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PRESS RELEASE

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Employer's Unemployment Insurance Tax Rate to Slightly Increase to 2 Percent

Carson City, NV. —The Employment Security Division held a public hearing Wednesday to allow members of the public and business community to comment on the proposed unemployment insurance tax rate increase from 1.95 percent to 2 percent, which will go into effect Jan. 1, 2015.

The Employment Security Council recommended the increase in October to Renee Olson, Employment Security Division (ESD) administrator with the Department of Employment, Training and Rehabilitation (DETR). ESD Deputy Administrator Kelly Karch, adopted the rate on behalf of Olson who was not present at the hearing. State law requires the ESD administrator to establish the tax rate each year by adopting a regulation after receiving input from the Employment Security Council and interested members of the public.

The Council's recommendation was based on current economic conditions and the state of the trust fund. The state's trust fund was depleted in October 2009, as Nevada began experiencing the worst unemployment in the country, with a record number of people qualifying for unemployment benefits. When the trust fund ran out of money, like many other states, Nevada began borrowing from the federal government to continue paying benefits, which ESD paid back last year through the issuance of bonds.

All Nevada employers subject to unemployment insurance (UI) contributions and eligible for experience rating will be affected by the regulation, comprising of approximately 37,300 employers, or 62.3 percent of all employers registered with the ESD, Olson said. This regulation represents a net increase in the average UI contribution rate from 1.95 percent in 2014 to 2.00 percent in 2015, as recommended by the Employment Security Council on October 8, 2014. This change would increase the estimated revenue collected by \$15 million compared to keeping the average contribution rate at 1.95 percent in 2015, and would increase the average cost per employee with wages greater than or equal to \$27,800 by \$14.

“The overall average rate to employers, which includes the bond assessment, is slightly lower and remains stable. This regulation will lead to an improved Unemployment Trust

Fund balance at the end of 2015,” Olson said. “That will mean an additional \$300,000 in interest earned from the federal government on a higher Trust Fund balance over the 12 months affected by the regulation. The additional \$15 million represents slightly more than two weeks of unemployment benefit payments, strengthening the state’s ability to withstand a future economic downturn without needing to borrow funds to pay benefits.”



DETR is comprised of the Employment Security Division, Equal Rights Commission, Rehabilitation 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. It also supports economic development efforts through improving Nevada’s workforce.