
ASSEMBLY BILL NO. 21—COMMITTEE
ON COMMERCE AND LABOR

(ON BEHALF OF THE EMPLOYMENT SECURITY
DIVISION OF THE DEPARTMENT OF
EMPLOYMENT, TRAINING AND REHABILITATION)

PREFILED NOVEMBER 7, 2024

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to unemployment compensation. (BDR 53-308)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to unemployment compensation; eliminating provisions requiring the Administrator of the Employment Security Division of the Department of Employment, Training and Rehabilitation to annually perform certain calculations to determine certain information relating to the solvency of the Unemployment Compensation Fund; revising the amount of certain money that is required to be annually transferred from the Unemployment Compensation Administration Fund to the Unemployment Compensation Fund; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 The Unemployment Compensation Law, in general: (1) requires employers to
2 pay contributions into the Unemployment Compensation Fund at a certain rate of
3 the wages paid by the employer for employment; and (2) makes persons who have
4 become unemployed and comply with certain requirements eligible for benefits
5 from the Unemployment Compensation Fund in an amount based on the person’s
6 previous wages for employment. (Chapter 612 of NRS) **Section 1** of this bill
7 eliminates provisions requiring the Administrator of the Employment Security
8 Division of the Department of Employment, Training and Rehabilitation, on or
9 before September 30 of each year, to perform certain calculations to determine
10 certain information relating to the solvency of the Unemployment Compensation
11 Fund. (NRS 612.550)



12 Existing law requires, with certain exceptions, each employer to make
13 payments, at the rate of .05 percent of the wages the employer pays, into the
14 Unemployment Compensation Administration Fund. (NRS 612.606) Existing law
15 requires the money collected from such payments to be used for certain purposes
16 relating to the employment and training of unemployed persons and persons
17 employed in this State. (NRS 612.606, 612.607) Under existing law, at the end of
18 each fiscal year, the State Controller is required to transfer into the Clearing
19 Account in the Unemployment Compensation Fund the amount by which the
20 unencumbered balance of the money collected from such payments exceeds the
21 amount of that money which the Legislature has authorized for expenditure during
22 the first 90 days of the succeeding fiscal year. (NRS 612.607) **Section 2** of this bill
23 revises the amount of the required transfer to be the amount by which the
24 unencumbered balance of the money collected from such payments exceeds the
25 amount of that money which the Legislature has authorized for expenditure during
26 the first 180 days of the succeeding fiscal year.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 612.550 is hereby amended to read as follows:
2 612.550 1. As used in this section:

3 (a) ~~“Average actual duration” means the number of weeks~~
4 ~~obtained by dividing the number of weeks of benefits paid for weeks~~
5 ~~of total unemployment in a consecutive 12-month period by the~~
6 ~~number of first payments made in the same 12-month period.~~

7 ~~—(b)“Average annual payroll”~~ for each calendar year means the
8 annual average of total wages paid by an employer subject to
9 contributions for the 3 consecutive calendar years immediately
10 preceding the computation date. The average annual payroll for
11 employers first qualifying as eligible employers must be computed
12 on the total amount of wages paid, subject to contributions, for not
13 less than 10 consecutive quarters and not more than 12 consecutive
14 quarters ending on December 31, immediately preceding the
15 computation date.

16 ~~“(c)“Beneficiary” means a person who has received a first~~
17 ~~payment.~~

18 ~~—(d)“Computation date”~~ for each calendar year means
19 June 30 of the preceding calendar year.

20 ~~“(e)“Covered worker” means a person who has worked in~~
21 ~~employment subject to this chapter.~~

22 ~~—(f)“First payment” means the first weekly unemployment~~
23 ~~insurance benefit paid to a person in the person’s benefit year.~~

24 ~~—(g)“Reserve balance”~~ means the excess, if any, of total
25 contributions paid by each employer over total benefit charges to
26 that employer’s experience rating record.

27 ~~“(h)“Reserve ratio”~~ means the percentage ratio that the
28 reserve balance bears to the average annual payroll.



1 ~~[(i)]~~ (e) "Total contributions paid" means the total amount of
2 contributions, due on wages paid on or before the computation date,
3 paid by an employer not later than the last day of the second month
4 immediately following the computation date.

5 ~~[(j)] "Unemployment risk ratio" means the ratio obtained by~~
6 ~~dividing the number of first payments issued in any consecutive 12-~~
7 ~~month period by the average monthly number of covered workers in~~
8 ~~employment as shown on the records of the Division for the same~~
9 ~~12-month period.]~~

10 2. The Administrator shall, as of the computation date for each
11 calendar year, classify employers in accordance with their actual
12 payrolls, contributions and benefit experience, and shall determine
13 for each employer the rate of contribution which applies to that
14 employer for each calendar year in order to reflect his or her
15 experience and classification. The contribution rate of an employer
16 may not be reduced below 2.95 percent, unless there have been 12
17 consecutive calendar quarters immediately preceding the
18 computation date throughout which the employer has been subject
19 to this chapter and his or her account as an employer could have
20 been charged with benefit payments, except that an employer who
21 has not been subject to the law for a sufficient period to meet this
22 requirement may qualify for a rate less than 2.95 percent if his or
23 her account has been chargeable throughout a lesser period not less
24 than the 10-consecutive-calendar-quarter period ending on the
25 computation date.

