

STATE OF NEVADA

Brian Sandoval
Governor



Don Soderberg
Director

Renee L. Olson
Administrator

**Department of Employment, Training and Rehabilitation
EMPLOYMENT SECURITY DIVISION
500 E. Third Street
Carson City, Nevada 89713-0001**

NOTICE OF INTENT TO ACT UPON A REGULATION

**Notice of Hearing to adopt the amended regulation for the
2017 Unemployment Insurance (UI) Tax Rate Schedule for Nevada Employers**

The purpose of the hearing is to receive comments from all interested persons regarding the proposed amendment to the regulation pertaining to Nevada Administrative Code (NAC) 612, pursuant to Nevada Revised Statute (NRS) 612.550, which will establish the Unemployment Insurance Tax Rate schedule for Nevada Employers for calendar year 2017. This notice is provided in compliance with NRS 241.020 and 233B.061.

Name of Division: Nevada Employment Security Division (ESD)

Date and Time of Hearing: Thursday, December 8, 2016; 10:00 A.M.

Place of Meeting:

Live Meeting:

DETR – SAO Auditorium
500 East Third Street
Carson City, Nevada 89713

Video Conference To:

DETR - Stan Jones Building, Conf. Rm. C
2800 E. St. Louis Avenue
Las Vegas, Nevada 89104

AGENDA

- I. Call to order and welcome - ESD
- II. Public Comment - *ESD may limit public comment to 5 minutes per speaker, but may not restrict comment based upon viewpoint. No action may be taken upon a matter raised under the public comment period, unless the matter itself has been specifically included on this agenda as an action item.*
- III. Confirmation of Posting - ESD
- IV. Review Written Comments - ESD
- V. Review of amended regulation to the 2017 Tax Rate Schedule - ESD
- VI. Closing Public Comment - *ESD may limit public comment to 5 minutes per speaker, but may not restrict comment based upon viewpoint. No action may be taken upon a matter raised under the public comment period, unless the matter itself has been specifically included on this agenda as an action item.*
- VII. ***For possible action:** Adjournment

Agenda items may be taken out of order. Two or more agenda items may be combined for consideration. An item may be removed or discussion on an item may be delayed at any time.

NOTICE AND EXPLANATION

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 NAC.

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. **Statement of the need for and purpose of the proposed regulation or amendment**

The proposed amendment to the regulation pertaining to NAC 612, pursuant to Nevada Revised Statute (NRS) 612.550, will establish the Unemployment Insurance Tax Rate schedule for Nevada Employers for calendar year 2017.

2. **Description of the proposed regulation**

This regulation affects all Nevada employers subject to Nevada's Unemployment Compensation Law that pay a tax rate subject to the experience rating system.

3. **Estimated Economic Impact**

All Nevada employers subject to unemployment insurance (UI) contributions and eligible for experience rating will be affected by the proposed regulation, constituting approximately 44,800 employers, or 65.6% of all employers registered with the Employment Security Division. This regulation represents maintaining the average UI contribution rate at 1.95% in 2017, as recommended by the Employment Security Council on October 3, 2016.

Adverse Impacts

Maintaining the average employer contribution rate at 1.95% was recommended in light of the average UI Bond cost remaining very stable from 2016 to 2017. With the 1.95% average contribution rate, the total costs paid by Nevada employers will rise from 2.62% on average to 2.63% of wages subject to contributions on average. Due to an increase in the UI Bond Contribution rate from 0.62% in 2016 to 0.63% in 2017, as calculated according to another regulation, and an increase in the maximum wages subject to UI contributions from \$28,200 in 2016 to \$29,500 in 2017, the average cost per employee earning \$29,500 in 2017 will rise from \$738.84 to \$775.85. This increase is not due to any change in the UI contribution rate, which remained stable at 1.95%.

Beneficial Impacts

This regulation will lead to a continued increase in reserves in the UI Trust Fund, which is projected to grow by \$286 million from September 30, 2016 to September 20, 2017, bringing the state closer to the solvency target specified in NRS 612.550.

Immediate Impacts

This regulation will adopt the experience rating schedule that will be in effect for calendar year 2017. The average unemployment contribution rate, together with the average unemployment bond contribution and Career Enhancement Program Assessment (CEP), will rise from a total of 2.62% of wages subject to unemployment contributions in 2016, to 2.63% in 2017.

Long - Term Impacts

This regulation will continue to build reserves in the Nevada Unemployment Insurance Trust Fund, earning interest to the credit of that fund and helping to improve the State's ability to pay unemployment benefits in advance of a future recession.

4. **Methods used in determining the impact on a small business**

This analysis was conducted by the state employee with the most understanding of the subject of unemployment insurance data. Analysis of expected benefit costs comes from a model of estimated employment growth and estimated average wage growth on a quarter-by-quarter basis throughout the time period to which the regulation would apply. Data about the number, size, and distribution of employers comes from the records of the Division from the required reports filed by those employers.

