2.2~~* percent;
9. Class 9: A rate of 2.65 percent is assigned to each employer whose reserve ratio is at least ~~5.0~~* percent but less than ~~3.6~~* percent;

10. Class 10: A rate of 2.95 percent is assigned to each employer whose reserve ratio is at least ~~[-6.4]~~* percent but less than ~~[-5.0]~~* percent;
11. Class 11: A rate of 3.25 percent is assigned to each employer whose reserve ratio is at least ~~[-7.8]~~* percent but less than ~~[-6.4]~~* percent;
12. Class 12: A rate of 3.55 percent is assigned to each employer whose reserve ratio is at least ~~[-9.2]~~* percent but less than ~~[-7.8]~~* percent;
13. Class 13: A rate of 3.85 percent is assigned to each employer whose reserve ratio is at least ~~[-10.6]~~* percent but less than ~~[-9.2]~~* percent;
14. Class 14: A rate of 4.15 percent is assigned to each employer whose reserve ratio is at least ~~[-12.0]~~* percent but less than ~~[-10.6]~~* percent;
15. Class 15: A rate of 4.45 percent is assigned to each employer whose reserve ratio is at least ~~[-13.4]~~* percent but less than ~~[-12.0]~~* percent;
16. Class 16: A rate of 4.75 percent is assigned to each employer whose reserve ratio is at least ~~[-14.8]~~* percent but less than ~~[-13.4]~~* percent;
17. Class 17: A rate of 5.05 percent is assigned to each employer whose reserve ratio is at least ~~[-16.2]~~* percent but less than ~~[-14.8]~~* percent;
18. Class 18: A rate of 5.4 percent is assigned to each employer whose reserve ratio is less than ~~[-16.2]~~* percent.

Sec. 2. This regulation becomes effective on January 1, 2005.

* To be determined