

MASS ESD: Good afternoon, everybody. Welcome to the September 24th, 2026, Small Business Workshop. For the record, my name is Kristine Nelson, and I serve as the Administrator of the Employment Security Division at the Nevada Department of Employment Training and Rehabilitation, also known as DETR. This public workshop is being conducted in compliance with Nevada Revised Statute 233B.0608 for the purpose of soliciting public comments on proposed regulation amendments as stated in agenda Item Number 5 that was attached to the notification of this public meeting. As I go through today's agenda, I will call upon DETR staff to provide presentations of relevant information as it pertains to the regulatory matters for discussion under Nevada Administrative Code NAC 612.270 and 612.258. There will be two public comment periods, one at the beginning of the agenda and one at the end, at which members of the public will have opportunity to provide public comments on the items on today's agenda.

Each public speaker will be limited to 3 minutes, and no action taken upon a matter raised under the public comment period, nor any other matter, unless it's specifically included on today's agenda.

With that, I'll go ahead and close agenda item number 1 and open agenda Item Number 2, which is the first public comment period. I'll start in Carson City. Is there anyone physically present in Carson City who would like to come forward and provide public comment?

MASS ESD: Melissa Potter, for the record, there are no members of the public present in Carson City wishing to make public comments.

Kristine Nelson: Thank you. Moving to the phone lines and Zoom and the live Zoom meeting, are there any callers or participants online wanting to come forward to provide public comment?

MASS ESD: Melissa Potter, for the record, there are no members of the public on the phone or online who wish to provide public comments.

Kristine Nelson: Moving to Las Vegas, is there anyone physically present in Las Vegas who would like to provide public comment?

St. Louis Conference Room C: Devon Kajatt, for the record, there are no members of the public present in Las Vegas wishing to make public comment.

Kristine Nelson: Thank you. Moving on, I'll close agenda item number 2 and open agenda item number 3, which is confirmation of today's public meeting notice. Mrs. Potter, was proper notice provided for this small business workshop pursuant to Nevada's Open Meeting Law 241.020

MASS ESD: Melissa Potter, for the record, I hereby attest and affirm that proper business was provided for the September 24, 2026 Small Business Workshop pursuant to Nevada's Open Meeting Law, NRS 241.020.

Kristine Nelson: Thank you. I'll go ahead and close agenda item number 3 and open agenda item number 4, which is a review of any written comments received by the department on today's small business workshop. Mrs.

Potter, did the department or the division receive any written comments? And if so, please read them into the record.

MASS ESD: Melissa Potter, for the record, no written comments were received on the notice and agenda of today's Small Business Workshop.

Kristine Nelson: Thank you. I'll close agenda item number 4 and open Agenda item number 5, which opens today's Small Business Workshop. This is the first public step in Nevada's rulemaking process. The purpose of the workshop is to discuss regulation amendment proposals and incorporate input received from interested stakeholders. Pursuant to NRS 612.310, subsection 2. Earlier today, the Employment Security Council convened in a public meeting to consume information from DETR's Research and Analysis Bureau, as well as DETR's Contribution Unit, with regards to the economic overview, the state and the health of Nevada's Unemployment Insurance Trust Fund and also, the proposed three UI tax rate schedule scenarios. For the purpose of gathering all that information, along with all public inputs, to enable the Council to then recommend to me, as the Employment Security Division Administrator, an average UI tax rate for calendar year 2027. Acknowledging the importance of providing a stable environment for employers, the Council recommended a rate of 1.35% for average employer tax contribution rate for calendar year 2027.

