MEMBERS PRESENT:

Chairman Banner
Vice Chairman Thompson
Mr. Bennett
Mrs. Cafferata
Ms. Foley
Mr. Hickey
Mr. Jeffrey
Mr. Rackley
Mr. Rhoads

MEMBERS ABSENT:

None

GUESTS PRESENT:

See attached guest list.

WITNESSES TESTIFYING:

Joe Nusbaum, Chairman, NIC
Jack Kenney, Southern Nevada Homebuilders
Chuck Neely, Clark County School District
Ross Culbertson, Public Employees Action Coalition
Larry McCracken, Director Employment Security Department
Pete Kelley, Nevada Retail Association
Gary L. Nielson, J. C. Penney, Tax Department

Chairman Banner called the meeting to order at 3:05 P.M. and announced that the committee would first hear testimony on AB-165.

AB-165: Provides special premium rates of industrial insurance for certain workers.

Assemblyman Jack Jeffreys told the committee that AB-165 was sponsored by him and came about as a result of complaints from small businessmen, particularly in his district.

Mr. Jeffreys summarized the bill for the committee by stating that the NIC has a policy that in a corporation they charge one of the corporate officers the highest rates for the hazards that are insured for that corporation. In a small corporation where people are not actually working in a hazardous job he feels that they should be under a separate classification or charged a rate the same as the other corporate officers, none of which are involved in hazardous work.

Another part of the bill applies to another practice where clerical workers who handle money, run errands or work outside the office are charged the same rate that the actual contractor's workers,

such as electricians, are charged. They should be charged a rate across the board with other people doing clerical work rather than with the craftsmen who are exposed to a much higher hazard.

Mr. Jeffreys explained that the basic intent of the bill is to insure on the basis of the risks rather than a regulation that puts people into a higher risk category than they belong in. This is his bill for the small employers.

Mr. Joe Nusbaum, Chairman, NIC, testified that he was not against the bill but wanted to express some reservations about it.

Chairman Banner expressed his gratitude to Mr. Nusbaum for representing the NIC in the Labor Committee meetings. He said that in his four previous terms as chairman of this committee the chairman of the NIC had not testified before the committee and he appreciated very much Mr. Nusbaum's personal attendance at the meetings. Mr. Nusbaum told the committee that he was delighted to address the committee, but, in a lighter note, said he wished there not quite so many hearings. Members of the committee said they quite agreed with him!

Mr. Nusbaum explained that the ultimate in the system would be every possible industry classification well defined. Within every industry some people are exposed to considerable risk and others exposed to very little risk. However, the system must be administered and many fine distinctions cannot be handled. NIC does combine people of varying risks in one operation. There are some classifications that cut across, particularly office workers. People who handle money are a narrowly defined classification, for instance.

The corporate officer is a part of the business, a functioning participant exposed to the risk. This bill would put him at a different rate than the rest of the people in the business. However, the premiums would remain the same because there is nothing in creating the new classification that reduces the total risk of the industry. This new classification would necessitate an acturial study to set the rate and describe the classification thus there is a cost. There would be an additional cost for the business concern as they would have to report on two classifications rather than one. Industry and insurer disputes could arise concerning the proper classifications of individuals.

Nr. Nusbaum noted that most businesses have two classifications, one clerical and one industry which covers everything from the highest to the lowest risk.

Mr. Rhoads asked if there is a fiscal impact on this bill. Mr. Nusbaum said there is not one and that the major cost would be as explained above, creating the new classification in the acturial work which might cost up to $10,000 to set up.

Mr. Jack Kenney, Southern Nevada Homebuilders, spoke in favor of the bill. He explained that any fiscal impact on this bill would

be paid by employers, not taxpayer money out of the state coffer. It is a special interest bill from the business community in that sense. NIC will be reviewing all the rates in the state within the next month because they have to come out with new rates by July 1, 1981. Another point he made is that corporation officers for small businesses and their children who obviously never even go near the office. When the NIC does their regulations a disclaimer could be signed so that the burden is on the businessman to not file a misstatement. A cap would have to be put on the amount of corporate officers involved who are out of state or never go near the job. There would be no more paper work because the same form is used for all employees.

