STATE OF NEVADA
DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION
EMPLOYMENT SECURITY DIVISION
HEARING TO ADOPT BOND REGULATION

TUESDAY, AUGUST 27, 2013; 10:00 A.M.

Live Meeting:	**Video Conference to:**
The Legislative Bldg.	The Grant Sawyer Bldg.
401 S. Carson Street,	555 E. Washington Ave,
Room 3137	Room 4412E
Carson City, NV 89701	Las Vegas, NV 89101

ATTENDEES

<u>Department of Employment, Training and Rehabilitation (DETR) Staff</u>
<u>Present in Carson City</u>

Frank Woodbeck, Department of Employment, Training and Rehabilitation (DETR) Director
Renee Olson, Employment Security Division (ESD) Administrator
J. Thomas Susich, Senior Legal Counsel, ESD/DETR
Kelly Karch, Deputy Administrator, unemployment Insurance (UI), ESD/DETR
Edgar Roberts, Chief, unemployment Insurance Contributions (UIC), ESD/DETR
Dave Schmidt, Bureau of Research & Analysis, DETR
Joyce Golden, Administrative Office, ESD/DETR
Christina Guzman, ESD/DETR
Mikki Reed, ESD/DETR
Paul Brugger, ESD/DETR

<u>Department of Employment, Training and Rehabilitation (DETR) Staff</u>
<u>Present in Las Vegas</u>

Jim Reynolds, ESD/DETR

<u>Members of the Public, Media and Other Agencies</u>
<u>Present in Carson City</u>

Cy Ryan, Las Vegas Sun
Brian Reeder, Association General Contractors
Tray Abney, The Chamber
John Swendseid
Ray Bacon, Nevada Manufacturers Association
Joanna Jacob, Ferrari Public Affairs
Geoff Dorman, Nevada Appeal

<u>Members of the Public, Media and Other Agencies</u>
<u>Present in Las Vegas</u>

Bob Ostrovsky, Nevada Resort Association
Carole Vilardo, Nevada Taxpayers Association
Martin Johnson, (UI Bond Team)
Virginia Valentine, Nevada Resort Association
Brian McAnallen, Las Vegas Metro Chamber

P R O C E E D I N G S

RENEE OLSON: Good morning. Renee Olson, Administrator for the Employment Security Division. I'd like to call this meeting to order -- this hearing to order and welcome everyone here this morning. The purpose of this public hearing is to receive comments on the proposed regulation to establish the methodology for the calculation of a special assessment to employers for the -- for the payment of bonds.

Senate Bill 515 was approved during the 2013 Legislative Session to allow the Administrator to request to issue bonds for the refinancing of federal loans obtained for the payment of unemployment insurance benefits during the great recession. It further allows for the bonds to reestablish reserves in the unemployment insurance trust fund. This regulation is being issued in accordance with State's Administrator's Procedures Act NRS 233B.

Mrs. Golden, was proper notice of today's public hearing given as provided by NRS 233B.060?

JOYCE GOLDEN: Joyce Golden, Administrative Assistant to the Administrator. Yes, it was.

RENEE OLSON: Thank you. I will start with Agenda Item Number 2 and call for the first opportunity for the public to provide comment on the proposed regulation. There will be another opportunity for public comment before we close the hearing. And I will start by inviting anyone from Las Vegas wishing to provide public comment to the table at this time.

CAROLE VILARDO: For the record, Carole Vilardo, Nevada Taxpayers Association. It would be helpful when the discussion proceeds if there could be some discussion about the issuance of bonds for the retirement of the debt by federal and the solvency.

Some of my members have had a concern that in the discussions at the last meeting that the emphasis seemed to be on the bonds for retiring the debt and trying to keep that rate at or below the current rate of 2.25 on average. And the concern was that there would be additional bonds issued for solvency that would take it above that rate. And I would like to see some clarification because there is a definite concern if the solvency is not included within keeping the rate as low as possible.

The economy is still very fragile and some of our members who have not yet recovered are afraid that that's kind of going to be a straw that breaks the camel's back, in addition to everything else going on. So if that could be addressed, it would be much appreciated.