Kristine Nelson: After careful review and consideration of all public comments received in the Council's recommendation, pursuant to the authority vested in me in NRS Chapter 612.220, I will be moving forward in the rulemaking process with a proposed average UI tax contributions rate of 1.35%. By pursuing this regulation amendment, Nevada's employers' wages will not be subject to the automatic default rate of 2.95%, which would be the rate in effect in the absence of this regulation amendment. In addition, pursuant to NRS 612.606, Nevada employers are required to contribute an additional 0.05%, which is paid into the Unemployment Compensation Administration Fund that administers the Career Enhancement Program for the state. The proposed 1.35% average contribution rate is 0.10% decrease from the current 1.45% rate in effect for calendar year 2026, which is beneficial to Nevada and Nevada's Employers. I'm proposing this lower rate, taking into consideration the recommendations that I received by the Council, but more so based on the information provided to me on the overall health of the UI Trust Fund, which is in a financial position currently of being able to sustain a catastrophic event such as what we experienced during the COVID-19 pandemic. I will also take into consideration any and all public inputs received during this workshop, as well as the public meeting that I will be holding on November 30th, 2026, for this rulemaking process. When ratified by the Legislative Commission at its December 2026 meeting, the UI tax contribution schedule prescribed for calendar year 2027 will look like what is displayed on the screen. It's also included in the packet that was posted online and in your handouts. With that, moving on to agenda item number 5A, Subsection I, I'll now call upon David Schmidt, DETR's Chief Economist, to reiterate his presentation on Nevada's economic status, the health of the Nevada UI Trust Fund, an overview of the Small Business Impact Statement that was also attached in the packet that this said regulation would have on Nevada. Mr. Schmidt?

MASS ESD: Thank you, Administrator. Again, for the record, my name is David Schmidt. I'm the Chief Economist for the Research and Analysis Bureau in the Nevada Department of Employment, Training and Rehabilitation. I'm joined today also by two other economists from our office to go through this presentation. To recap the materials that were presented earlier today, as we look at the first slide, Nevada's employment growth is continuing to be strong in both Las Vegas and Reno. At the far-right side of the chart, you can see the current performance for both areas. You can see various recessions highlighted in red. Employment in both Las Vegas and Reno is at or near its all-time highs. From July of 2025 through June of 2026, Nevada led the nation in job growth with rates, of a little bit more than 1%, as employment growth rate is at 1.3%, the other states have accelerated a little bit. We currently rank number 7 in the country, still having a fairly strong performance overall. If we can go to the next slide, you can see that this job growth is pretty, widely distributed. Up to the top of this chart, we have total non-farm job growth over the last 3 years, a little over 8,000 jobs. The pie chart on the right shows the distribution of those jobs. The leading sector driving our job growth is actually professional and business services. Healthcare comes in second for Nevada. In many states, healthcare is the leading source of jobs. Leisure and hospitality contribute the next largest share as the state's largest industry, even though its growth rate is fairly flat, with all other industries contributing to about a quarter of the gains that we've seen over this three-year period. There are a couple of industries that have shown declining job growth, in particular other personal services, which is a very broad industry, including everything from auto mechanics to cosmetologists to civic organizations and more that is essentially just a little bit below zero. It's down 1,800 jobs over three years. Overall, most industries in the state are growing, and we're not seeing that job growth concentrated in just one or two areas, which is a positive sign for the state's economy. Go to the next slide, you can see that,

David Schmidt: The flip side of this is that long-term growth is slow. In the 1990s, Nevada consistently experienced 6% job gains, currently ranked against the experiences of every year going back to 1990. Our current growth rate is around the 10th percentile of what we've seen. This is really driven by population growth. Population growth in both Nevada and the United States is slowing, and when there are fewer people to accept jobs, there's fewer people who can fill jobs, and so employment growth tends to move in line with that. This is a long-term change. It's not unique to Nevada, but it is a changing landscape that we can think about as we look forward. This has an impact on the trust fund, because the contributions coming into the trust fund, as well as benefit payments going out, are in many ways a function of the size of the state's labor market, and so the growth of that labor market is still positive. It's still one of the best in the country, but it has been slowing. If we go to the next slide, we can look at another angle of this, which is wages. Average hourly wages in the state are also up. Total private sector wages, which is at the bottom left of this chart, have been growing by 3% in terms of those average hourly wages. Several industries are doing much better, including construction, financial activities, producing goods, and professional business services.

