

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.

To obtain a copy of the proposed regulation and Determination of Impact to Small Businesses, 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://nvdetr.org>.

Written comments must be received by the Employment Security Division on or before July 7, 2014, at the following address:

Department of Employment, Training and Rehabilitation
Employment Security Division
500 E. Third Street, Carson City, NV 89713
Attn: Joyce Golden

Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements are necessary, please 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 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 meeting was posted at the following locations on or before the *fifteenth* 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 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, 1500 Avenue F, Suite 1, 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, Las Vegas, NV 89030
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 89434
Nevada JobConnect-Winnemucca, 475 Haskell St., Suite 1, Winnemucca, NV 89445

Notice of this meeting was posted on the Internet on the following site: http://nvdetr.org/public_notices.htm and the State of Nevada's Public Notice website at: <https://notice.nv.gov/>.

DRAFT
PROPOSED AMENDMENT TO REGULATION
CHAPTER 612 – UNEMPLOYMENT COMPENSATION
Program to Disburse Grants to Nonprofit Private Entities

NAC 612.673 Establishment of program. (NRS 612.607) The Administrator shall establish a program to disburse grants of money to nonprofit private entities organized under the provisions of [chapter 81](#) or [82](#) of NRS to be used exclusively to assist start-up businesses which are at least majority owned and controlled by one or more veterans or one or more senior citizens.

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)

NAC 612.675 Qualifications required to receive grants. (NRS 612.607) The Administrator shall ensure that all loans made under the program are disbursed by qualified nonprofit private entities. Qualifications must be identified using information submitted by the nonprofit private entity pursuant to [NAC 612.677](#). In determining whether a nonprofit private entity is qualified to receive a grant under the program, the Administrator may consider, without limitation:

1. The experience and past performance of the nonprofit private entity in delivering training and counseling in the areas of financial services;
2. The experience and past performance of the nonprofit private entity in the management of public funds or loans;
3. The ability of the nonprofit private entity to provide services on a statewide or regional basis;
4. Evidence of an established lending process, including, without limitation, underwriting guidelines and collection policies and procedures for delinquent accounts;
5. The length of time the nonprofit private entity has been providing financial services to the public or private sector; and
6. The aging of the current loan portfolio of the nonprofit private entity.

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)

NAC 612.677 Application for grants. (NRS 612.607)

1. A nonprofit private entity that applies for a grant pursuant to the program must do so in the manner prescribed by the Administrator. The Administrator:

(a) Shall, at a minimum, require the submission of the financial statements of the nonprofit private entity for the 3 years immediately preceding the date of the application; and

(b) May require the nonprofit private entity to demonstrate, to the satisfaction of the Administrator, fiduciary responsibility, principles of accounting practices and fiscal mechanisms consistent with safeguarding public funds and the public interest.

2. Any grant which is awarded to a nonprofit private entity is subject to audit and review by the Division. ***The Administrator:***

(a) May require the nonprofit private entity to repay any grant funds that have not been expended according to the terms under which the grant was awarded.

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)

NAC 612.679 Conditions for approval of loans. (NRS 612.607)

1. A nonprofit private entity which administers the disbursement of money received as a grant pursuant to the program may approve an individual loan of up to ~~up to \$5,000~~ **\$15,000** to a start-up business without the approval of the Administrator. The Administrator may waive the loan limit prescribed in this subsection for a loan not exceeding ~~\$10,000~~ **\$20,000**.

2. A loan may not be made to:

(a) An applicant for a loan by the person responsible for approving the loan on behalf of the nonprofit private entity if the person approving the loan has a dating relationship with the applicant or ~~is a relative of the applicant within the third degree of consanguinity or affinity;~~ **has a relationship with the applicant as described under chapter 281A.065 of NRS, or**

~~{(b) A start-up business owned wholly or in part by any person who is an employee of the nonprofit private entity or under a contract of service to the nonprofit private entity; or}~~

(b) {(e)}—A start-up business which has not complied with the provisions of [chapter 76](#) of NRS or which fails to demonstrate compliance with applicable requirements governing contributions or industrial insurance pursuant to the provisions of [chapter 612](#) or [616C](#) of NRS.

3. An applicant for a loan pursuant to this section must submit to the nonprofit private entity a business plan which clearly identifies and explains the intended use of the loan in the manner prescribed by the nonprofit private entity.

4. An applicant for a loan may not have more than one loan which is obtained pursuant to this section and which is in repayment, except that a borrower who has repaid such a loan pursuant to [NAC 612.683](#) may apply for another loan for the purposes of expanding the business if the business still qualifies as a start-up business.

5. Any legally organized business entity which receives a loan from a nonprofit private entity pursuant to this section:

(a) May use the money for business-related costs, including, without limitation, costs associated with the start-up of the business and licensing and permitting; and

(b) May not, in any manner, use any portion of the money for expenses commonly considered personal in nature.

