

# STATE OF NEVADA

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Department of Employment, Training and Rehabilitation  
Employment Security Division

## **Unemployment Insurance Tax Rate Schedule 2024**

### **Small Business Impact Statement**

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**Small Business Workshop**

**October 30, 2023**



# Small Business Workshop

- The purpose of this Workshop is to discuss the proposed Unemployment Insurance Tax Rate for calendar year 2024 on small businesses.
- A small business is defined by NRS 233B as having 149 employees or less.
- On October 4, 2023, the Employment Security Council recommended the average tax rate remain at 1.65%.



# Proposed Regulation

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- This regulation affects all employers subject to Nevada's Unemployment Compensation Law with a tax rate based on the experience rating system.
- Small business constitute approximately 60,704 employers or 96% of the eligible experience rated employers.



# Proposed Regulation Continued

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- This regulation will lead to a continued increase in reserves in the Unemployment Trust Fund, which is projected to grow by \$834 million from September 2023 to September 2024, bringing the state closer to the solvency target specified in NRS 612.550. Small businesses will account for \$248 million of the total revenue.
- This regulation will continue to allow a majority of experience-rated employers to pay contributions at a rate lower than the new employer rate of 2.95%.



# Direct Impact

- The direct cause of any change in an employer's SUTA tax rate is due to changes in their reserve ratio and experience with unemployment.
- The impact of the proposed 1.65% average tax rate would continue the stability of the overall tax employers pay.
- The annual taxable wage increase from 40,100 in 2023 to 40,600 in 2024 will cause the average cost per employee to increase from \$2,165.40 to \$2,192.40.



**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION  
CALENDAR YEAR 2024**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		SMALL EMPLOYERS					TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	#	%	TAXABLE WAGES		REVENUE (\$MIL)	(\$MILL)	%	
								(\$MIL)	%				
18	<	-8.4	5.40%	1351	2.14%	1292	2.13%	\$241.44	1.57%	\$13.04	\$794.98	1.69%	\$42.93
17	-8.4	-6.8	5.05%	107	0.17%	106	0.17%	\$14.42	0.09%	\$0.73	\$20.39	0.04%	\$1.03
16	-6.8	-5.2	4.75%	126	0.20%	124	0.20%	\$33.48	0.22%	\$1.59	\$46.88	0.1%	\$2.23
15	-5.2	-3.6	4.45%	150	0.24%	146	0.24%	\$22.59	0.15%	\$1.01	\$46.64	0.1%	\$2.08
14	-3.6	-2.0	4.15%	182	0.29%	177	0.29%	\$45.70	0.30%	\$1.90	\$129.98	0.28%	\$5.39
13	-2.0	-0.4	3.85%	250	0.40%	239	0.39%	\$67.96	0.44%	\$2.62	\$138.80	0.3%	\$5.34
12	-0.4	1.2	3.55%	2140	3.40%	2125	3.50%	\$107.57	0.70%	\$3.82	\$222.99	0.47%	\$7.92
11	1.2	2.8	3.25%	478	0.76%	457	0.75%	\$145.70	0.95%	\$4.74	\$342.29	0.73%	\$11.12
10	2.8	4.4	2.95%	720	1.14%	693	1.14%	\$240.70	1.56%	\$7.10	\$434.88	0.92%	\$12.83
9	4.4	6.0	2.65%	1060	1.68%	989	1.63%	\$369.37	2.40%	\$9.79	\$1,202.96	2.56%	\$31.88
8	6.0	7.6	2.35%	1839	2.92%	1727	2.84%	\$708.59	4.60%	\$16.65	\$2,454.59	5.22%	\$57.68
7	7.6	9.2	2.05%	5048	8.01%	4827	7.95%	\$1,607.78	10.44%	\$32.96	\$3,601.25	7.66%	\$73.83
6	9.2	10.8	1.75%	8692	13.80%	8271	13.63%	\$2,972.31	19.30%	\$52.02	\$8,127.15	17.28%	\$142.23
5	10.8	12.4	1.45%	12433	19.74%	11906	19.61%	\$3,727.63	24.20%	\$54.05	\$11,261.11	23.94%	\$163.29
4	12.4	14.0	1.15%	10781	17.11%	10385	17.11%	\$2,790.71	18.12%	\$32.09	\$8,964.47	19.06%	\$103.09
3	14.0	15.6	0.85%	7362	11.69%	7154	11.79%	\$1,258.67	8.17%	\$10.70	\$5,629.93	11.97%	\$47.85
2	15.6	17.2	0.55%	3008	4.78%	2912	4.80%	\$457.34	2.97%	\$2.52	\$2,107.71	4.48%	\$11.59
1	17.2	>	0.25%	7266	11.53%	7174	11.82%	\$589.85	3.83%	\$1.47	\$1,514.00	3.22%	\$3.79
Total Eligible Employers				62,993	100.0%	60,704	100%	\$15,401.81	100%	\$248.80	\$47,041.00	100%	\$726.10
New Employers				2.95%	43,161						\$3,666.00		\$108.15

**TOTAL 106,154**

**\$50,707.00**

**\$834.25**

**Average UI Rate: 1.65% C.E.P.: 0.05% TOTAL TAX RATE: 1.70%**



# Rate - Impact on Small Businesses

- ❑ The tax methodology used for Nevada's Unemployment Compensation Program is based on an experience rating system approved by the U.S. Department of Labor.
- ❑ This rating system is designed to ensure that employers are fairly rated based on their unique experience with unemployment, regardless of size or industry type.



## Estimated Cost for Enforcement

- ❑ There is no additional cost for the enforcement of this regulation. Funding for the administration of the UI program is provided to the department by the US Department of Labor.
- ❑ NAC 612.270 is adopted each year to set employer contribution rates and is required by NRS 612.550.
- ❑ This regulation complies with the federal compliance regulations governing unemployment insurance contribution rates.





# Summarization

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- ❑ The average UI tax rate of 1.65% is expected to produce \$834 million for the trust fund in calendar year 2024. Small businesses will account for \$248 million of the total revenues.
- ❑ This concludes my presentation.