26 3. Any employer who qualifies under paragraph (b) of
27 subsection ~~[(9)]~~ 8 and receives the experience record of a predecessor
28 employer must be assigned the contribution rate of the predecessor.

29 4. Benefits paid to a person up to and including the
30 computation date must be charged against the records, for
31 experience rating, of the person's base-period employers in the same
32 percentage relationship that wages reported by individual employers
33 represent to total wages reported by all base period employers,
34 except that:

35 (a) If one of the base period employers has paid 75 percent or
36 more of the wages paid to the person during the person's base
37 period, and except as otherwise provided in NRS 612.551, the
38 benefits, less a proportion equal to the proportion of wages paid
39 during the base period by employers who make reimbursement in
40 lieu of contributions, must be charged to the records for experience
41 rating of that employer. The proportion of benefits paid which is
42 equal to the part of the wages of the claimant for the base period
43 paid by an employer who makes reimbursement must be charged to
44 the record of that employer.



(b) No benefits paid to a multistate claimant based upon entitlement to benefits in more than one state may be charged to the experience rating record of any employer when no benefits would have been payable except pursuant to NRS 612.295.

(c) Except for employers who have been given the right to make reimbursement in lieu of contributions, extended benefits paid to a person must not be charged against the accounts of the person's base-period employers.

5. The Administrator shall, as of the computation date for each calendar year, compute the reserve ratio for each eligible employer and shall classify those employers on the basis of their individual reserve ratios. The contribution rate assigned to each eligible employer for the calendar year must be determined by the range within which the employer's reserve ratio falls. The Administrator shall, by regulation, prescribe the contribution rate schedule to apply for each calendar year by designating the ranges of reserve ratios to which must be assigned the various contribution rates provided in subsection 6. The lowest contribution rate must be assigned to the designated range of highest reserve ratios and each succeeding higher contribution rate must be assigned to each succeeding designated range of lower reserve ratios, except that, within the limits possible, the differences between reserve ratio ranges must be uniform.

6. Each employer eligible for a contribution rate based upon experience and classified in accordance with this section must be assigned a contribution rate by the Administrator for each calendar year according to the following classes:

Class 1	0.25 percent
Class 2	0.55 percent
Class 3	0.85 percent
Class 4	1.15 percent
Class 5	1.45 percent
Class 6	1.75 percent
Class 7	2.05 percent
Class 8	2.35 percent
Class 9	2.65 percent
Class 10	2.95 percent
Class 11	3.25 percent
Class 12	3.55 percent
Class 13	3.85 percent
Class 14	4.15 percent
Class 15	4.45 percent
Class 16	4.75 percent
Class 17	5.05 percent



1 Class 185.40 percent

2
3 7. ~~On September 30 of each year, the Administrator shall~~
4 ~~determine:~~

5 ~~—(a) The highest of the unemployment risk ratios experienced in~~
6 ~~the 109 consecutive 12 month periods in the 10 years ending on~~
7 ~~March 31;~~

8 ~~—(b) The potential annual number of beneficiaries found by~~
9 ~~multiplying the highest unemployment risk ratio by the average~~
10 ~~monthly number of covered workers in employment as shown on~~
11 ~~the records of the Division for the 12 months ending on March 31;~~

12 ~~—(c) The potential annual number of weeks of benefits payable~~
13 ~~found by multiplying the potential number of beneficiaries by the~~
14 ~~highest average actual duration experienced in the 109 consecutive~~
15 ~~12 month periods in the 10 years ending on September 30; and~~

16 ~~—(d) The potential maximum annual benefits payable found by~~
17 ~~multiplying the potential annual number of weeks of benefits~~
18 ~~payable by the average payment made to beneficiaries for weeks of~~
19 ~~total unemployment in the 12 months ending on September 30.~~

20 ~~8.]~~ The Administrator shall issue an individual statement,
21 itemizing benefits charged during the 12-month period ending on
22 the computation date, total benefit charges, total contributions paid,
23 reserve balance and the rate of contributions to apply for that
24 calendar year, for each employer whose account is in active status
25 on the records of the Division on January 1 of each year and whose
26 account is chargeable with benefit payments on the computation
27 date of that year.

