



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

## MEETING NOTICE AND AGENDA

### Notice of Workshop to Solicit Comments on Proposed Regulation

*This meeting, conducted by the Administrator of the Employment Security Division, is a workshop to review, discuss, and solicit comment on a proposed regulation pertaining to Nevada Revised Statute, Chapter 612 pursuant to Nevada Revised Statute (NRS) 233B.061. The proposed regulation will establish the methodology for setting annual special bond contribution rates to employers as authorized by Senate Bill 515.*

**Name of Organization:** Nevada Employment Security Division

**Date and Time of Meeting:** Wednesday, July 31, 2013; 10:00 A.M.

**Place of Meeting:** Live Meeting:

DETR State Administrative Office  
First Floor ESD Auditorium  
500 East Third Street  
Carson City, Nevada 89713

Video Conference To:

DETR Stanley P. Jones Building  
First Floor Conference Room C  
2800 E. St. Louis Ave.  
Las Vegas, Nevada 89104

### AGENDA

- I. Call to Order and Welcome – Renee Olson, Administrator, Employment Security Division (ESD)
- II. Public Comment - *Chair may limit public comment to 5 minutes per speaker*
- III. Review of Bond Legislation (SB 515) – Renee Olson, Administrator, Employment Security Division (ESD)
- IV. Workshop to consider proposed regulation that will establish the methodology for setting annual special bond contributions rates to employers as authorized by Senate Bill 515:
  - A. Explanation of Regulation – David Schmidt, Economist, Research and Analysis Bureau, DETR
  - B. Presentation of Small Business Impact Statement – David Schmidt, Economist, Research and Analysis Bureau, DETR
  - C. Miscellaneous Items – Renee Olson, Administrator, Employment Security Division (ESD)
- V. Closing Public Comment - *Chair may limit public comment to 5 minutes per speaker*
- VI. Adjournment

**The Employment Security Division has attached a Small Business Impact Statement for this proposed regulation. Further information is available to the public on DETR's homepage: <http://nvdetr.org/index.htm>.**

**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.**

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Individuals wishing to comment in person may appear at either location of the meeting. Written comments are also welcome. For written comments to be considered at the meeting, they must be received by the Employment Security Division on or before July 29, 2013, at the following address:

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

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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, within 72 hours of meeting date and time.

This agenda of the Employment Security Division Meeting has been sent to all persons on the agency's mailing list for administrative regulations and posted at the following locations:

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

**Small Business Impact Statement**  
**Department of Employment, Training, and Rehabilitation**  
**Special Bond Contributions pursuant to SB 515 of the 2013 Nevada Legislature**

**Estimated Economic Impact**

All Nevada employers subject to unemployment contributions will be affected by the proposed regulation, constituting approximately 57,000 employers, or 99.4% of all employers registered with the Employment Security Division. The net impact is expected to lower the total burden of all employer costs for unemployment insurance statewide, but the actual savings will depend on the final structure of any potential bond agreement.

**Beneficial Impacts**

If issued, bonds paid for through this regulation will refinance all federal unemployment debt, eliminating the FUTA credit reduction, lowering the federal unemployment tax paid by employers. In addition, bonds paid for through this regulation would build a reserve in the state's unemployment Trust Fund, rebuilding solvency in the unemployment compensation system. This regulation will further enhance the weight of prior experience for charges in the state unemployment system by lowering the non-experience-distributed federal unemployment tax and replacing the non-experience-distributed temporary interest assessment.

**Adverse Impacts**

If bonds are issued, employers with the most negative reserve ratios who remain at a 5.4% tax rate after SUTA is lowered will face a higher overall burden, as the increased cost of the bond contributions will be larger than the reduction due to lower FUTA charges and the end of AB 482 assessments. If bonds are issued, employers with the most positive reserve ratios who are already at a 0.25% tax rate will not receive any benefit from lower average SUTA taxes. However, the regulation is structured so that the additional bond contributions will be largely offset by lower FUTA charges and the end of AB 482 assessments.

**Direct Impacts**

To understand the changes to individual employers, it is important to compare the overall tax rate in effect for an employer with a given reserve ratio.

