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PRESS RELEASE

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Legislature Approves Temporary Assessment on Employers To Pay Interest on Unemployment Insurance Loan

Carson City, NV - The Nevada Legislature recently passed Assembly Bill 482 creating a temporary assessment on employers which will be used by the state to pay the interest on the Title XII advances received from the United States Treasury Department to pay regular unemployment insurance benefits. The interest on Title XII loans is about \$17 million and is due by September 30, 2013.

The current outstanding loan balance is approximately \$560 million, said Renee Olson, administrator for the Employment Security Division of the Department of Employment, Training and Rehabilitation (DETR).

The Employment Security Division will send each employer a bill itemizing their proportionate share of the temporary assessment on or before June 30, 2013. The amount will be based upon each employer's total taxable wages paid during the 2012 calendar year. The average employer will pay about \$25 per employee. Due by July 31, 2013, the temporary assessment payment must be kept separate from quarterly unemployment contributions for accounting purposes and can only be used for the interest payment, Olson said.

Nevada employers contribute to the state's unemployment insurance trust fund, which is used to pay regular unemployment benefits. Since July of 2008, Nevada has paid more than \$3.4 billion in regular unemployment insurance benefits and \$3.6 billion in federal benefits for a combined total of more than \$7 billion dollars in unemployment benefits.

"Nevada began the recession with over \$800 million in its trust fund, but depleted it due to the overwhelming number of people receiving benefits. Since October 2009, Nevada has had to borrow from the federal government in order to continue payment of regular unemployment insurance benefits to eligible unemployed workers," Olson said. "The temporary assessment will be collected only so long as necessary. We understand that the recession has taken a toll on Nevada's businesses, but it is vital that we pay the interest on the loan and begin to make the trust fund whole again."

The provisions of Nevada Revised Statutes 612 applicable to the collection of

unemployment insurance contributions also apply to the collection of the temporary interest assessment. Interest will be charged at 1 percent of the amount past-due for each month or fraction of a month the assessment remains unpaid.

Olson added that a second bill, Senate Bill 515, was also passed during the 2013 legislative session with broad-based support from employers, chambers of commerce, industry and legislators, to enable the Employment Security Division to pursue the private financing of outstanding unemployment insurance loans, principal, and interest through a bond scenario. Olson said she will be working with the state treasurer's office, and bond underwriters to evaluate the cost and benefits of moving forward on bonding the outstanding unemployment insurance loan debt. If a bond solution is implemented to address the outstanding federal loan the aforementioned AB 482 interest assessment will not be necessary in the future as the bond assessment will address principal and interest on the outstanding loan balances. More information is available at https://uitax.nvdetr.org/crhtml/whats_new.htm.

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DETR is comprised of the Employment Security Division, Equal Rights Commission, Rehabilitation Division, the Information Development and Processing Division and the Research and Analysis Bureau. DETR works in partnership with the Nevada JobConnect System to provide training and job placement services to job seekers and to assist employers in hiring practices.