RENEE OLSON: Thank you. I'll just say that we will have some amount of discussion on that. However, this hearing really is in regard to the regulation, which is separate and aside from whether we bond for reserves and solvency -- or reserves and the debt. And -- but we will cover some of that. I do understand the concern there. And I would just add that part of what we are factoring into our calculations is not just the 2.25 percent average tax rate, but also the impact of the FUTA tax credit in reductions that you're experiencing as well.

So when we consider all the factors of all the taxes that are being paid at this point and what could be resolved with those bonds, that's where you might see the going forward bond assessment rate that we're projecting at this time is a little higher than the 2.25 percent that you're seeing. But we will get into some of that discussion throughout the hearing.

CAROLE VILARDO: And I realize it's a

regulatory hearing, but this seemed to be the appropriate time to at least raise that and if you can, it would be much appreciated to provide some clarification. Thank you.

RENEE OLSON: Thank you. Is anyone else in Las Vegas wanting to come forward at this time? Go ahead and state your name and -- and start your statement. Thank you.

VIRGINIA VALENTINE: Thank you. I'm Virginia Valentine with the Nevada Resort Association. And I would say I appreciate your comments about this being a regulatory hearing.

I'm looking at the regulation. It does look like after this regulation is adopted, that there won't be a lot of opportunities for public input on the effects of the regulation. We share Ms. Vilardo's concerns regarding bonding for solvency. I would say that most of my members will pay a higher rate with solvency plus the federal debt requirement. We applaud the State's effort to seek low income financing to pay back the federal debt. I think that's a good plan. We also appreciate the sensitivity the State has given to factoring in the employer's history into the current formula proposed in the reg.

So be very reluctant to object to the reg. It doesn't look like there's a place in the reg you could really tease out, if you will, a way to address this concern about how much, when, how long, at what point you’ve reached that level in that bond trust fund where it starts to impact your (inaudible) rate. Those kind of issues that we would like to see addressed. So we would, if -- like to have an opportunity to review whatever is decided during this hearing today and possibly comment on that. Thank you.

RENEE OLSON: Thank you. Is there anyone else in Las Vegas that would like to make a comment at this time? Seeing none, I'd like to move to Carson City and ask anyone that would like to start the hearing with some public comment to come forward. Okay. I don’t see any takers. Okay.

So, with that, I'll move onto Agenda Item 3. And I'll just quickly walk through what the legislation provided for authority to issue bonds. We did review this at the small business workshop as well, but I'm just going to go through some major points of what the legislation created.

SB 515 was signed into law on June 10, 2013. It authorizes the Administrator to request that the State Board of Finance issue bonds in order to finance -- to refinance outstanding federal trust fund loans and to finance trust fund reserves. It established -- let me back up for a second. That's an either/or proposition. We can -- it doesn't say we have to do both of those things and it's an option that’s provided in the legislation.

It establishes a separate bond contribution that creates a special revenue assessment to employers. It secures the bond obligation with special bond contributions and any funds in the unemployment insurance trust fund. It requires the State Treasurer's Office to notify the Administrator annually of the amount of bond obligations and other expenses due. And this amount is used by the Administrator to collect -- to calculate the assessment due. This allows for the bond payment deficiencies to paid out of the unemployment trust fund and requires all employers subject to contributions to pay the special bond assessment. It authorizes the Administrator to establish a special assessment and set the assessment rate and authorizes the Administrator to charge a supplemental bond assessment whenever the Administrator deems cash balances are insufficient to cover bond obligations due.

This also provides that existing revenues available to the Division for the collection of regular unemployment contributions apply as well to the special bond assessment and provides that all unpaid bond assessment balances constitute a lien against employer assets. And the special bond assessments end when the Administrator has determined that no further bond obligations are due.

So on July 31st of 2013, a small business workshop was held to receive comment from small businesses and other affected employers. Verbal comments were received from the public at this workshop in favor of the regulation and several questions were asked at that time.

Brian Reeder from the Nevada Association of General Contractors offered support with a request to carefully consider the significant impact that tax -- that increased taxes may have on the construction companies.

Tray Abney representing -- representing the Reno Sparks Chamber of Commerce expressed support and asked some questions regarding calculations and estimates provided.