Mr. Chuck Neely, Clark County School District, has questions concerning the rate structure. He wanted to know if this bill would change the premiums within the school district.

Chairman Banner answered that this bill does not effect the large employers such as school districts. This would apply only to those people who fall below the limit which do not receive a modification factor.

Chairman Banner then appointed Mr. Jeffrey and Mr. Nusbaum to work out the problems this bill addresses.

AB-208: Removes denial of unemployment compensation for certain school employees under specified circumstances.

Ross Culbertson, Public Employees Action Coalition, explains that this bill would apply to the person who has been unemployed during the summer months and is not rehired in the fall. This person would become eligible for unemployment benefits from the time they were dismissed in the spring. The classifications applicable would be teachers aids, bus drivers, some office help, some cafeteria workers, some custodial workers and would not apply to teachers. Unemployment benefits would be retroactive.

Mr. Chuck Neely, Clark County School District, explained that Dr. Greer was to have testified on this bill and would be available to do so later.

Mr. McCracken, Director, Employment Security Department, had prepared testimony attached hereto as EXHIBIT A pertaining to AB-208. Opposes the bill and pointed out this is not a state option but a federal law with which the state law is in conformity.

Chairman Banner set the rest of the hearing on AB-208 over to March 9, 1981 and further testimony will be heard at that time.

AB-207 Provides exceptions for charging benefits paid as unemployment compensation against employers.

Mr. Pete Kelley, Nevada Retail Association, sponsoring this bill.

Mr. Gary Nielson, Tax Department, J. C. Penney Company, presented

prepared testimony to the committee attached hereto as EXHIBIT B. Mr. Nielson read from his prepared remarks.

Chairman Banner told the committee that the problem stated by Mr. Nielson is that if an employee leaves the employment of J. C. Penney and goes to work for employer "X" and is discharged from employer "X", J. C. Penney is stuck with the major portion of the experience charges.

In response to a question by Mr. Jeffrey, Mr. Nielson said that under existing law the most recent employer has protest rights. That portion of the law should remain the same but the charging of the benefits that are paid should go back to just the primary base period employer; he either gets all the charges or none. The issue is the chargeability of the benefits. Mr. Rhoads said he had complaints of this nature in his district, also.

Mr. Larry McCracken, Director, Employment Security Department, presented prepared testimony to the committee on AB-207 attached hereto as EXHIBIT C. He went through the written testimony covering many of the same points from a different perspective than that of Gary Nielson. He opposes the bill.

Mr. McCracken stressed that nobody has come up with a better system than the one we have in Nevada. He directed the attention of the committee to a chart. Prior to 1975 every employer was paying the maximum amount, there was no experience rating in Nevada. Everytime there was non charging, nobody picked up the bill and that is one of the reasons why the fund went broke. The State was paying the benefits but nobody was getting charged. There are more inequities in non charging than when non charging is not allowed.

Mr. McCracken explained that this bill allows the major employer to protest if the separation was due to misconduct or voluntary resignation without good cause. He said everyone's rates would go up if this bill were instituted.

Mr. Thompson moved the meeting adjourn; Mr. Bennett seconded the motion and the meeting adjourned at 4:25 P.M.

