

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

LCB File No. R149-10

**NOTICE OF INTENT TO ACT UPON A REGULATION
Notice of Hearing for the Adoption of a Regulation of the
Employment Security Division of the
Department of Employment, Training and Rehabilitation**

The Employment Security Division of the Department of Employment, Training and Rehabilitation (DETR) will hold a public hearing at 10:00 a.m., on Tuesday, December 7, 2010 in the auditorium at 500 E. Third Street, Carson City, Nevada. The hearing is also available by videoconference at DETR's southern headquarters at 2800 E. St. Louis Avenue, Conference Room C, Las Vegas, Nevada. The purpose of the hearing is to receive comments from all interested persons regarding the amendment of a regulation that pertains to Chapter 612 of the Nevada Administrative Code.

The following information is provided pursuant to the requirements of 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 2011. The Administrator of the Employment Security Division is required to establish this schedule annually, pursuant to NRS 612.550.

2. How to obtain the revised text of regulation

You may obtain a copy of the proposed regulation as revised or approved by Legislative Counsel by writing to the Department of Employment, Training and Rehabilitation, Employment Security Division, 500 E. Third Street, Carson City, Nevada 89713, or telephone Joyce Golden at (775) 684-3909.

3. Estimated economic effect

The resources of the state unemployment insurance trust fund were exhausted in October of 2009, and Nevada began borrowing from the federal unemployment account to continue benefit payments to unemployed workers. Due to the unprecedented economic downturn with historical levels of unemployment benefit claims, it is projected that Nevada will borrow up to \$1 billion in order to pay claims through calendar year 2011. It was, therefore, determined that an increase in the average unemployment insurance tax rate is necessary to begin to address the insolvency of the trust fund. The proposed increase in the average tax rate from 1.33% to 2.0% is expected to increase the

Unemployment Compensation Trust Fund by over \$136 million in calendar year 2011, reducing state borrowing from the federal account.

(a) **Effect on businesses**

All Nevada employers subject to Nevada Unemployment Compensation Law that pay an unemployment insurance tax rate subject to the experience rating system are affected by the tax rate schedule in the proposed regulation. This constitutes approximately 35,000 or 62% of total registered businesses. The immediate effect of the proposed regulation is an increase in the average tax rate from 1.33% to 2.0%. However, the effect on individual businesses will vary, depending upon each individual business' experience record within the program. Employers with high employee turnover will be more likely to shift into a higher tax rate, while those who retained their employees, and have low employee turnover, may not have a change in their tax rate. An increase in the average tax rate provides a benefit to employers as it will allow the unemployment trust fund to recover a portion of the current deficit spending and reduce the amount of interest accrual on outstanding loans.

(b) **Effect on the public**

The tax rate schedule will become effective January 1, 2011 and remains in effect for the calendar year. The immediate and long-term beneficial effect on the public is to ensure the payment of unemployment benefits to workers who are unemployed through no fault of their own. Unemployment benefits enable unemployed persons to purchase goods and services and put those resources back into the local economy. Since July 2008, unemployment insurance benefits payments have infused approximately \$3.8 billion into Nevada's economy, providing a direct economic stabilizer for both Nevada workers and employers. No immediate or long-term adverse effects on the public are known.

4. **Statement of impact on small businesses**

Pursuant to NRS 233B.0608, the Department of Employment, Training and Rehabilitation, Employment Security Division, provided a Small Business Impact Statement and solicited public comments at a Small Business Workshop conducted on October 25, 2010.

5. **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.

6. Overlap or duplication of regulations

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

7. Required pursuant to federal law

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

8. Summary of provisions more stringent than the federal regulations

Not applicable.

9. Comments

Persons wishing to comment on the proposed action of the Department of Employment, Training and Rehabilitation, Employment Security Division, may appear at the scheduled public hearing or address their comments, data, views or arguments in written form to the Employment Security Division, 500 E. Third Street, Carson City, Nevada 89713. The Employment Security Division must receive all written submissions on or before December 3, 2010. 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 immediately to action upon any written submissions.

10. 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, will issue a concise statement of the principal reasons for and against its adoption or incorporate therein its reason for overruling the consideration urged against its adoption.

11. New or increased fee

The regulation increases the average tax rate from 1.33% to 2.0%. 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.

12. Mailing list

Copies of this notice and the proposed regulation will be mailed to all persons who have requested to be placed upon the mailing list of the Employment Security Division. Also, copies will be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary. This does not apply to a public body subject to the Open Meeting Law.

13. Submission to Legislative Counsel Bureau

This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at <http://www.leg.state.nv.us>.

We are pleased to make reasonable accommodations for individuals with disabilities who wish to attend the hearing. If special arrangements for the hearing are necessary, please notify the Employment Security Division in writing at 500 E. 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 hearing and a copy of the proposed regulation have been posted at the following locations:

Nevada State Library and Archives, 100 N. Stewart Street, Carson City, NV 89701
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
All County Libraries in Nevada
Employment Security Division, Northern Administrative Office, 500 E. 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 E. St. Louis Ave, Las Vegas, NV 89104
Reno Appeals Office, 1325 Corporate Blvd, Suite C, Reno, NV 89502
Las Vegas Appeals Office, 2800 E. 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, 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