6. As used in this section, “dating relationship” has the meaning ascribed to it in [NAC 284.0533](#).

(Added to NAC by Employm’t Security Div. by R128-09, eff. 4-20-2010)

NAC 612.681 Appeal for denial of application for loan. ([NRS 612.607](#))

1. A nonprofit private entity which administers a loan shall establish a process by which an applicant may appeal the denial of an application for a loan under the program. The appeal process must provide for the creation of a panel or committee that is responsible for holding regular meetings in a manner sufficient to ensure the timely resolution of any appeal filed with the nonprofit private entity.

2. Any records relating to an appeal described in subsection 1 must be made available to the Division for inspection.

(Added to NAC by Employm’t Security Div. by R128-09, eff. 4-20-2010)

NAC 612.683 Repayment of loan; forgiveness of outstanding balance under certain circumstances. ([NRS 612.607](#))

1. Except as otherwise provided in subsection 3, both principal and interest on a loan made under the program must be repaid to the nonprofit private entity not later than 4 years after the date on which the loan is made. The nonprofit private entity administering the loan must establish a payment schedule and agreement with the borrower. The schedule and agreement must provide that:

(a) The first year of repayment of a loan is free from interest;

(b) **At the beginning of the second year of the loan, [A] a** loan which is not repaid in full by the end of the first year is subject to ~~{an}~~ **a maximum** interest rate of ~~{5-percent}~~ **prime plus 2.25%** simple interest per annum **on the outstanding balance of the loan until paid in full;** and

(c) The failure of the borrower to repay the principal and interest on the loan may result in collection proceedings to the extent allowable under the applicable laws and regulations of this State.

2. Any interest earned by the nonprofit private entity pursuant to subsection 1:

(a) Must be deposited in a separate account established and maintained by the nonprofit private entity for the purpose of administering loans,

(b) Interest collected in excess of cost necessary for the administration of loans must be used to issue additional loans; and

(c) ~~(b)~~—Must not be commingled with any other money.

3. The Administrator may forgive the outstanding balance of a loan if:

(a) The Administrator determines that the loan was not secured either in whole or in part by fraud or misrepresentation of the borrower;

(b) The borrower demonstrates an inability to repay the loan; and

(c) The recovery of the loan would be against equity and good conscience, as determined by the Administrator.

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)

NAC 612.685 Reimbursement of administrative costs. ([NRS 612.607](#))

1. ***If interest accrued under NAC 612.683 subsection 2 is not sufficient to pay administrative costs incurred, a ~~{A}~~***—nonprofit private entity may be entitled to reimbursement for administrative costs incurred as a result of administering a loan under the program, but any such reimbursement must not exceed 10 percent of the total amount of all grants awarded to the nonprofit private entity for the purposes of making loans under the program.

2. A claim for reimbursement pursuant to subsection 1 must be made:

(a) In accordance with generally accepted accounting principles; and

(b) On a form prescribed by the Administrator.

(Added to NAC by Employm't Security Div. by R128-09, eff. 4-20-2010)

Determination of Impact to Small Businesses
Per NRS 233B.0608
Pursuant to Subsection 3

Does the proposed regulation impose a direct and significant economic burden on a small business?

No. The proposed regulation imposes no additional fees on any businesses, as it draws from the existing funds of the Career Enhancement Program. No change to the existing 0.05% CEP contribution rate is included in this regulation, or expected if this regulation is approved as drafted. The only potential impact is indirect, if grants made under this program should reduce the funds available for other programs under CEP, and small businesses are participating in those programs. But this is an indirect effect, and not likely to be significant to any small business.

Does the proposed regulation directly restrict the formation of a small business?

No. This regulation has no negative effect on the formation of a small business. If approved, the only potential effect is to provide an additional source of funds to senior citizens or veterans who are trying to start a business, which could assist in the formation of a small business.

Does the proposed regulation directly restrict the operation of a small business?

No. The only interaction with the regular operation of any businesses in the regulation is with the nonprofit lender or lenders who receive grants under the CEP program to make loans as described in the regulation, for the purpose of ensuring that the loans are made properly. Because any such lenders would be voluntarily participating in the loan program, this regulation does not impose any restrictions on small businesses in general within the state.

Does the proposed regulation directly restrict the expansion of a small business?

No. Nothing in the regulation addresses the expansion of any businesses, nor would any business expanding cause the regulation to affect that business or any other business.

What methods were used by the agency to determine the impact of the proposed regulation on small businesses?

An analysis of the text of the regulation, the source of the funds used for the CEP program, and a summary of other programs funded under CEP as presented at the Employment Security Council meeting on May 27, 2014.

What are the reasons for the conclusions of the agency?

This regulation contains no fees or restrictions on the formation, operation, or expansion of any small businesses, with the possible exception of any small businesses which are nonprofit lenders who may voluntarily partner with DETR to administer the loans described in this regulation. Therefore, DETR believes there is no negative impact to small businesses in Nevada due to this regulation.

I certify that, to the best of my knowledge or belief, a concerted effort was made by this department to determine the impact of the proposed regulation on small businesses and that the information contained in this statement is accurate.



Renee Olson, Administrator