Respectfully submitted,

Janice Fondi
Committee Secretary

LABOR AND MANAGEMENT COMMITTEE

GUEST LIST

Date: _____

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK		
		FOR	AGAINST	BILL NO
TOM STUART	THE GIBBONS CO., INC	✓		165
Joe Nusbaum	NIC		✓	165
J Buckley	summer Corps			
J.H. Brady	LSD			
R Brown	LSD			

LABOR AND MANAGEMENT COMMITTEE

GUEST LIST

Date: ____________________

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK		
		FOR	AGAINST	BILL NO
Ken Gobrecht	J C Penney Co.			
Harold Monroe	J C Penney Co.			
Chuck Neely	Clark County School Dist			
Pete Kelley	Nev. Retail Assn	—		207

MEMORANDUM

STATE OF NEVADA
EMPLOYMENT SECURITY DEPARTMENT

EXHIBIT A

TO Assemblyman James J. Banner, Chairman and Members, Committee on Labor & Management DATE February 27, 1981

FROM Larry McCracken, Executive Director SUBJECT AB 208

Subsection 1 of NRS 612.434 basically provides for the denial of unemployment insurance benefits between two school terms to persons employed in any educational institution ". . . in an instructional, research or principal administrative capacity . . ."

Subsection 2 of NRS 612.434 generally provides for the denial of unemployment insurance benefits to persons employed ". . . in any other capacity for any educational institution except an institution of higher education . . ." In most cases, the denial in Subsection 2 applies to custodial workers such as janitors, kitchen workers, crossing guards, school bus drivers, etc. The denial in both Subsection 1 and Subsection 2 only applies in cases where there is a contract or reasonable assurance that the person will be re-employed in the next academic year or term.

The new language to this law beginning on lines 19 through 23 of AB 208 would require the department to pay unemployment insurance benefits retroactively in cases where an individual was not actually reemployed in the next academic year or term despite prior assurances. Eligibility for receiving these benefits is determined by the department with respect to individuals on a week-to-week basis and based upon all pertinent information that is obtainable at that time. It would not be administratively feasible to make a second determination after the fact based upon information and/or conditions which may become apparent retrospectively. More importantly, we have been advised by legal authorities in the U. S. Department of Labor that if state law were changed to incorporate the language found in AB 208 and which would require the department to award benefits retroactively in some cases, a conformity issue with federal law would definitely be raised.

bam

EXHIBIT B

AB 207

POSITION PAPER

NEVADA UNEMPLOYMENT COMPENSATION LAW

WITH MINOR EXCEPTIONS, EXISTING NEVADA UNEMPLOYMENT INSURANCE LAW PERMITS ONLY THE MOST RECENT EMPLOYER TO PROTEST A CLAIM FOR BENEFITS. BASE PERIOD EMPLOYERS ARE DENIED PROTEST RIGHTS UNLESS THE EMPLOYEE WAS DISCHARGED FOR REASONS THAT WOULD CONSTITUTE "GROSS MISCONDUCT" AS DEFINED BY SECTION 612.383, NAMELY ASSAULT, ARSON, SABOTAGE, GRAND LARCENY, EMBEZZLEMENT OR WANTON DESTRUCTION OF PROPERTY. IN THE ABSENCE OF UNDENIABLE PROOF OF GROSS MISCONDUCT, ALL BASE PERIOD EMPLOYERS IN THE STATE OF NEVADA ARE CHARGED A PROPORTIONATE SHARE OF UNEMPLOYMENT BENEFITS COLLECTED BY THE FORMER EMPLOYEE. WE MAINTAIN THIS IS A DENIAL OF DUE PROCESS, AND SHOULD THEREFORE BE AMENDED. WE MAINTAIN A BASE PERIOD EMPLOYER SHOULD NOT BE CHARGED IN THOSE CASES WHERE THE INDIVIDUAL VOLUNTARILY QUIT WITHOUT GOOD CAUSE OR WAS DISCHARGED FOR MISCONDUCT IN CONNECTION WITH WORK.

JCPENNEY IS PROPOSING LEGISLATIVE CHANGE DEALING WITH THE METHOD OF CHARGING BENEFITS TO NEVADA EMPLOYERS. THE PENNEY COMPANY IS NOT SEEKING REMEDIAL UNEMPLOYMENT LEGISLATION THAT WILL GIVE US ANY SPECIAL TAX CONSIDERATION OR BUSINESS ADVANTAGE IN THE STATE OF NEVADA. THE PROPOSALS ADVOCATED,

IF ADOPTED, WILL SIMPLY RESTORE EQUITY AND DUE PROCESS IN THE EXPERIENCE RATING SYSTEM OF TAXATION.

