

STATE OF NEVADA

Brian Sandoval
Governor



Don Soderberg
Director

Renee L. Olson
Administrator

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

WORKSHOP NOTICE AND AGENDA

*****REVISED – (Please see below changes in red)**

WORKSHOP TO ADDRESS THE IMPACT OF A PROPOSED REGULATION ON
SMALL BUSINESSES
Pursuant to Nevada Revised Statute NRS 233B.0608

The Employment Security Division of the Department of Employment, Training and Rehabilitation will hold a Small Business Workshop, conducted by the Administrator, to present and solicit public comment on a proposed amendment of a regulation pertaining to Chapter 612 of the Nevada Administrative Code (NAC) pursuant to Nevada Revised Statute (NRS) 233B.061. The proposed amendment will establish the Electronic Filing of Unemployment Insurance Contribution and Wage Reports for Nevada Employers effective July 1, 2018.

Name of Division: Nevada Employment Security Division (ESD)

Date and Time of Meeting: Thursday, March 22, 2018; 11:00 A.M.

Place of Meeting:	<u>Live Meeting:</u>	<u>Video Conference To:</u>
	Legislative Building	Grant Sawyer Building
	401 S. Carson Street, Room 3137	555 E. Washington Ave., Room 4412E
	Carson City, Nevada 89701	Las Vegas, Nevada 89101

AGENDA

- I. Call to order and welcome – ESD
- II. Public Comment – *Administrator may limit public comment to 5 minutes per speaker, but may not restrict comment based upon viewpoint. No action may be taken upon a matter raised under the public comment period, unless the matter itself has been specifically included on this agenda as an action item.*
- III. Confirmation of Posting – ESD
- IV. Review Written Comments – ESD
- V. Agency Review of Proposed Regulation – ESD
 - a. Administrator Review of Regulation *****Amended ESD Draft of Proposed Regulation**
 - b. Summary of Listening Sessions

- VI. Workshop to consider a proposed regulation to establish the Electronic Filing of Unemployment Insurance Contribution and Wage Reports for Nevada Employers
- Presentation of Unemployment Insurance Employer Self Service (ESS) - ESD
 - Electronic Filing ESS on-line method for filing the quarterly Contribution Report and Wage Report - ESD
 - Small Business Impact Statement – R&A DETR
- VII. Closing Public Comment - *Administrator may limit public comment to 5 minutes per speaker, but may not restrict comment based upon viewpoint. No action may be taken upon a matter raised under the public comment period, unless the matter itself has been specifically included on this agenda as an action item.*
- VIII. ***For possible action:** Adjournment

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.

A copy of the meeting Notice and Agenda and supporting materials can be requested as per NRS 241.020, either in person or by written request 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, or fax request to (775) 684-3910.

NOTE: Written comments must be received by the Employment Security Division on or *****before March 20, 2018**, 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: Persons with disabilities who require reasonable accommodations or assistance at the meeting should 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 TTY (800) 326-6868 or 711 for Relay Nevada*), or send a fax to (775) 684-3910, within 72 hours of meeting date and time.

Notice of this meeting was posted at the following locations on or before 9 a.m. on the 15th working day prior to the scheduled meeting date.

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 89703
Las Vegas Field Audit Office, 2800 E. St. Louis Ave., Las Vegas, NV 89104
Appeals Office, 2800 E. St. Louis Ave., Las Vegas, NV 89104
Reno Day Labor Office, 420 Galletti Way, Sparks, NV 89431
Las Vegas Day 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, 4500 E. Sunset Road, Suite 40, Henderson, NV 89014
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, Reno, NV 89502
Nevada JobConnect-Sparks, 2281 Pyramid Way, Sparks, NV 89431
Nevada JobConnect-Winnemucca, 475 Haskell St., Suite 1, Winnemucca, NV 89445

Notice of this meeting was posted on the Internet on the following websites: DETR's Public Notices website at: http://nvdetr.org/public_notices.htm, the State of Nevada's Public Notices website at: <https://notice.nv.gov/>, and the Administrative Regulation Notices website at: <http://www.leg.state.nv.us/App/Notice/A/>.

PROPOSED REGULATION OF THE EMPLOYMENT SECURITY DIVISION OF THE DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

EXPLANATION – Matter in *italics* is new; matter in *green bold underlining* is language proposed to be added in this amendment; matter in brackets ~~omitted material~~ is material to be omitted; matter in ~~purple double strikethrough~~ is language proposed to be deleted in this amendment.

AUTHORITY citation other than 233B; NRS 612.535 - 612.580 ~~and NRS 612.740~~

A REGULATION relating to Unemployment Insurance Contributions; clarifying filing and reporting requirements.

Section 1. Chapter 612 of the Nevada Administrative Code (NAC), Unemployment Compensation, Collection of Contributions section is hereby amended to add NAC 612.640 to read as follows:

NAC 612.640: Electronic filing of unemployment insurance contribution reports.

- 1. After July 1, 2018, any employer and employing unit subject to NRS chapter 612 shall file, by electronic means, all quarterly wage and tax reports required by NRS 612.535 - 612.580, except as provided in section ~~2~~.*
- ~~2. Any employer who fails to comply with the provisions of subsection 1 shall be subject to the penalties set forth in NRS 612.740.~~*
- ~~2~~ 2. An employer or employing unit may request a waiver from the electronic filing requirements of subsection 1. The division may grant a waiver when the employer has established to the satisfaction of the Administrator that there is a lack of automation, a severe economic hardship, or other good cause. An approved waiver shall be valid for one year, at the discretion of the Administrator.*

Section 2. This regulation becomes effective when the final version and a copy of the informational statement required by NRS 233B.066 is filed with the Secretary of State.