- In the existing distribution, an employer with a reserve ratio of -10% has a total tax rate of 4.89%. With bonds, under the proposed regulation, the total tax rate is 5.05%.
- In the existing distribution, an employer with a reserve ratio of -5% has a total tax rate of 3.99%. With bonds, under the proposed regulation, the total tax rate is 4.15%.
- In the existing distribution, an employer with a reserve ratio of +5% has a total tax rate of 2.19%. With bonds, under the proposed regulation, the total tax rate is 1.33%.
- In the existing distribution, an employer with a reserve ratio of +10% has a total tax rate of 0.99%. With bonds, under the proposed regulation, the total tax rate is 0.52%.
- In the existing distribution, a new employer has a total tax rate of 3.39%. With bonds, under the proposed regulation, the total tax rate is 3.44%.

The proposed special bond contributions are expected to generate the funds necessary to pay all obligations for the bonds until the bonds are fully repaid. The rates used here are based on one year's annual obligation of \$243,226,217. The final bond obligations due in any single year is not yet known. Since taxable wages of small businesses account for 42.68% of all taxable wages in the State, approximately \$104 million of the total revenue will be attributable to small businesses. The impact of the proposed regulation is unique to each employer based on their previous experience with unemployment and increases the weight of employers' prior experience in the current unemployment system.

**Indirect Impacts**

If bonds are issued and used to rebuild solvency in the state unemployment Trust Fund, this would provide additional stability and security against future recessions. If bonds are issued and used to rebuild solvency in the state unemployment Trust Fund, the state may be able to earn interest on that Trust Fund, which could help keep SUTA rates lower than would otherwise be possible. If bonds are issued and used to repay the federal loan, two annual charges (FUTA Credit Reductions and interest assessments under AB482) are eliminated, and employer costs are spread more evenly through the full year.

**Consideration of Impact on Small Businesses**

By using an experience-rated structure, employers' tax rates depend primarily on their own experience with unemployment, without regard for employer size or industry type. Under the proposed regulation, the overall unemployment tax burden on new employers remains steady to avoid imposing a large burden on these employers, who are likely to start small.

**Estimated Cost of Enforcement**

This regulation will be enforced through the same channels used to enforce regular SUTA contributions, therefore no additional cost for enforcement is expected. Funds for the administration of the overall Unemployment Compensation Program are provided by the U.S. Department of Labor

**Anticipated Revenue Increase and Use**

If bonds are issued, this regulation will provide for the revenue stream necessary to secure those special obligation bonds. Total collections by the Employment Security Division will increase, because currently FUTA Credit Reductions are collected by the IRS and applied directly to the state's federal loan balance. Under this regulation, the state will collect all the funds needed to pay the bond obligations directly. The total cost to employers is expected to be lower over the life of the bonds than would be the case if bonds are not issued.

**Duplication or More Stringent Standards than Federal, State, or Local Governments**

This regulation establishes a special, dedicated revenue stream. Therefore, this regulation does not duplicate or provide a more stringent standard than any other regulation of federal, state, or local governments.

**Manner of Analysis**

This analysis was conducted by the state employee with the most understanding of the subject of these special bond contributions. The analysis was performed by comparing the distribution of employers in the two most recent years for which data was available: 2013 for the baseline comparison, and 2010 for the 1.33% SUTA rate comparison. Information on the distribution of small employers in 2013 comes from the records of the Employment Security Division. Information on the distribution of small employers in 2010 was not available; however in other years for which data are available, the distribution of small employers is within 0.2% for almost every rate category. Information about total employer FUTA costs uses estimated FUTA receipts for calendar year 2013 as a percentage of taxable wages in 2013. Information on potential bond rates comes from analysis received by the Employment Security Division as it is analyzing potential bond structures, however no such data is final and should be considered informational only. Analysis considers only a single year, however the stabilization of overall bond rates is possible through maintaining a lower rate in the near term, but a higher-than-baseline rate in the later years of bond repayment. Final bond contribution rates will depend on the structure of any bond deal, interest rates at the time of closing, changes in US Treasury rates, changes in total wages in the state, and other economic factors.