

LCB File No. R128-09

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

(This posting replaces the notice posted on 9/16/2009 (the new regulation language was not correctly identified on the last pages))

MEETING NOTICE AND AGENDA

Notice of Workshop to Solicit Comments on Proposed Regulations

The Employment Security Division of the Department of Employment, Training, and Rehabilitation, 500 E. Third Street, Carson City, NV 89713, (775) 684-3909, is proposing regulations pertaining to Chapter 612 of Nevada Administrative Code. A workshop has been set for 1:00 p.m., on September 30, 2009, at the Legislative Building, 401 S. Carson Street, Room 2135, Carson City, NV, 89701 and will be video conferenced to the Grant Sawyer Building, 555 East Washington Avenue, Room 4401, Las Vegas, NV, 89101. The purpose of the workshop is to solicit comments from interested persons on the following general topics that may be addressed in the proposed regulation:

To establish regulations pertaining to Assembly Bill 338 of the 2009 Nevada Legislative Session.

A copy of all materials relating to the proposal may be obtained at the workshop or by contacting the Department of Employment, Training, and Rehabilitation, 500 E. Third Street, Carson City, NV 89713, (775) 684-3891. A reasonable fee for copying may be charged.

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, within 72 hours of meeting date and time.

This Notice of Workshop to Solicit Comments on Proposed Regulations has been sent to all persons on the agency's mailing list for administrative regulations and posted at the following locations:

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 at www.nvdetr.org
All County Libraries in Nevada
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
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, 2800 East St. Louis Ave, Las Vegas, NV 89104
Reno Appeals Office, 1325 Corporate Blvd, Suite C, Reno, NV 89502
Las Vegas Appeals Office, 2800 East St. Louis Ave, Las Vegas, NV 89104
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 89169
Nevada JobConnect-North Las Vegas, 2827 Las Vegas Boulevard North, Las Vegas, NV 89030
Nevada JobConnect-Pahrump, 2101 East Calvada Blvd., Pahrump, NV 89041
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

This meeting, conducted by the Administrator of the Employment Security Division is the workshop to solicit public comment on a proposed regulation pertaining to Nevada Revised Statute 612.606 and 612607 and Chapter 612 of Nevada Administrative Code as a result of the passage of Assembly Bill 338 of the 2009 Legislative Session pursuant to Nevada Revised Statute (NRS) 233B.061.

Name of Organization: Department of Employment, Training and Rehabilitation (DETR)

Date and Time of Meeting: Wednesday, September 30, 2009; 1:00 P.M.

Place of Meeting: Live Meeting:

Legislative Building
401 S. Carson Street, Room 2134
Carson City, Nevada 89701

Video Conference To:

Grant Sawyer Building
555 E. Washington Ave, Room 4401
Las Vegas, Nevada 89101

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

AGENDA

- I. Welcome – Cynthia Jones, Administrator, Employment Security Division, DETR
- II. Workshop to Consider Adoption of a new Regulation under Chapter 612 of the Nevada Administrative Code. This action is required as a result of the passage of Assembly Bill 338 of the 2009 Legislative Session which established a Program under the Unemployment Compensation Administration Fund to provide grants to nonprofit private entities to be make loans to veterans and senior citizens to start small businesses.
- III. Public Comment
- IV. Adjournment

Agenda items may be taken out of order.

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

Proposed Regulations as required in Assembly Bill 338

Chapter 612 of Nevada Administrative Code (NAC) is hereby amended by adding thereto the provisions set forth as sections 1 to 6, inclusive, of this regulation. (NRS 612.607(c))

1. Except as otherwise provided in subsection 2(a), the Administrator may establish a program to disburse grants of money to non-profit organizations that are to be used exclusively to assist the start-up of small businesses unconditionally owned and controlled by one or more eligible Veterans of the United States Military or one or more individuals meeting criteria of being senior citizens.

(a) A "Veteran" has the meaning ascribed to it in 38 U.S.C. 101 ' (2)

(b) A "Senior Citizen" is a person who has reached the age of sixty-two years as defined under Nevada Revised Statute (NRS) 439.650.

2. All public funding used in support of this program is to be collected under provisions of NRS 612.606.

3. Grants of money may be distributed from the Unemployment Security Administration Fund to organizations meeting the criteria of being classified as a non-profit organization as defined under Chapter 81 and Chapter 82 of NRS.

