

VERBATIM TRANSCRIPTION
OF
the
HEARING FOR THE ADOPTION OF A REGULATION
held on
DECEMBER 6, 2011

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**DETR - Hearing for the Adoption of a Regulation
December 6, 2011 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)".

PEREA: Okay. For the record, my name is Dennis Perea. I'm the Acting Administrator and Deputy Director for the Department of Employment Training and Rehabilitation. The purpose of this public hearing is to receive comments on the proposed regulation to establish the unemployment insurance tax rate schedule for the calendar year 2012. NRS 612.550 requires the administrator of the Employment Security Division to establish the schedule each year by regulation. Was proper notice of today's public hearing given as required by NRS 233B.060?

ROBERTS: Edgar Roberts, Chief of Contributions, for the record, yes.

PEREA: Thank you. A regulation workshop to solicit comments from interested parties, as well as the public, was conducted on October 4, 2011, as required by NRS 233B.061 and NRS 233B.0608. Verbal comment from the Manufacturers Association recommended an increase of the average rate to at least 2.5%, but actually preferring a rate of 2.75%. At the public meeting and regulation workshop held on October 4, 2011, the Employment Security Council recommended that the average tax rate currently in effect be maintained for calendar year 2012. The proposed rate schedule provides for a continuation of the average tax rate at 2%, currently in effect for calendar year 2012. On October 24, 2011, a small business workshop was held to receive comments from small businesses and other affected employers. No written or verbal comment was received from the public at the workshop. I have chosen to accept the Employment Security Council's recommendation to continue the unemployment insurance average tax rate of 2%. The average tax rate established by this regulation affects those employers eligible for an experience rating, which are approximately 35,711 or 63% of all employers. The Unemployment Insurance Trust Fund is maintained on a countercyclical financing basis, so during economic downturns there are usually reserves available to cover benefits without having to raise employer taxes. Due to the extreme nature of the current downturn, those reserves have been depleted. On September 30, 2011, the net deficit of the Unemployment Trust Fund was 730.9 million, and under the proposed schedule, the Trust Fund deficit is estimated to be 861.3 million on September 30, 2012. At that level, the fund would be approximately 1.9 billion under the minimum state solvency target provided in NRS 612.550. Have we received any written comments on the proposed regulations?

ROBERTS: Edgar Roberts, Chief of Contributions, for the record. We have not received any written comments. Thank you.

PEREA: Thanks. Are there any comments from the public in the south on the proposed regulation?

MCANALLEN: Thank you. For the record, my name is Brian McAnallen, Vice President of Government Affairs with the Las Vegas Chamber of Commerce. I appreciate the opportunity to comment on next year's unemployment insurance rate schedule and the public forums that you've held to gather input in previous months. For the last several years the Chamber has come before this Council regarding the unemployment insurance tax rate, and we come to share our members' perspective and highlight the severe economic conditions that all of our members are facing. And as the Las Vegas Chamber is Nevada's largest business organization with over 6,000 members, representing 230,000 employees, we are asking the Council to maintain the rate at 2%, as you've recommended at the current level for next year. Nevada's businesses are still struggling to keep their doors open and trying to keep Nevadans working and continuously trying to avoid additional layoffs. The state continues to have the highest unemployment rate in the nation of 13.4% or 13.2%, and businesses in our state are operating under very difficult circumstances. We ask the Council to consider all the key economic recovery, and as you try to balance the Nevada Unemployment Insurance Trust Fund and look toward the future, we realize that rates are going to have to be increased. But the way in which we do that is going to be the struggle, and we appreciate the 2% hold for next year. And we'd like to participate in the discussion as we go forward in the next few years on trying to increase the reserves for the fund. We hope that recovery will happen in this next year or so and that our small business will continue to increase employment, hire more Nevadans, and do everything we can to get people, you know, that are on the unemployed rolls back into the employment scenario. So we ask that you continue to maintain the 2% rate, and we look forward to participating in the discussion over the next year. Thank you.

PEREA: Is there any further comments here in the south? Any comments from the north?

NARRATOR: We have one in the north.

MEYER: Good morning. My name is Danna Meyer. I'm a resident of Gardnerville, and after reading the notice in the paper, I decided to speak up and take exception with a couple of comments that are listed in the paper. It says that there are no adverse public reactions, nothing adverse. This gentleman just informed us that it's going to be a billion dollars that the state of Nevada owes the federal government and interest is accruing constantly, perhaps up into over 60 million dollars. This to me seems like something that I know we keep

accusing our congressmen of kicking the can down the road, but what are we doing here? I'm definitely in favor for businesses, and I don't advocate proposing additional funds to be taken at this time, but I think there should be a discussion of where this money is coming from in the future. I also have a problem with some of the things that were written in this disclosure, as well. It says that--it states that immediate and long-term effect on the public is to insure the payment of unemployment benefits to workers who are unemployed through no fault of their own. Unfortunately, I have a question. How does that include an engineer with a yearly salary of \$207,000 per year, whose company is between government contracts? This person was laid off for approximately two months knowing full well that he was returning to his position after his "summer break." Or the banquet server who's been collecting unemployment benefits at least since 2005, with yearly annual incomes in '04 and '05 of \$99,000; '05/'06, \$106,000; '06 and '07, \$123,000; '07/'08, \$132,000. Unfortunately, in '09 and '10, when President Obama had comments about the conventions in Las Vegas, it dropped down to 45,000, but returned to 70,000 in the years of 2010 and 2011. This is an on call position. When this person does not take a call, the weeks that they are not working they actually are paid by the state, which is actually paid by the business owners. The unemployed also includes union members that boast that they have been on unemployment ever since they entered the job market, and others that work 500 hours to keep current with union dues, but collect unemployment the rest of the time. The state of Nevada has imposed furloughs on its employees to reduce costs. Currently, these are taken one every other month. However, Clark County also has furloughs. However, they imposed in two-week increments. For those two weeks, Clark County employees collect unemployment benefits from the state. This kind of seems like an unusual situation that it saves the county money, but it costs the state. On the other side of the coin, persons are put on the wrong claim through no fault of their own, have their benefits held up for weeks. Others are not eligible for extended benefits, because they have what is called the potential to open a new claim, but they aren't actually eligible. There are many other abuses of this system. Perhaps it's time to examine not only where the money is coming from but where it is going.

PEREA: Thank you.

MEYER: Thank you.

PEREA: I appreciate your comments.

MEYER: Thank you for your time.

PEREA: Is there any further public comment in the north?

NARRATOR: No further comment in the north.

PEREA: Thanks. I hereby adopt the proposed regulation to establish an estimated average unemployment tax rate of 2% of taxable wages for the Nevada employers to apply for calendar year 2012. If there is no further comments, I hereby adjourn the meeting.

UNKNOWN: Thanks.

PEREA: Adjourned.

END OF RECORDING