BASIC THEORY BEHIND EXPERIENCE RATING IS TO DESIGN A SYSTEM THAT WILL PROVIDE AN INCENTIVE FOR AN EMPLOYER TO SAVE OR MINIMIZE UNEMPLOYMENT TAX THROUGH PRUDENT MANAGEMENT. SUCH PRUDENT MANAGEMENT INCLUDES EMPLOYMENT STABILIZATION AND PREVENTION OF BENEFIT CHARGES FROM THOSE INDIVIDUALS THAT LEAVE THEIR EMPLOYMENT VOLUNTARILY WITHOUT GOOD CAUSE OR ARE DISCHARGED FOR MISCONDUCT IN CONNECTION WITH WORK.

WE PROPOSE AN AMENDMENT TO NRS 612.550 WHICH CHANGES NEVADA LAW IN TWO RESPECTS:

1. A BASE PERIOD EMPLOYER IS GRANTED THE RIGHT TO PROTEST BENEFIT CHARGES. HOWEVER, ONLY THE PRIMARY BASE PERIOD EMPLOYER, THE BASE PERIOD EMPLOYER PAYING THE MOST WAGES, IS GRANTED PROTEST RIGHTS.
2. ONLY THE PRIMARY BASE PERIOD EMPLOYER IS POTENTIALLY LIABLE. UNEMPLOYMENT BENEFIT CHARGES ARE POTENTIALLY CHARGEABLE TO ONLY THAT EMPLOYER THAT PAID THE MOST WAGES IN THE BASE PERIOD, BUT EVEN THE PRIMARY BASE PERIOD EMPLOYER CAN BE RELIEVED OF CHARGES IF THE EMPLOYMENT SECURITY DEPARTMENT ISSUES A DETERMINATION HOLDING THAT THE CLAIMANT VOLUNTARILY LEFT WORK WITHOUT GOOD CAUSE OR WAS DISCHARGED FOR REASONS THAT CONSTITUTE MISCONDUCT IN CONNECTION WITH WORK.

WHAT WE ARE PROPOSING IS AN ALL OR NONE CHARGE TO ONE EMPLOYER - THE PRIMARY BASE PERIOD EMPLOYER.

THIS PROPOSED CHANGE IN CHARGING OF BENEFIT OFFERS SEVERAL SUBSTANTIAL ADVANTAGES:

1. EQUITY IS PRESENT BY HOLDING THE PRIMARY BASE PERIOD EMPLOYER POTENTIALLY LIABLE. NOT ONLY DO WAGES FROM THE PRIMARY BASE PERIOD EMPLOYER MOST GENERALLY SET THE WEEKLY BENEFIT AWARD, BUT THE MAXIMUM PAY OUT AND THE MAXIMUM CLAIM DURATION ARE ALSO GENERALLY SET BY THE EMPLOYER PAYING THE GREATEST AMOUNT OF WAGES. THE PRIMARY BASE PERIOD EMPLOYER IS MAINLY RESPONSIBLE FOR THE UNEMPLOYMENT HAZARD, SO WHY NOT LET HIM BE LIABLE FOR THE CHARGE?
2. DUE PROCESS IS RESTORED SINCE SECONDARY BASE PERIOD EMPLOYERS THAT DID NOT CAUSE THE UNEMPLOYMENT HAZARD WILL NOT BE CHARGED AT ALL!
3. THE EMPLOYMENT SECURITY DEPARTMENT WOULD BE REQUIRED TO ISSUE, AT MOST, ONLY TWO DETERMINATION FOR EACH CLAIM FILED. ONE DETERMINATION WOULD BE ISSUED TO THE MOST RECENT EMPLOYER, AND IF THE MOST RECENT EMPLOYER WAS NOT THE EMPLOYER PAYING THE GREATEST AMOUNT OF WAGES IN THE BASE PERIOD, THEN A SECOND DETERMINATION WOULD BE ISSUED TO THE PRIMARY BASE PERIOD EMPLOYER. THIS WOULD MINIMIZE COSTS ON BEHALF OF THE EMPLOYMENT

SECURITY DEPARTMENT TO ADMINISTER THIS PROCEDURE FOR CHARGING OF BENEFITS AND STILL RESTORE EQUITY AND DUE PROCESS.

