

Small Business Impact Statement
Department of Employment, Training, and Rehabilitation

NAC 612.258 Amendment: Payrolling

Pursuant to NRS 233B.0608

1. Description of the manner in which comments were 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 April 8, 2024, the Division publicly posted notice of the meeting notice and agenda for the Workshop to Address the Impact of Proposed Regulation on Small Businesses to solicit public comments pursuant to NRS 241.020 and 233B.061. Said Small Business Workshop is being held on April 24, 2024, 1:00 P.M. The Notice of Intent to Act Upon Regulations will be held on June 13, 2024, 1:00 P.M.

2. Manner and Method of Analysis

This analysis was conducted by the state employee, DETR's Chief Economist, with the most understanding of the subject of unemployment insurance, projected benefits and contributions, and ability to make a valid and educated determination as to the potential impact of said regulation amendments and repeals based on said economic analyses conducted and considerations from any/all public comments received by the Department during this rulemaking process.

3. Estimated Economic Impact

Through the manner and methods of analysis described above in 2., it is the determination of the Division that these regulatory amendments and repeals as outlined in the Employment Security Administrator's draft regulation are estimated to have the following economic impacts stated as follows:

- Amendment of NACs 612.258 adding:
 - o an exception to the payrolling regulation that exempts employing units that are assigned to Class 10 through Class 18 contribution rates as prescribed in NAC 612.270; or
 - o an exception to those employing units that would otherwise receive the standard rate of contributions under NRS 612.540 provided that the employing unit reporting the wages pays a greater rate than or equal to the rate that the employing unit receiving services would otherwise receive.

Through the manner and method of analysis described above in 2., it is the determination of the Division that these regulatory amendments will result in a *positive* economic impact for the State and/or the public, allowing for a cost saving measure for businesses within those UI tax rates to utilize payrolling companies, thus saving said businesses resources by allowing their payroll functions to be contracted out to payrolling companies.

If approved, this exception helps minimize costs to employers by enabling them to utilize said payrolling services and not requiring them to establish their own human resource unit within the State to perform said payrolling services.

The proposed regulation is not expected to impose any burden on any business in Nevada, nor would it directly restrict the formation, operation, or expansion of any business in the state.

Adverse Impacts

Through the manner and method of analysis described above in 2., it is the determination of the Division that this regulatory amendment does not pose any known adverse economic impact on the State and/or the public.

Direct Impacts

Through the manner and method of analysis described above in 2., it is the determination of the Division that this regulatory amendment will not have any significant direct economic impacts on the State and/or the public; the Division anticipates a direct *positive* impact for employers of the State and the public through the allowance of payrolling to employing units that are assigned to Class 10 through Class 18 contribution rates as prescribed in NAC 612.270.

Indirect Impacts

Through the manner and method of analysis described above in 2., it is the determination of the Division that this regulatory amendment will not have any significant direct economic impacts on the State and/or the public; the Division anticipates a direct *positive* impact for employers of the State and the public through the allowance of payrolling to employing units that are assigned to Class 10 through Class 18 contribution rates as prescribed in NAC 612.270.

4. Consideration of Impact on Small Businesses

Through the manner and methods of analysis described above in 2., it is the determination of the Division that this regulatory amendment is not expected to have any significant impacts on small businesses, other than the *positive* impacts in general as stated above.

5. Estimated Cost of Enforcement

This regulation amendment will be enforced as a regular part of ongoing UI operations and does not represent any additional burden on staff time. Funding for the administration of the UI program is provided to the Department by the US Department of Labor.

6. Anticipated Revenue Increase and Use

Through the manner and methods of analysis described above in 2., it is the determination of the Division that this regulatory amendment is not anticipated to result in revenue increase nor use.

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

Through the manner and methods of analysis described above in 2., it is the determination of the Division that this regulatory amendment is not anticipated to result in duplication or more stringent standards than those of federal, state, or local governments.

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

Through the manner and methods of analysis described above in 2., the Division concludes that there is no disparate impact to small businesses due to this regulation amendment.

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.

Kristine Nelson 05.10.2024

Kristine Nelson
ESD Administrator