The gray ribbons in these charts represent, the experience of the 20th to 80th percentile for all states, or to put it in more accessible terms, that's roughly the 30 states in the middle, with about 10 states above that ribbon and about 10 states below it, however, the flip side of this is on the next slide, because while average hourly wages are going up, that's largely due to keeping up with inflation. Once you take inflation into account, this uses the CPI by region, not the national CPI, and so the West Coast and the East Coast and the South are all treated differently. Nevada's performance in those higher-paying sectors is still relatively strong compared to other states, but when you look at the experience of the private sector, total private jobs, currently that average hourly wage is up, just 0.1% and hovering around zero. That is a bit of a decrease from where we were over the last year and a half or so. If we can go ahead and go to the next slide. Turning from employment to unemployment. The unemployment rate in Nevada currently sits at 4.8%. This is the lowest level that it's been at since February of 2020. It's the first time we've been below 5% since that time as well. We did see a statistically significant decline in the unemployment rate, though we still have a rate that's higher than other states. I would characterize the unemployment rate as higher than other states, but not high overall. 4.8% is not a high unemployment rate. If you pluck it out of this context and stick it into our history, it's the sort of unemployment rate you see when the economy is in a pretty normal, steady-state kind of footing.

David Schmidt: If we take a look at the next slide, one of the reasons that we've seen that decline in our participation rate recently is that our labor force participation rate is falling, due in part due to changes in the population estimates produced by the U.S. Census Bureau. We've seen a shift in the weight of the state... of the nation's population away from younger immigrants more likely to participate in the labor market and toward older long-term residents who are less likely to participate. And as that shift in population estimates is applied to the survey data that's collected through the current population survey, that is pushing down the participation rate, both in the nation and in Nevada. We see that sharper decline at the end of this chart. That's because if you are unemployed, it just means that there's someone who is actively seeking work. If you say, nope, sorry, I'm retired, then you're not counted, which you'll see on the next slide. Nevada's retirement rate currently sits at nearly 20%. This is a rate that's gone up long-term over time, both in Nevada and the U.S. as a whole. You can see the mirror image of that drop in participation at the far-right side of the last chart to the little spike in the retirement rate at the far right of this chart. This reflects that shifting population estimate and how it's being picked up in the estimates that we have here. Retirement is the number one reason why people are outside of the labor market, followed by people who are either in school or have home or family care obligations. And then followed, in a distant third place, by people who say they have a disability and are unable to work or look for work.

David Schmidt: If we go to the next slide, one reason that I'm not concerned about the level of the unemployment rate is that the reason for unemployment matters a great deal. This chart divides people who are unemployed because they have lost a job on the horizontal axis from people who are unemployed for other reasons. Entry to the labor market,

re-entry to the labor market, or they left their last job, as opposed to losing it. This is important because in a recession, it's very obvious that the thing that increases the most first is that... is people who lose their jobs. People are fired, they become unemployed, and that's what we see in a recession. See that increase, then we see people reentering the labor market, driving the rate up, before both of those rates come down and bring the unemployment debt rate back to a period of normalcy, which is where, currently, in the brightest yellow arrows in that mark, are the most recent observations. And so our unemployment rate is currently in a very normal place, the sort of place where it lives when things are not unusual or going through a recession. The overall unemployment rate right now, pretty positive. This job loss piece is also important, because to be eligible for unemployment benefits, you have to have lost your job through no fault of your own. Our current estimate of total unemployment is about 80,000 people. Total estimate of people on unemployment benefits is only about 25,000. If we go to the next slide, this will be the last piece of my presentation before I hand it off to my colleagues but just want to highlight that as you look across the unemployment insurance system, most measures show stable activity over the last year. There have been some slight upticks in the average duration of benefits and the average exhaustion rate in the last month, but over the course even of the last year, that average duration level has been sliding, down from 16.4 weeks to 15.8 weeks. The exhaustion rate? Holding up a little bit more than I would have expected. If you look back at the 1990s or 2000s, that rate was about 35%. Currently, it's been sitting at just a little bit north of 40% and so the share of people who begin receiving their unemployment benefits and then go on to exhaust those benefits has remained a little bit higher. But overall, there's a lot of steady levels of activity in the unemployment insurance program. With that, I will send the presentation over to Timothy Wilcox.