4. EMPLOYERS WOULD HAVE MORE INCENTIVE TO NOT ONLY MINIMIZE THEIR COSTS, BUT ALSO COOPERATE WITH THE EMPLOYMENT SECURITY DEPARTMENT IN PROVIDING TIMELY AND ACCURATE SEPARATION INFORMATION.
5. BENEFIT CHARGES ALLOCATED UNDER THIS PROPOSAL WOULD BE JUSTIFIABLE BASED UPON THE PREPONDERANCE OF WAGES PAID AND WOULD THUS PROVIDE GREATER EQUITY IN THE EVENTUAL COMPUTATION OF EMPLOYER TAX RATES.

THIS PARTICULAR METHOD OF CHARGING UNEMPLOYMENT COMPENSATION BENEFITS IS CURRENTLY EMPLOYED IN TWO WESTERN STATES --- IDAHO AND MONTANA. THE STATE OF IDAHO HAS USED THIS CHARGING METHOD FOR SEVERAL YEARS, AND HAS ONE OF THE MOST STABLE AND SOUND UNEMPLOYMENT FUNDS, NOT JUST IN THE WEST, BUT IN THE ENTIRE UNITED STATES! DURING RECENT RECESSIONARY PERIODS, THE IDAHO UNEMPLOYMENT FUND HAS BEEN FINANCIALLY SECURE ENOUGH THAT FEDERAL BORROWING WAS UNNECESSARY EVEN THOUGH TWENTY-FIVE OTHER STATES AND JURISDICTIONS HAD TO APPLY FOR FEDERAL ASSISTANCE! WHEN THE 1979 MONTANA LEGISLATURE ENACTED REVISIONS TO THE MONTANA UNEMPLOYMENT STATUTES, SEVERAL IDEAS WERE BORROWED FROM THE STATE OF IDAHO. AMONG THOSE IDEAS ADOPTED BY THE STATE OF MONTANA WAS THAT OF CHARGING BENEFITS TO THE BASE

PERIOD EMPLOYER PAYING THE GREATEST AMOUNT OF WAGES DURING THE BASE PERIOD, UNLESS A DETERMINATION WAS ISSUED HOLDING THE CLAIMANT VOLUNTARILY QUIT WITHOUT GOOD CAUSE OR WAS DISCHARGED FOR MISCONDUCT IN CONNECTION WITH WORK.

IT SHOULD BE EMPHASIZED THAT WE ARE NOT ADVOCATING ANY CHANGE IN BENEFIT RIGHTS FOR NEVADA CLAIMANTS. BENEFIT ELIGIBILITY, WEEKLY BENEFIT AWARD, AND MAXIMUM BENEFIT PAY OUT IS UNCHANGED UNDER THESE PROPOSALS. ALL WE ARE ADVOCATING IS EQUITY AND DUE PROCESS IN THE CHARGING OF THOSE BENEFITS THAT ARE PAID TO CLAIMANTS.