Carole Vilardo from the Nevada Taxpayers

Association also indicated support of the regulation and asked for some clarifying questions and, specifically, inquired about some matters that might be addressed at the next Legislative Session.

Brian McAnallen with Las Vegas Metro Chamber of Commerce supported the regulation and also asked questions. And Virginia Valentine with the Nevada Resort Association offered support of the regulation and stated that written comments would follow. Those comments were received on August -- after the August 20th deadline, but they generally support the regulation and support bonding if that solution offers savings to employers over federal borrowing. However, they did ask in that written commentary that we recognize that tax increases would likely be experienced by a large number of their members. They further expressed concerns over the cash flow impact to their members of bonding for reserves and requested that the regulations not include a mechanism that would support a bond fund reserves, in addition to refinancing the federal debit at this time.

Have we received any other written comments from the proposed regulation at this time?

JOYCE GOLDEN: Joyce Golden,

Administrative Assistant to the Administrator. No, we have not, except the last one, which was outside of the time limit.

RENEE OLSON: Okay. Thank you. With that, I would offer the following perspective. This regulation should align and cover the bonding options authorized by SB 515. SB 515 authorizes bonding for both purposes; refinancing the debt and funding reserves.

With that being said, this regulation does not establish a separate assessment for bonds to refinance debt versus bonds issued to fund reserves. It does not delineate debt refinance and funding reserves. It identifies part of the assessment that is specific to interest versus the part of the assessment specific to principle.

The principle of bonds would include the total amount for which the Division decides to bond and would include the debt refinancing and whatever level of reserves were bonded. The amount and type of bonds that make up the principle is a bonding decision separate and apart from the regulation. The regulation handles the calculation of the assessment the same way, regardless if we bond for only outstanding loans or if we add reserves to the bond amount.

So if the Division decides to request bonds, it will be a one-time event. We will not be issuing bonds more than once and incurring costs of issuance more than once. We must decide whether or not to -- to fund reserves with this issuance. Again, this is a separate decision that the regulation does not impact.

The Division estimates that by the time bonds could be issued, the total outstanding federal debt will be approximately $550,000,000.00. If we bond for 100 percent of required reserves, we estimate that that would be another $800,000,000.00 in bond principle. However, the Division does not have to bond for 100 percent of reserves, but could opt for a lesser percentage.

This decision is upon us at this time. The Division is conducting final analysis on the amount of savings we could achieve through the bond. The size of the bond, the composition, the terms of the bond are all integral to the structure and what we would -- what would offer the best financial benefit under the bonding scenario. And, again, I'd just like to say that the regulation does not impact that process or decision.

The regulation has been amended since the workshop to make technical corrections to further clarify the calculations set forth in the proposed methodology. Those changes were posted to DETR's website and the Division's attorney has reviewed the changes noted and concluded that they were not substantive changes that would affect the prior estimated impact to small businesses or that the formula -- or the formula and methodology proposed.

So with that, I'd like to move onto Agenda Item Number 4 and ask Dave Schmidt to come to the table. He will provide a brief presentation on the regulation.

DAVID SCHMIDT: Good morning. For the record, I am David Schmidt, Economist with DETR's Research and Analysis Bureau. I'm here to provide an overview of the proposed regulation and to present, again, our small business impact statement.

The regulation we're looking at today will put into place a mechanism for calculating and collecting special bond contributions authorized by SB 515 of the 2013 Legislature. Such contributions are only necessary if bonds are issued pursuant to this law, and would be necessary to provide a dedicated revenue stream to serve as the security and method of repayment for these bonds.

Sections 11 to 15 of this regulation define how special bond contributions would be calculated. Sections 11 and 12 calculate an average or baseline rate necessary to pay the principle and interest portions of the bond in the upcoming year.

Section 13 defines the four tiers of contributory employers separated by their accounts reserve ratios over which these average rates will be applied.

Sections 14 and 15 define how the baseline rates calculated in Sections 11 and 12 are split into the four tiers defined in Section 13.

