

VERBATIM TRANSCRIPTION

of

the

SMALL BUSINESS WORKSHOP OF THE
DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

held on

December 4, 2012

Prepared by

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**DETR - Nevada Employment Security Council
December 4, 2012 Meeting
Verbatim Transcript**

Note: *If a portion of the recording could not be transcribed due to the quality of the recording or because the words could not be distinguished, this has been indicated as follows: "(Incomprehensible)".*

OLSON: ...Administrator of the Employment Security Division. I managed to use the right button today so you can all hear me starting out here. So that's a good way to start out. I'd like to call the hearing to order.

The purpose of this public hearing is to receive comment on a proposed regulation to establish the Unemployment Insurance Tax Rate Schedule for calendar year 2013. NRS 612.550 requires the administrator of the Employment Security Division to establish the schedule each year by regulation. Mrs. Golden, was proper notice of today's public hearing given as required by NRS 233(b).060?

GOLDEN: Joyce Golden, Assistant to the Administrator. Yes, it was.

OLSON: Thank you. A regulation workshop to solicit comments from interested parties as well as the public was conducted on October 2, 2012 as required by NRS233(b).061 and NRS 233(b).0608. At the public meeting and regulation workshop held on October 2, 2012, the Employment Security Council recommended to increase the unemployment average tax rate from 2.0 percent to 2.25 percent for experience rated employers for the upcoming calendar year 2013.

Public comment in Carson City was received from the Nevada Manufacturer's Association, recommending an increase in the average rate, and to consider restructuring the statutory schedule or rates in the upcoming legislature to provide a more even distribution of employers across the rate schedule.

Public comment from Las Vegas was received from the Nevada Taxpayer's Association, and the Las Vegas Chamber of Commerce in favor of the rate increase. On November 2, 2012, a small business workshop was held to receive comment from small businesses and other affected employers, written and verbal comments were received from the public at this workshop in favor of the increase from 2.0 to 2.25 percent. Comments from a small business owner, and a written comment from a small business both expressed concern about the effect of an increase on small businesses. Comments from the Nevada Manufacturers Association, the Nevada Taxpayers' Association, and the Las Vegas Chamber of Commerce were in favor of the increase.

I have chosen to accept the Employment Security Council's recommendation to increase the unemployment insurance average tax rate to 2.25 percent for calendar year 2013. The average tax rate established by this regulation affects

those employers eligible for an experienced rating, which are approximately 36, 263 or 63 percent of all employers.

The Unemployment Insurance Trust Fund is maintained on a counter cyclical financing basis so that during economic downturns there are usually reserves available to cover benefits without having to raise the employer taxes. However, due to the extreme nature of the economic downturn we've experienced, those reserves have been depleted.

On October 1, 2012, the net deficit of the unemployment trust fund was \$676 million, and under the proposed schedule, trust fund deficit is estimated to be \$557 million on September 30, 2013. At that level, the fund would be approximately \$1.6 billion under the minimum state solvency target provided in NRS 612.550.

Ms. Golden, have we received any written comments on the proposed regulation?

GOLDEN: Joyce Golden. No, we have not.

OLSON: Thank you. At this time I would like to now open the hearing for public comment. It looks like we have some comment in the north, and then we'll go to the south for any public comment down there. Thank you.

ABNAY: Thank you, Madam Administrator. For the record, Tray Abnay, representing the 2500 (inaudible) businesses, and the 90,000 employees of the Chamber of Commerce of Reno, Sparks, and Northern Nevada. I'm sorry for being a little late to this party. I know you've had a couple of other meetings before. I tried to herd the cats of my group to get a presentation, and I want to thank DETR for providing staff to give us a presentation, the ins and outs of all this.

I generally want to associate my organization with the comments made by the Nevada Taxpayers and with the Las Vegas Chamber of Commerce. I wish I could say I was up here in support, but I think I'm more up here in understanding. We understand this decision. We agree with your decision. It's the only possible choice that you have, and we need to -- it doesn't even begin to fill the hole, it just makes the shovel a little smaller of the hole that we keep digging in this trust fund. And so we are committed to working together with you, Madam Administrator, and with others as the legislative session approaches, and throughout the legislative session to see if there's any other solutions to this issue.

You know, just so everyone is aware, I know that this hearing is based on this specific rate increase, but, you know, my members in the City of Reno alone have face three different fee increases just in the last year. We've got a margins tax effort looming over our heads, and of course we all try to heed the

warning of Mark Twain that once the legislature starts to meet. So we have a lot of things going on, a lot of pressure from all sides, not to mention the federal government and healthcare costs and everything else that is happening at this time. So it is a difficult thing to do. It's a difficult increase for my members to absorb, but it is the right thing to do, and we know you had a tough decision to make and we thank you very much.

OLSON: Thank you very much. I appreciate your comments. Anyone else in the north that would like to make public comment? Seeing none, we'll move to the south.

VILARDO: For the record, Carole Vilaro, Nevada Taxpayers Association. I'm not going to repeat prior testimony, but wanted to be here again to reiterate that we think this is a necessary move. We are, again, looking forward to addressing some of the other issues that were raised at the earlier meetings, and thank you for the efforts that have been made to try to dig us out of this hole. Hopefully next year we won't be sitting here in the same situation. Thank you again.

McMULLEN: Erin McMullen here today on behalf of the Las Vegas Chamber of Commerce, and I won't reiterate any of our previous comments either, but just wanted to acknowledge that we think this is good step in positioning us better for the long term solution and wanted to thank you again for your efforts as well. Thank you.

OLSON: Thank you for your comments. I don't see anyone else coming forward in Las Vegas, so with that, I guess I just say I hereby adopt the proposed regulation to establish an estimated unemployment tax rate of 2.25 percent of taxable wages for Nevada employers to apply for calendar year 2013. If there are no other comments, I hereby adjourn this hearing.

END OF RECORDING