TO BE OBJECTIVE, SOME QUESTIONS MAY EXIST AS TO HOW THE NON-CHARGED BENEFITS MAY BE HANDLED ADMINISTRATIVELY. AS AN EXAMPLE, SUPPOSE A CLAIMANT WAS DETERMINED ELIGIBLE FOR UNEMPLOYMENT COMPENSATION BENEFITS BASED UPON HIS MOST RECENT SEPARATION FROM EMPLOYMENT, AND YET SHORTLY THEREAFTER, A DETERMINATION WAS ISSUED TO THE BASE PERIOD EMPLOYER PAYING THE GREATEST AMOUNT OF WAGES HOLDING THE CLAIMANT VOLUNTARILY QUIT WITHOUT GOOD CAUSE. BENEFITS ARE BEING PAID, BUT WHO SUSTAINS THOSE CHARGES? SUGGESTED ALTERNATIVES INCLUDE:

1. SIMPLY CHARGE THESE BENEFITS AGAINST THE GENERAL UNEMPLOYMENT COMPENSATION FUND IN THE STATE OF NEVADA. IF NECESSARY, CURRENT TAX TABLES COULD BE EXPANDED TO PROVIDE MORE TAX BRACKETS FOR NEVADA EMPLOYERS.

THOSE EMPLOYERS EXHIBITING A STABLE PAYROLL AND A MINIMUM TURNOVER WOULD BE AT THE LOWER END OF THE TAX SCALE WHILE THOSE EMPLOYERS EXHIBITING A NEGATIVE RESERVE BALANCE WOULD BE AT THE HIGHER END OF THE TAX SCHEDULE. ONCE AGAIN AN INCENTIVE IS PROVIDED ENCOURAGING EMPLOYERS TO EXERCISE PRUDENT MANAGEMENT. REWARD THOSE EMPLOYERS DOING A GOOD JOB AND COLLECT A LITTLE MORE FROM NEGATIVE BALANCE EMPLOYERS THAT ARE CAUSING THE HIGH UNEMPLOYMENT!

2. A FURTHER SUGGESTION FOR CHARGING NON-CHARGED BENEFITS WOULD BE THE IMPLEMENTATION OF A SEPARATE TAX OR "NON-CHARGE FACTOR" TO ABSORB NON-CHARGED ITEMS. EACH YEAR EMPLOYERS IN THE STATE OF NEVADA WOULD BE ASSIGNED AN INDIVIDUAL EXPERIENCE RATING FACTOR IN ADDITION TO A FACTOR FOR NON-CHARGED BENEFITS.

IN SUMMARY, JCPENNEY IS PROPOSING A CHANGE THAT WILL REINSTATE EQUITY AND DUE PROCESS REGARDING THE CHARGING OF UNEMPLOYMENT BENEFITS TO NEVADA EMPLOYERS. BENEFIT ELIGIBILITY IS UNAFFECTED: THE ONLY CHANGE INVOLVES THE CHARGING OF BENEFITS TO NEVADA EMPLOYERS. WE MAINTAIN THE OVERALL AFFECT WILL BE TO PROVIDE AN INCENTIVE FOR ALL NEVADA EMPLOYERS TO STABILIZE PAYROLL, MINIMIZE TURNOVER AND PRUDENTLY MANAGE UNEMPLOYMENT COMPENSATION IN ACCORDANCE WITH DEPARTMENT REGULATION AND STATUTE.

ENTERTAIN QUESTIONS.

MEMORANDUM STATE OF NEVADA EXHIBIT C

EMPLOYMENT SECURITY DEPARTMENT

TO Assemblyman James J. Banner, Chairman and Members, Committee on Labor and Management DATE March 3, 1981

FROM Larry McCracken, Executive Director SUBJECT AB 207

When a person files a claim for unemployment insurance benefits in Nevada under current law, the weekly and total amount they may be entitled to is generally determined by the wages they earned during what is called their "base period." The base period is defined as the first four of the last five calendar quarters completed as of the date a new claim is filed. For example, the base period for a person filing a new claim today would be the 12 months ending September 30, 1980. Since benefits are attributable to base period employment, it seems logical to charge them to the accounts of base period employers. This is done in exact proportion to the amount of base period earnings paid by each base period employer. This issue of "charging" benefits is important because, generally speaking, the more benefits charged to an employer's account, the higher unemployment tax rate he must pay. There can be no question, then, that it is advantageous for employers to avoid to the maximum extent possible the charging of unemployment benefits to their account.