Under this regulation, employers who are not yet eligible for experience rating would pay 0.45 times the baseline principle and interest rates. Employers with a reserve ratio of less than zero would pay 1.4 times the baseline principle and interest rates. Employers with a reserve ratio greater than zero would receive a rate that is either 0.25 times the baseline principle and interest rates or a rate that is approximately equal to the baseline and principle and interest rates, depending on the distribution of employers and their reserve ratios.

Section 16 of the regulation provides the mechanism and conditions for assessing supplemental bond contributions as authorized in SB 515, should the fund raise through the regular special bond contributions be insufficient to meet the bond obligations.

The supplemental bond contributions would be similar to the AB 482 temporary interest assessment that employers recently paid.

The small business impact statement, which I presented at the July 31st small business workshop, is available on DETR's webpage at www.nvdetr.org on the bulletin board section of the page. I'd just like to quickly review the key portions of the statement, which can be found on Pages 14 to 17 of that presentation.

First, the net impact of this regulation for any individual employer depends on three key factors, which are related to, but not a part of this regulation. The size and structure of any potential bond deal, the degree to which DETR reduces the average regular state unemployment contribution rate in conjunction with the bond deal and the employers' individual reserve ratios.

The scope of the economic impact of this regulation would be all employers who are subject to contributions in the State, which is over 99 percent of all employers that are registered with the State.

The beneficial impacts of the regulation include eliminating the federal credit reduction, which would lower employers' federal unemployment taxes, increasing the weight of an employer's prior experience in determining their contributions rate -- contribution rates and potentially lowering the overall burden of unemployment costs on employers, compared to a no-bonding scenario.

The main adverse effect of this regulation is that should bonds be issued, even though the Department plans to lower the average regular unemployment contribution rate, those employers who have negative reserve ratios, which is employers who have over the life of their account had more benefits charged to their account than they’ve paid in unemployment contributions, would pay a higher rate than they would if we do not issue bonds. This is because the bond -- special bond contributions would be on top of the existing range of unemployment contribution rates, which are 0.25 to 5.4 percent because there have to be employers at 5.4 percent no matter what the average rate is.

Those employers who don’t see their rates drop will be paying special bond contributions on top of that 5.4 percent rate.

The direct impact of the regulation would be to create principle and interest assessments if bonds are issued, which would be collected quarterly and as needed in the case of the supplemental bond contributions sufficient to repay any bonds that are issued. The impact on any individual employers, again, based on their own prior experience of the system.

Indirect impacts include the elimination of the federal credit reduction, lowering -- which would lower employers' federal unemployment taxes and spreading the costs of interest more evening throughout the year. This is because under the AB 42 interest assessments, we don’t know until relatively close to when the bill is due what the bill will actually be. So the current interest assessments come rather late in the year and they're a one-time annual assessment. Whereas, if we bond, we know what our interest obligations will be for the following year well in advance and can then calculate a quarterly interest assessment to bring in that money.

The experience rated structure of the regulation means that employers receive a rate that depends on their own experience with respect to unemployment, not their size. This also aims to keep new employers' rates consistent with where they are now once the federal credit reduction and interest assessments are taken into account, so as not to impose any new burden on those employers.

This regulation will be enforced with the existing resources of the Department as a part of the enforcement of regular state unemployment contributions, the funding for which comes from the U.S. Department of Labor.

The regulation would result in a net increase in unemployment contributions handled by the Department, but that’s because it replaces the repayment of federal loans via federal unemployment taxes with the special bond contributions. So the -- the overall burden on employers we expect would go down. However, some of that money -- some of that burden is currently borne through their federal unemployment taxes, because we would be, essentially, replacing that with the bond contributions, the amount of money collected by the Department would be higher, but the overall burden on employers we expect would be lower.

This regulation would establish a special dedicated revenue stream for the repayment of bonds and, therefore, does not duplicate any other federal, state or local regulations. And, finally, this analysis was conducted by the state employee with the most understanding of the special bond contributions.

To address the -- the 2.25 average rates, I'd just like to say that as we're looking at the -- the bond structures without bonds in the 2014, 2015 years, because of the federal credit reduction, the average rates that employers will be paying is closer to 2.6 or 2.7 percent. If you were to treat the federal taxes and the interest that employers are currently paying all as a part of the regular state unemployment contribution rates. And so, even if the special bond contributions caused the employers' overall average rate to be somewhat higher than 2.25 percent, the goal would be to lower the immediate burden in particular through the -- because of those federal credit reductions and to spread that out a little more evenly, a little more flat throughout the term of the bond repayment, whatever that would be. That concludes my comments.