5. **Estimated Cost of Enforcement**

This regulation will be enforced as a regular part of ongoing UI operations, and does not represent any additional burden on staff time, as the regulation is used to modify contribution rates each year. Funding for the administration of the UI program is provided to the Department by the U.S. Department of Labor.

6. **Overlap or duplication of regulations**

This regulation is only an annual modification to the unemployment insurance contribution schedule. Therefore, this regulation does not overlap or duplicate any other regulation of federal, state, or local governments.

7. **Requirement pursuant to federal law**

The proposed regulation is not required by federal law.

8. **More stringent than federal regulations**

This regulation is an annual update of Nevada's unemployment insurance contribution schedule and does not overlap any federal or local rules or regulations. Therefore, this regulation does not provide a more stringent standard than any other regulation of federal, state, or local governments.

9. **New or increased fee**

This regulation does not impose any new or increased fees on employers, as it represents maintaining the average UI contribution rate at 1.95% from 2016 to 2017. The overall average rate, which includes the CEP rate of 0.05% and the bond contribution rate calculated pursuant to NAC 612.607-625 which are not a part of this regulation, will increase from 2.62% to 2.63%.

10. **Public Comments**

Persons wishing to comment upon the proposed action of the Department of Employment, Training and Rehabilitation (DETR), ESD, may appear at the scheduled public hearing or address their comments, data, views or arguments in writing to the ESD, 500 E. Third Street, Carson City, Nevada 89713 – Attention Joyce Golden. The ESD must receive all written submissions on or before December 1, 2016. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the ESD may proceed immediately to action upon any written submissions.

11. Locations where the text of the rule may be inspected and copied

A copy of this notice, and the regulation to be amended will be on file at the Nevada State Library and Archives, 100 N. Stewart Street, Carson City, Nevada 89701, for inspection by members of the public during business hours. Additional copies of the notice and the regulation to be amended will be available at the Department of Employment, Training and Rehabilitation, Employment Security Division, 500 E. Third Street, Carson City, Nevada 89713, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. 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>. Copies of this notice and the proposed regulation will also be mailed to members of the public upon request. To obtain a copy of the proposed regulation and Small Business Impact Statement, write 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. Copies of pertinent documents will also be made available on the DETR web site at: <http://nvdestr.org>. 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.

This proposed regulation has been publicly noticed in accordance with Nevada's open meeting law, public comment has been solicited, and the regulation has been submitted to the Legislative Counsel Bureau for review, as outlined in NRS 233B.064 cited below.

12. Subsection 2 of NRS 233B.064

“Permanent regulation: Prohibition against adoption until text approved or revised by Legislative Counsel; agency to provide written notification to Legislative Counsel of date of adoption; agency to issue statement of reasons for adoption upon request.

1. An agency shall not adopt, amend or repeal a permanent regulation until it has received from the Legislative Counsel the approved or revised text of the regulation in the form to be adopted. The agency shall immediately notify the Legislative Counsel in writing of the date of adoption of each regulation adopted.

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.”

Note: Persons with disabilities who require reasonable accommodations or assistance at the meeting should notify the Employment Security Division in writing at 500 East Third Street, Carson City, Nevada 89713, or call Joyce Golden at (775) 684-3909 (for individuals who are deaf or have hearing disabilities, dial TTY (800) 326-6868 or 711 for Relay Nevada), or send a fax to (775) 684-3910, within 72 hours of meeting date and time. Supporting materials as provided for in NRS 241.020(5) may be obtained by contacting Joyce Golden at the above-noted contact information.

Notice of this hearing was posted at the following locations on or before the *thirtieth* (30th) working day prior to the meeting:

Nevada State Library & Archives, 100 North 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, 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 89703
Las Vegas Field Audit Office, 2800 E. St. Louis Ave., Las Vegas, NV 89104
Appeals Office, 2800 E. St. Louis Ave., Las Vegas, NV 89104
Reno Day Labor Office, 420 Galletti Way, Sparks, NV 89431
Las Vegas Day 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, 1500 Avenue F, Suite 1, Ely, NV 89301
Nevada JobConnect-Fallon, 121 Industrial Way, Fallon, NV 89406
Nevada JobConnect-Henderson, 4500 E. Sunset Road, Suite 40, Henderson, NV 89014
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-Reno Town Mall, 4001 South Virginia Street, Suite H, Reno, NV 89502
Nevada JobConnect-Sparks, 2281 Pyramid Way, Sparks, NV 89431
Nevada JobConnect-Winnemucca, 475 Haskell St., Suite 1, Winnemucca, NV 89445

Notice of this meeting was posted on the Internet on the following websites: DETR's Public Notices website at: http://nvdetr.org/public_notices.htm, the State of Nevada's Public Notices website at: <https://notice.nv.gov/>, and the Administrative Regulation Notices website at: <http://www.leg.state.nv.us/App/Notice/A/>.