In spite of this, most employers supported a major change regarding the charging of benefits which was included in the package of legislation recommended by the Nevada Employment Security Council and approved by the 1975 Legislature. This apparent contradiction is explained as follows: Prior to 1975, Nevada followed the practice of most states in not charging to employer accounts the benefits paid to workers who voluntarily quit their jobs without good cause or who had been discharged for misconduct. Twenty percent of all benefits paid were thus not charged to any employer's account. The 1975 change provided that workers who quit or were discharged would have the amount of benefits to which they were entitled reduced by up to one-half. However, all benefits paid after this reduction would be charged proportionately to the base period employers. It is estimated that this change reduced the total amount paid by 9% or some $6 million per year at the current rate of payout. At the same time, it increased employer interest in policing the payment of benefits by assuring that all benefits would be charged.

AB 207 would reinstitute the practice of non-charging so that an estimated 22% of all benefits paid would again be non-charged. Worse still, it would do this in a way that would discourage employer policing of the program because under this bill, unless the last employer was also the largest base period employer, he would have little at stake in determining claimant eligibility. AB 207 would also be administratively costly because it would require the department to make at least two additional determinations. First, which base period employer paid the largest amount of wages to the claimant and, second, was the claimant's separation from that employment the result of a quit or discharge? These determinations, in most cases, would be necessary in addition to the determinations currently made with respect to the last and, in some cases, the next-to-last employer to ascertain whether those separations were for a disqualifying reason.

Any other considerations aside, however, the department believes, based on its experience, that the basic issue to be addressed in considering AB 207 is whether benefits should be paid to claimants and not charged to an employer's account. In considering this question, the same issues which were relevant in our 1975 discussions would seem relevant today. When benefits are paid and not

charged to an employer's account, they are in effect charged to the account of all employers.

In 1975, the labor and management representatives on the Employment Security Council agreed to a plan that on the one hand would reduce the payout of benefits in the case of quits and discharges by up to 50%. On the other hand, it was agreed that all benefits paid would be charged. This seemed at the time to be a very well conceived and fair arrangement and in the light of our experience since that time, it still does. Another major problem with non-charging benefits is that it is very inequitably distributed among employers by industry. The department presented data to the 1975 Legislature which showed that the percentage of benefits non-charged ranged from .2% of all benefits paid in agricultural services to 65% of all benefits paid by the services industry which includes gaming. Furthermore, nearly half of all covered employment is in the services industry which further compounds this inequity.

Department staff have discussed the arrangement for the non-charging of benefits which is proposed in AB 207 with the Chief of Tax in the two known states which have a similar system, Idaho and Montana. The Tax Chief in Idaho said that they are currently "very concerned" about the amount of benefits that are being non-charged and that they are preparing a formal review of this matter. The Tax Chief in Montana said that they had approximately two years' experience with this system and that he would characterize it as better than what they had only because what they had was terrible. He further stated that he was familiar with Nevada's system and that it was, in his opinion, "the most equitable and by far the best that could be devised." He recommended that for the benefit of claimants, employers and administration alike, we should make every effort to avoid a change.

bam

ASSEMBLY

AGENDA FOR COMMITTEE ON LABOR

TUESDAY

Date FEBRUARY 3 Time 5 P. M. Room 316

Bills or Resolutions to be considered	Subject	Counsel requested*
AB-49	Makes certain changes to law on industrial insurance.	

*Please do not ask for counsel unless necessary.

7421

ASSEMBLY

AGENDA FOR COMMITTEE ON LABOR

Date TUESDAY MARCH 3 Time 5:00 P.M. Room 316

Bills or Resolutions to be considered	Subject	Counsel requested*
AB-165	Provides special premium rates of industrial insurance for certain workers.	
AB-207	Provides exceptions for charging benefits paid as unemployment compensation against employers.	
AB-208	Removes denial of unemployment compensation for certain school employees under specified circumstances.	

*Please do not ask for counsel unless necessary.

7421