RENEE OLSON: Thank you, Dave. With that, I'd like to invite Director Woodbeck to the table to make a few comments for us. Thank you.

FRANK WOODBECK: Thank you. For the record, Frank Woodbeck, Director of the Department of Employment, Training and Rehabilitation. The -- the bonding scenario on paying back the debt to the federal government we've been studying for well over a year now. And there have been discussions prior to the passage of SB 515 and subsequent to the passage of SB 515 and throughout the hearings for this regulation.

So the concern, obviously, is what the employers will be paying in unemployment insurance taxes. And I want to note a couple of things. One, the State is effectively a pass-through agent to manage a federally governed unemployment insurance program. And so, consequently, as we looked at the various scenarios, we are certainly aware of the fact that the unemployment insurance taxes that -- that employers pay could, in fact, go up and -- and there was -- we were under significant pressure of the Administrator who makes this decision and the Employment Security Council have been under significant pressure during the recession to raise those taxes more than they had been raised to pay back the debt as the fund was -- trust fund was depleted. So there was certainly sensitivity to those rates.

As these discussions went on regarding bonding, the -- the question that was raised was the various scenarios as to whether we should bond to solvency or not or just bond to pay back the debt. So I asked from some specifics regarding the effects of, one, bonding to only pay back the debt, bonding to solvency and why we would want to -- to look at those particular scenarios possibly differently than we might have otherwise.

And some information that I would want to have on the record is that under the bond structures we're working on, the solvency deposit, in other words, bonding to solvency in the trust fund, acts as a security for bond principle payments which allows us to flow the principle payments through the trust fund and, therefore, provide employers with credit in their future reserve ratios for all those collections. If we do not have that, we can't put it through the -- the trust fund.

In the absence of a solvency deposit in the trust fund, in other words, the trust fund balance is zero, the bond would need to be straight securitization and the funds would be collected at 1.5 times the estimated obligations and deposited straight in the separate fund, therefore, not in the trust fund. So, therefore, there's a double -- there's a -- there's a double hit, if you will, to the employer. One, they would be paying a higher assessment rate of the 1.5 times that we have to collect of the outstanding obligation of the bond. And then, secondly, they would not be able to -- the money with not be able to flow through the trust fund, therefore, the experience rating of the employer would not be -- would be negatively impacted in most cases, and they would not have the positive effect of a experience rating should it flow through -- therefore, was flowing through the trust fund.

Then there is a slight change in the federal law beginning in 2014. A state must have had a solvent trust fund using a federal high cost multiple, which is a multiple that would take it up to $800,000,000.00, as we have discussed. In order to take advantage of the interest free short-term loans from the federal government. And when I say short-term, what we currently have is a long-term loan, it's not a short-term loan. But at times, for cash flow purposes, within the state, we could borrow from the federal government if the deposits to the trust fund coming from the employers was such that we ran low in funds. And that would be an interest-free loan from the federal government.

Beginning in 2014, if we do not have a solvent trust fund, we cannot take advantage of that -- of those loans from the federal government.

Also, if there's no trust fund balance in the event -- in the event of a recession, we would, likely, immediately need to ratchet up the regular unemployment rate in the event of a recession because we have zero reserves. So that was -- that was another reason why we looked at the solvency factor and bonding to solvency in having sufficient reserves so that we would not negatively -- be negatively affected by the impact.

And I want to reiterate what the goal of this has been and what Administrator Renee Olson said earlier. We really only want to go to the well one time. We want to fix the trust fund so that we do not have to go back to the federal government to -- to borrow funds in the future, absent an absolutely catastrophic recession. But those are reasons outside of the obvious that we -- that we would bond to solvency.

And I also wanted to -- to note that in a no-bond scenario, we owe approximately $500,000,000.00 to the federal government as of September. And the -- the repayment of taxes under the FUTA formula, it would be approximately $135,000,000.00 of that $500,000,000.00, would have no effect or no benefit to the employers in terms of their experience rating.