(a) Non-profit organizations applying for grant funding under this section may be required to demonstrate principals of fiduciary responsibility, accounting practices and fiscal mechanisms consistent with safeguarding the public interest and funds.

(b) All grants awarded are subject to audit and review by the Employment Security Division (ESD).

4. Non-profit organizations may loan money from grant funding in a manner consistent with provisions of this code.

(a) A start up business is defined as one that has been in business 6 months or less.

(b) A loan to a start up business up to \$5,000 may be approved by the Non-Profit (s) charged with administering the program.

(c) A waiver of the \$5,000 limit for loans not to exceed \$10,000 may approved by the Administrator.

(d) A loan may not be granted to any business owned wholly or in part by any person with whom the reviewer would be required to disclose a relationship with under provisions of NRS 281.210 or NAC 284.0533.

(e) A loan may not be granted to any business owned wholly or in part by any person who is an employee of the non-profit organization or under a contract of service to the non-profit organization.

(f) The start-up business must be at least 51% owned and controlled by eligible Veterans or Senior Citizens as defined in Section 1(a) or 1(b).

(f) The start-up business shall be properly registered with the Nevada Department of Taxation by having completed and submitted a Nevada Business Registration in a manner consistent with NRS 360.780, and shall demonstrate compliance with Unemployment Insurance Contributions and Worker Compensation requirements as applicable.

(g) Applicants for funding shall present a business plan clearly delineating the business' intended use for funding. The form and format of the plan shall be defined by the non-profit.

(h) Any legally organized business entity may only have one outstanding loan at a time.

(i) Any legally organized business entity that has successfully repaid an outstanding loan and continues to meet the definition of a start-up business under provisions of section 4(a) may apply for additional funding for expansion.

(j) Any legally organized business entity that receives grant funding may use the funds for licensing, permitting, start-up costs and other business-related costs, but may not be used in any manner that pays expenses commonly considered personal in nature.

5. Non profit(s) that administer(s) the loan program may be entitled to administrative cost reimbursement for up to but not exceeding 10% of the total funds awarded to them for the purpose of making loans under this program.

(a) Administrative costs may be claimed in a manner consistent with generally accepted accounting principles.

(b) Administrative cost reimbursements shall be claimed on forms approved by the Administrator.

(c) The administrating non-profit shall establish an appeals process for business entities denied funding under this program. The process should include a panel or committee that meets as needed to ensure timely resolution of appeals. The records of this appeal review panel are open to inspection by ESD in a manner no different than any other records related to this program.

6. Loans are to be repaid within 4 years. For any loans having a balance after the first year, the non-profit(s) charged with administration of the program shall establish payment agreements that result in full principle and interest repayment by the end of the 4th year.

(a) The first year of a loan to a start up business shall be interest free. Any loan outstanding past 1 year shall be charged an interest rate of 5% simple interest per annum.

(b) All interest earned is to be deposited in a separate loan fund account established and maintained by the non-profit for the purpose of administering the program, and shall not be comingled with other funds

(c) Failure of a loan-recipient business to retire the debt in a manner consistent with the intent of this section may result in collection activity per NRS 612.625 through NRS 612.628 inclusive and NRS 31.

(d) The administrator may waive collection and write-off the loan balance of any business securing a loan through this program if:

(1) The loan did not result in whole or in part due to fraud or misrepresentation on the part of the recipient; and,

(2) Inability to repay the loan can be demonstrated; and,

(3) Its recovery would be against equity and good conscience as determined by the Administrator.

7. The Administrator shall insure that grants are disbursed through qualified non-profit agencies. Qualified non-profit agencies will be identified using information which should be addressed in detail in the responding non-profit organization's proposal. Additionally, responding non-profit agencies shall provide three years current Financial Statements with their proposals. The criteria to determine a qualified non-profit agency will include the following considerations:

- (a) Experience and performance in delivering financial educational training/counseling;*
- (b) Experience and performance with the management of loan pools/funds;*
- (c) Evidence of an established lending process; including underwriting guidelines and delinquent/collection policies and procedures;*
- (d) Length of time entity has been providing financial services to the public and/or private sector;*
- (e) Ability to provide services on a statewide or regional basis;*
- (f) Aging of current loan portfolio*