28 ~~9.]~~ 8. If an employer transfers its trade or business, or a
29 portion thereof, to another employer:

30 (a) And there is substantially common ownership, management
31 or control of the employers, the experience record attributable to the
32 transferred trade or business must be transferred to the employer to
33 whom the trade or business is transferred. The rates of both
34 employers must be recalculated, and the recalculated rates become
35 effective on the date of the transfer of the trade or business. If the
36 Administrator determines, following the transfer of the experience
37 record pursuant to this paragraph, that the sole or primary purpose
38 of the transfer of the trade or business was to obtain a reduced
39 liability for contributions, the Administrator shall combine the
40 experience rating records of the employers involved into a single
41 account and assign a single rate to the account.

42 (b) And there is no substantially common ownership,
43 management or control of the employers, the experience record of
44 an employer may be transferred to a successor employer as of the
45 effective date of the change of ownership if:



1 (1) The successor employer acquires the entire or a severable
2 and distinct portion of the business, or substantially all of the assets,
3 of the employer;

4 (2) The successor employer notifies the Division of the
5 acquisition in writing within 90 days after the date of the
6 acquisition;

7 (3) The employer and successor employer submit a joint
8 application to the Administrator requesting the transfer; and

9 (4) The joint application is approved by the Administrator.

10 ↪ The joint application must be submitted within 1 year after the
11 date of issuance by the Division of official notice of eligibility to
12 transfer.

13 (c) Except as otherwise provided in paragraph (a), a transfer of
14 the experience record must not be completed if the Administrator
15 determines that the acquisition was effected solely or primarily to
16 obtain a more favorable contribution rate.

17 (d) Any liability to the Division for unpaid contributions,
18 interest or forfeit attributable to the transferred trade or business
19 must be transferred to the successor employer. The percentage of
20 liability transferred must be the same as the percentage of the
21 experience record transferred.

22 ~~10~~ 9. Whenever an employer has paid no wages in
23 employment for 8 consecutive calendar quarters following the last
24 calendar quarter in which the employer paid wages for employment,
25 the Administrator shall terminate the employer's experience rating
26 account, and the account must not thereafter be used in any rate
27 computation.

28 ~~11~~ 10. The Administrator may adopt reasonable accounting
29 methods to account for those employers which are in a category for
30 providing reimbursement in lieu of contributions.

31 ~~12~~ 11. To the extent allowed by federal law, the
32 Administrator may, by regulation, suspend, modify, amend or waive
33 any requirement of this section for the duration of a state of
34 emergency or declaration of disaster proclaimed pursuant to NRS
35 414.070 and for any additional period of time during which the
36 emergency or disaster directly affects the requirement of this section
37 if:

38 (a) The Administrator determines the action is:

39 (1) In the best interest of the Division, this State or the
40 general health, safety and welfare of the citizens of this State; or

41 (2) Necessary to comply with instructions received from the
42 Department of Labor; and

43 (b) The action of the Administrator is approved by the
44 Governor.



Sec. 2. NRS 612.607 is hereby amended to read as follows:

612.607 1. All payments collected pursuant to NRS 612.606 must be deposited in the Unemployment Compensation Administration Fund. At the end of each fiscal year, the State Controller shall transfer to the Clearing Account in the Unemployment Compensation Fund the amount by which the unencumbered balance of the money deposited in the Unemployment Compensation Administration Fund pursuant to this subsection exceeds the amount of that money which the Legislature has authorized for expenditure during the first ~~90~~ 180 days of the succeeding fiscal year.

2. Except for money transferred from the Unemployment Compensation Administration Fund pursuant to subsection 1, the Administrator may only expend the money collected for the employment and training of unemployed persons and persons employed in this State to:

(a) Establish and administer an employment training program which must foster job creation, minimize unemployment costs of employers and meet the needs of employers for skilled workers by providing training to unemployed persons.

(b) Establish or provide support for job training programs in the public and private sectors for training, retraining or improving the skills of persons employed in this State.

(c) Establish a program to provide grants of money to a nonprofit private entity to be used to make loans of money to veterans and senior citizens to start small businesses. The Administrator shall adopt regulations establishing criteria and standards relating to the eligibility for and use of any grants made pursuant to this paragraph.

(d) Pay the costs of the collection of payments required pursuant to NRS 612.606.

3. The money used for the program for the employment and training of unemployed persons and persons employed in this State must supplement and not displace money available through existing employment training programs conducted by any employer or public agency and must not replace, parallel, supplant, compete with or duplicate in any way existing apprenticeship programs approved by the State Apprenticeship Council.

4. As used in this section:

(a) "Senior citizen" means a person who is domiciled in this State and is 62 years of age or older.

(b) "Small business" means a business conducted for profit which:

- (1) Employs 50 or fewer full-time employees; and
- (2) Has gross annual sales of less than \$5,000,000.



1 **Sec. 3.** This act becomes effective upon passage and approval.

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