And, finally, in a solvency bond scenario, employers get experience rated credit (inaudible) trust fund for the entire loan repayment. In other words, all the $550,000,000.00 would -- would -- the employers would receive credit in their experience rating for that money that’s paid back because it would be flowing through the -- the trust fund.

So that's -- those are the comments I wanted to -- to have on the record, and would welcome any questions. And we would also welcome discussion during this period following the -- the -- this hearing and prior to the adoption of the regulation.

And finally -- I'm sorry, one other point that I did not mention. On an annual basis, the

Employment Security Council meets every October and it advises the Administrator regarding the setting of pseudo (ph) rates for the assessment of unemployment insurance taxes. At each of those hearings, that is an opportunity for all employers to state their -- their concerns and wishes on the record. And those are, in fact, heard. And they are, in fact, sought by the Administrator and heeded in the deliberations that follow. Thank you very much.

RENEE OLSON: Thank you, Mr. Woodbeck. I think that concludes Agenda Item 4, according to the -- to the schedule we have today. But I would just like to add the comment that -- maybe clarify an earlier statement is that we appreciate all the input and consideration on the level of bonding that we're going to undertake. But I do -- I guess I just in my mind, I wanted to just clarify that -- that the regulation calculates the assessment on whatever the principle amount is of the bond. So it doesn't calculate a different assessment on a principle that’s just for bond repayment -- or debt repayment and a separate assessment for -- for the -- the reserve -- establishing the reserves. So that’s why, from my perspective, how the regulation is set and how the calculation is set forth in the regulation are not really a factor in determining how much of a bond that we decide to -- to do.

So, with that, I will invite folks up again for some closing public comment. And I'm going to start in Carson City this time. So anybody in Carson City that would like to come forward?

RAY BACON: Thank you, Madam Chair. For the record, Ray Bacon, Nevada Manufacturers Association. In the discussions that we had months ago now on how this whole thing would work, one of the comments that came out, if I remember correctly, is there is a distinct advantage if we can get the bonding done before the end of September -- something about interest forgiveness for this year -- if we can get that done by the end of September. So I guess the question is, if we can get that done, does that still apply and how much value does that have to employers? Because I think the number was significant at that point in time.

RENEE OLSON: The -- the discussion I remember was that if we could bond before the FUTA tax was set in November is really what the key date we're -- we're looking at. And that happens around November 9th, I believe. So that's really the target we were looking at for issuing bonds by that date so that we could avoid that FUTA tax credit reduction again from happening.

RAY BACON: Okay. November, September. Not bad memory for four or five months ago. And the second question is -- this is kind of a -- I think we changed the law, but I'm not exactly sure and it probably should be on the record.

We had a whole bunch of companies that closed during the recession and some of those companies are in the process of reopening. If they reopen under fundamentally the same ownership, they pick up their experience factor from the old ownership, if I remember correctly? I -- this is one of those techie questions I can see Kelly's --

RENEE OLSON: Yeah, I'll let Kelly answer that question. Thanks.

KELLY KARCH: They could pick it up if they restart the same business with the same FEIM number. They can start a brand-new business that would be outside of that, but in the bonding piece, new companies will be paying a portion of the pie.

RAY BACON: I knew that.

KELLY KARCH: Okay.

RAY BACON: Okay. Thank you those are the only two questions that I had and I figured just for clarification we should get that on the record, because I've already seen some of the companies that were kind of almost out of business and got down to, you know, one or two employees are now starting to re-hire, and thank God they're actually starting to come back alive again. But I know their experience factor is not going to be wonderful at this stage of the game, so thank you.

RENEE OLSON: Thank you.

BRIAN REEDER: Thank you, Madam Chair, for the record, my name is Brian Reeder with Nevada Associated General Contractors. I just want to put on the record again that we're concerned -- AGC is concerned about basing the assessment on experience rating and how that would impact the construction industry. We're just starting to recover and hire back some of our employees and we're afraid this will slow that recovery down. We would prefer basing the assessment -- or more of an equal assessment rather than based on experience rating.

RENEE OLSON: To clarify that, do you mean a flat rate?