MASS ESD: Yes. Timothy Wilcox, Economist with Research and Analysis Bureau, that's part of DETR, Department of Employment Training and Rehabilitation. Okay, first slide, this is the weekly initial claims per 1,000 jobs from 1988 to the present. If you take COVID out, pretty steady, next slide.

Timothy Wilcox: This is the same data, just translated to a log scale, so you can zoom in and see it with greater detail. Ever since the COVID recession's been a slight increase overall. Next slide. This is the 12-month rolling sum of benefits paid out. Source is ETA5159. Again, since the COVID recession a slight increase in benefits paid out overall. Next slide. This is a before, this is a yearly update, so the trust fund has went up by \$5.5 billion, or \$500 million. Annual wage has increased our taxable wage base has. That is the amount that you were taxed at the employer level. The maximum weekly benefit has increased by 26 and where are these contributions going? Well, A large portion is paid out to benefits, but we are saving some. Next slide.

Timothy Wilcox: This is projected benefits, again, using the 12-month rolling sum, so for year 2027, The projected benefits are \$655 million. It's based on employment growth of 2.9% on the same timeframe and the total wage per covered employee growing at 7.7%. Next slide.

This is just a breakout of that last little assumption. So, employment growth, roughly 38,000 jobs and the average portion per covered employee going up to \$73,000 over the same time. The ratio of taxable wages to total wages, and this is 55.4%. 55.54%. So that gives us a taxable wage base of \$58.7 million. Next slide. This is indirect contributions this is derived, not just using the final contributions number we have in our QCW data this is based on 1.45% this is projected contributions for 2026 and 2027. For 2026, it'd be \$801 million. For 2027, it'd be \$837 million. This is the exact same formulation, except at 1.35%. Key takeaway is that in both scenarios, we would exceed the projected benefits paid out so we would be adding to the trust fund. With that, I'll hand it off to Andrew Stenzel.

MASS ESD: Andrew Stenzel, for the record, I'm an economist with DETR's R&A Bureau. As of now, our UI trust fund balance is sitting at around \$2.7 billion, and this is kind of a look at if we were to keep an average tax rate over all employers at a couple of different rates, what would that look like going into the future. As we go into the next slide, we will see some of the historic data on our UI Trust Fund going back to 2020. As you can see, we've recovered completely since the COVID recession, and we're actually starting to reach an all-time high in our UI Trust Fund level. Like I said, we're at that \$2.7 billion mark. We're still short of the federal solvency level target, which is currently \$2.9 billion. But we're getting super close, and as we go into the next slide here, we'll take a look at what we're looking at for next year. In any of these three range scenarios, we're looking at exceeding the federal solvency target. At both 3, 1.4%, 155%, all of those, we would be meeting the federal solvency target going forward with a little bit of a buffer of over \$200 million.

Andrew Stenzel: One thing that's significant to point out is the other items lying in this. Now that we've got a nice chunk of change in the trust fund account, we're earning interest from the Treasury on that, so that's going to start covering more and more of our benefit payouts.

MASS ESD: Kristine Nelson: Thank you Mr. Stenzel. Moving on to Agenda item number 5A, sub-item II, I will now call upon Eric Fitzgerald, DETR's Deputy Chief Contributions, presenting the proposed UI tax scheduled for calendar year 2027, the average contribution rate of 1.35%.

MASS ESD: Thank you, Ms. Nelson. Again, my name is Erin Fitzgerald for the record. I serve as the Deputy Tax Chief for Contributions for the Employment Security Division. The purpose of this workshop is to discuss the recommended UI tax rate for calendar year 2027. A small business is defined as having 149 employees or less. Employer data for this workshop comes from the records of the division through reports filed by employers. This regulation represents the Employment Security Council recommendation of featuring an average UI tax rate of 1.35%. Next slide.