Small Business Impact Statement
Department of Employment, Training, and Rehabilitation
Electronic Filing of Unemployment Insurance Contribution and Wage Reports
Pursuant to NRS 233B.0608

1. Description of the manner in which comment was solicited from affected small businesses, a summary of their responses, and an explanation of the manner in which other interested persons may obtain a copy of the summary.

On July 18, 2017, the Employment Security Division Administrator held the first listening session in Carson City to discuss and solicit comment on the proposed regulation which amended Chapter 612 of Nevada Administrative Code. This regulation requires employers to file all reports required by NRS 612.535- 612.580 electronically. As of the July 18, 2017 meeting, no written comments were received. At the July 18, 2017 listening session, only one member of the public provided public comment asking for clarification on the capture of an electronic signature in Nevada's unemployment insurance system (UINV). No other public comment was provided. Minutes from this meeting are available on the Division's web page. The Division held 15 additional listening sessions throughout Nevada in effort to solicit public comment. No public comment was provided at any of these additional sessions.

2. Manner and Method of Analysis

This analysis was conducted by the state employee with the greatest understanding of the subject of Nevada unemployment insurance data. The analysis was performed by acquiring the current number of employers reporting quarterly contribution and wage reports manually. This was followed by breaking out several options employers will have to electronically file their quarterly reports. Due to the inability to foresee how these employers will elect to file, no dollar amount is estimable.

3. Estimated Economic Impact

All Nevada employers subject to unemployment insurance (UI) contribution and wage reports will be affected by the electronic filing requirement. As of the 4th quarter of 2017, 67 percent of Nevada's employers are already filing reports electronically. Of the remaining third that are filing manually, over 99 percent are small employers. These employers will be required to adopt a new method for filing contribution and wage reports. Possible options include the employer electronically filing reports using the UINV system or hiring a payroll service to file the employer reports on their behalf. If an employer can demonstrate these options cause a hardship, a waiver request can be made to the Division's Administrator. The economic impact of this requirement is not estimable as it is unknown how these employers will elect to electronically file.

Beneficial Impacts

84 percent of all manual filers of the employers that file manually have ten or fewer employees and are likely unaware of the overall efficiency gains the UINV system will provide. Once an employer has created an account in the UINV system, they have three options to report their data; manual data entry, electronic filing W-2-EFW2, or upload a spreadsheet (comma delineated file). For the manual options, the employer would only have to input wages for previously existing employees in subsequent quarters as the UINV system automatically saves employee records from the previous wage report. The other methods further simplify the electronic filing process, allowing an employer to simply upload reports into the system. In addition to the efficiency gains, electronic filing has been shown to improve accuracy as compared to manual report filing.

Adverse Impacts

Some employers may lack the technological resources, access to internet connectivity, and/or abilities required to file electronically and could view this regulation as a burden. A handbook with a step-by-step how to enter and submit employer reports is available on the UINV webpage. Other employers may choose to hire or add to an existing payroll service which could result in an additional expense. These services, for ten employees running a bi-weekly payroll, can range between \$820 to \$3,080 per year, depending on the company and desired levels of service. Again, if employers view these impacts as a hardship, they may submit a waiver to the Division for the Administrator to review.

Direct Impacts

The direct impact of the regulation will require employers that are not already submitting their contribution and wage reports electronically, to begin doing so by July 1, 2018.

Indirect Impacts

Employers that are reporting manually may have to acquire the technology required to electronically submit records or hire a service that can do so on their behalf, i.e. obtain internet connectivity. Both of these options may cause an additional expense for the business.

4. Consideration of Impact on Small Businesses

Considering the majority of employers that are currently manually filing are small employers, the regulation will require a considerable number of employers to adjust their reporting methods. Many of these small businesses have continued to file manually as the amount of paperwork was not seen as burdensome. Once these small employers establish an online account, they will benefit from the improved efficiency and accuracy of electronic filing.

5. Estimated Cost of Enforcement

The regulation will be enforced through the existing UINV system; therefore employers will not incur additional costs. The system will automatically notify employers if they have not submitted their reports. The State is expected to experience a cost savings from the regulation, as funds that previously went towards manually entering employer reports can now be directed towards customer service.

6. Anticipated Revenue Increase and Use

This is a revenue neutral regulation.

7. Duplication or More Stringent Standards than Federal, State, or Local Governments

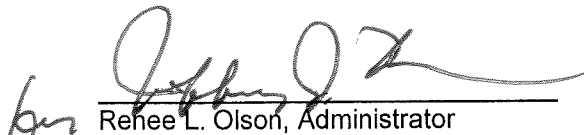
This regulation only modifies employer reporting requirements, requiring employers to file contribution and wage reports electronically. If an employer finds this too burdensome, the employer can apply for a waiver from the Division. Therefore, this regulation does not duplicate or provide a more stringent standard than any other regulation of federal, state, or local governments.

8. The Reason for the Conclusions of the Agency Regarding the Impact of the Regulation on Small Businesses

While nearly all of the employers in Nevada manually filing contribution and wage reports are small employers, this is believed to be predominately due to habit. Because the burden of manual reporting is relatively small on small employers, many have not opted to file electronically over the last several years. With most small businesses having internet access, the electronic filing regulation will have little to no impact on most small businesses once they establish an online account. Once an account is established, the Division anticipates small employers will largely benefit from the efficiency and accuracy gained from the electronic filing.

Certification of Concerted Effort to Determine Impact on Small Business and Accuracy of Statement

I certify that to the best of my knowledge or belief, a concerted effort was made by the Department of Employment, Training, and Rehabilitation to determine the impact of this regulation on small business, and that the information contained in this statement has been prepared properly and is accurate.



Renee L. Olson, Administrator
Employment Security Division