BRIAN REEDER: Correct. Yeah.

RENEE OLSON: Okay. Thank you for your

comments.

TRAY ABNEY: Good morning, Madam Administrator. For the record, Tray Abney, representing the Chamber of Reno Sparks in Northern Nevada. We support this regulation. We do share the concerns of -- of Mr. Reeder, but -- but understand that that's how the current system works. And so we support the regulation as written.

I think more conversation needs to be had given what Ms. Vilardo and Miss Valentine raised and we know that’s outside of this today, but it would be a conversation to have because that's a very serious decision that needs to be made about the -- the solvency of this trust fund.

We want to thank you and your staff and Mr. Woodbeck for working with us months and months on this, back even before the session ever began. And we are here to support you in your process. Thank you.

RENEE OLSON: Thank you. I appreciate those comments. And I'll invite anybody from Las Vegas to come forward that would like to conclude with public comment.

VIRGINIA VALENTINE: Thank you, Madam Administrator. Virginia Valentine from the Nevada

Resort Association, for the record. I am prepared to read my letter into the record at this time, if that would be more timely, unless you would like to tell me that it's already considered to be a part of the record since you noted the lateness in receipt of the letter.

RENEE OLSON: It -- it's officially part of the record at this point.

VIRGINIA VALENTINE: Thank you very much. I would only add then that I heard some new things today. We are trying to understand the consequences of various levels of trust fund solvency and we would appreciate the opportunity to have a response on some of the comments we heard today and to discuss those in more detail. Thank you.

RENEE OLSON: Thank you.

CAROLE VILARDO: For the record, Carole Vilardo, Nevada Taxpayers Association. And I'd like to thank you and staff, Dave Schmidt, and the Director Frank Woodbeck for the explanations that you did provide. I think that will help clarify some of the issues. Nothing is going to be perfect, but if it were a perfect world, we wouldn't have had any legislation. So with that, we support the regulation that you have and we wish you a lot of good luck.

RENEE OLSON: Thank you.

BRIAN MCANALLEN: Brian McAnallen representing the Las Vegas Metro Chamber of Commerce. And we also would echo the previous comments from the other business organizations. We appreciate all of the efforts that you and your agency have -- have brought to bear on this issue for the many months that you’ve discussed it.

We thank Director Woodbeck for -- for helping to drive this issue and to make sure that it wasn’t lost in the waning days of the legislative session.

We're supporting the regulation as it's written today and we also have had some challenges trying to wrap our arms around the issue of bonding just for the debt payment, which is a must from our category -- from our perspective, and also the discussion of bonding to level solvency.

It sounds pretty interesting and I think Director Woodbeck's comments and questions and the analysis that your agency has done on -- on the impacts there and -- and the fact that there are significant benefits to bonding for solvency as paying that through the trust fund. And if you don’t that -- that could have a negative impact on employers. I think that’s something worth more discussing a little bit further, especially with regards to the changes in the federal law.

So, again, we appreciate all the -- all the work that's gone into this and looking forward to continuing this discussion with you as you implement this regulation.

RENEE OLSON: Thank you. I'll ask you again at this time if there's anyone else that would like to come forward for public comment. Seeing none, I guess I would just like to wrap up this hearing and just state that this bonding is a very complicated issue and we're right now in the process of -- of fine-tuning our analysis, of -- of the structure of the bond, what we think could be the financial impacts of the bond and whether the bond offers a financial benefit to employers. And so, we do take your comments very seriously and we do consider your -- your position when we're looking at these bonds and we do appreciate your input. And with that, if there's no other comments, I'll adjourn this meeting. Thank you.

(MEETING ADJOURNED.)

C E R T I F I C A T E

TITLE:	**STATE OF NEVADA DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION, EMPLOYMENT SECURITY DIVISION HEARING TO ADOPT BOND REGULATION**
DATE:	**August 27, 2013**
LOCATION:	**Carson City, Nevada 89701**

The below signature certifies that the proceedings and evidence are contained fully and accurately in the digital audio as reported at the proceedings in the above-referenced matter.

Michele Boyles

9-9-13
DATE

MICHELE BOYLES

COURT REPORTING SERVICES