Erin Fitzgerald: Small businesses represent 69,206, or 98% of the 70,425 eligible experience-rated employers. All employers subject to UI contributions and eligible for experience rating will be affected by this regulation. Next slide. This regulation continues to provide tax rate stability for employers in the DY Trust Fund, which is projected to grow

just over \$1 billion from September 2026 to September 2027. Small businesses will account for \$506 million of those total revenues. This regulation will continue to allow experienced-rated employers to pay contributions at a lower rate than the new employer rate of 2.95%. Next slide. The cause of any change in an employer's state unemployment tax rate is due to changes in their reserve ratio and experience with unemployment rates that employers pay are fixed in statute, and the rate is adjusted each year in the regulatory process by adopting the range of reserve ratios that apply to the rates. A 1.35% average rate will continue the stability of the overall tax employers pay to the trust fund. The UI system helps to maintain workers to the local workforce and facilitates a faster return to work. An increase in wages subject to unemployment contributions, which rose from \$43,700 in 2026 to \$45,400 in 2027, will cause the average cost per employee at the maximum taxable wage base from \$2,359.80 to \$2,451.60 in 2027. Next slide.

Erin Fitzgerald: When reviewing the one point... 1.35% UI tax rate. Take a look at the yellow section, small employers are projected to pay \$506 million of the \$1 billion total taxes collected. It's estimated that 1,792 employers, or 2.59% of the employers, will be at the highest tax rate of 5.4%, 9,797 employers, or 14.16% of employers, will be the lowest tax rate of 0.25%. Next slide. The tax method used for Nevada's unemployment compensation program is based on an experience rating system approved by the U.S. Department of Labor. The rating system is designed to ensure that all employers are rated barely, based on their unique experience with unemployment, regardless of size or industry type. Next slide, please. There is no cost for enforcing this regulation. Funding for the UI program is provided to the department by the U.S. Department of Labor. NAC 612.270 is adopted each year to set employer contribution rates and is required by NRS 612.550. This regulation adheres to the federal compliance regulations governing UI contribution rates. Next slide. To summarize, the average 1.35% UI tax rate is expected to produce just over \$1 billion for the trust fund in calendar year 2027. Small businesses will account for \$506 million of those total revenues. Thank you.

MASS ESD: Kristine Nelson: Thank you, Ms. Fitzgerald. This concludes the presentations of the proposed regulation amendment to NAC Chapter 612 and the related small business impacts that said regulation amendment poses. I'll now open up this public workshop for members of the public to come forward with any questions, comments, concerns.

MASS ESD: Melissa Potter, for the record, there are no public comments.

MASS ESD: Kristine Nelson: Thank you. With that, I'll go ahead and close this public workshop agenda item number 5, and open agenda item number 6, which is the final public comment period. Is there anybody physically present here in Carson City who would like to come forward to provide public comment?

MASS ESD: Melissa Potter, for the record, there are no members of the public present in Carson City wishing to make public comment.

MASS ESD: Kristine Nelson: Moving to the phone lines and live Zoom meeting, are there any callers or participants wanting to come forward to provide public comment?

MASS ESD: Melissa Potter, for the record, there are no members of the public on the phones or online wishing to make public comments.

MASS ESD: Kristine Nelson: Moving to Las Vegas, is there anyone physically present in Las Vegas who would like to come forward to provide public comment?

St. Louis Conference Room C: Devon Kajatt, for the record, there are no members of the public present in Las Vegas wishing to make public comment.

MASS ESD: Kristine Nelson: Thank you. Moving on, I'll close agenda item number 6 and open agenda item number 7, which is the adjournment of today's public meeting and small business workshop. The next step in this process will be a regulation hearing on the Notice of Intent to Act on Regulations, which will be a public meeting scheduled for November 30th, 2026, at 1pm. For up-to-date materials and scheduling, we encourage the public to monitor our website at DETR, D-E-T-R.nv.gov and/or Nevada's Regulation Notices website at notice.nv.gov. DETRs Employment Security Division welcomes all written comments and questions on these matters, which can be sent via email to MASS, that's M as in Mary, A, S, as in Sam, S as in Sam mass@detr.nv.gov, or mail to our administrative office at 500 East 3rd Street, Carson City, Nevada, 89713. Thank you for your participation today, and I hereby adjourn this Small Business Workshop.