

**EMPLOYMENT SECURITY  
DIVISION**

Office of the Administrator



**BRIAN SANDOVAL**  
Governor

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Director

**RENEE L. OLSON**  
Administrator

September 16, 2015

Daniel Harris, Senior Director  
National Association of Professional  
Employer Organizations  
707 North St. Asaph Street  
Alexandria, Virginia 22314

**RE: Nevada Assembly Bill 389 (2015)**

Dear Mr. Harris:

Thank you for your letter dated August 24, 2015. The Employment Security Division (ESD) also looks forward to a positive productive working relationship with the National Association of Professional Employer Organizations.

As the Administrator of ESD, my primary function is the administration of NRS Ch. 612. In that role, I reviewed your letter dated August 24, 2015, and I offer the following:

- 1) The effective date of AB 389 is October 1, 2015. As a result, ESD must assess the client employer, effective the October 1<sup>st</sup> date. Unfortunately, ESD cannot provide advice as to whether the Professional Employer Organizations (PEO) should amend their contracts to be consistent with AB 389.
- 2) NRS 612.550(10) permits the Administrator to re-open a client company's account with the same employer experience rating, if the client company paid wages within the last 8 quarters. Otherwise, the law requires the Administrator to "terminate the employer's experience rating account, and the account must not thereafter be used in any rate computation." If under NRS 612.550(10) a client company re-opens its account, the client company must file a Nevada business registration form with a power of attorney consistent with NRS 612.535(3).
- 3) A new client company must provide a Nevada business registration form with a power of attorney.

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- 4) Per NRS 612.535(3), "Each employing unit, within 30 days after becoming an employer under this chapter, shall register with the Division by filing a report form designed and prescribed by the Division." In this instance, the quarter would close December 31, 2015, which is the date a client employer becomes an "employing unit." As a result, the Division gives one month (30-days) to file the appropriate paperwork, so, February 1, 2016 is the due date for client companies.
- 5) Yes, if the PEO chooses to provide this service to its client companies, DETR will continue to accept bulk payments. Yes, ESD will still require a power of attorney.
- 6) ESD is not considering regulations at this time. The client company may not take the PEO's experience record or a portion of the PEO's experience record (NAC 612.280). The client company's experience record will be its own regardless of the PEO.
- 7) Non-profit corporations will be treated the same as any other non-profit, NRS 612.553.

I hope this assists NAPEO and its client companies in preparing for the upcoming changes. If you would like to sit down and discuss the implementation of AB 389 any further, please do not hesitate to contact me at (775) 684-3909.

Sincerely,



Renee L. Olson  
Division Administrator

RLO:jljg

cc: Don Soderberg, Director, DETR  
Dennis Perea, Deputy Director, DETR  
Neil Rombardo, Sr. Legal Counsel, ESD/DETR  
Jeff Frischmann, Deputy Administrator, ESD/DETR

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NAPEO E-Source is a Member Service. The programs, services, and results reported in NAPEO E-Source are a direct result of membership dues invested in building the PEO industry and promoting the success of member firms.

NAPEO E-Source Volume 15 : Issue 19

- CALIFORNIA – NAPEO Hosts Leadership Council Forum**
- MASSACHUSETTS – NAPEO Hosts New England Leadership Council Forum**
- MASSACHUSETTS – PEO Industry Holds Meetings on NAPEO Model Bill**
- NEVADA – NAPEO Meets With Nevada Agency on Implementation of New SUTA Reporting Law**
- OREGON – Bureau of Labor and Industries Proposes Rules on Paid Sick Leave Law; Deems PEOs Joint Employers**
- SOUTH CAROLINA – Senate Committee To Amend NAPEO Tax Credit Legislation**

**CALIFORNIA – NAPEO Hosts Leadership Council Forum**

The California Leadership Council Forum met October 20 and 21, 2015, at the Hyatt Regency Newport in Newport Beach, California. The Forum kicked off with a California Legal Workshop, which was presented by John Polson and Sheldon Blumling of Fisher & Phillips LLP. Participants heard from Senator Janet Nguyen (R) on the state of the California legislature and the political outlook for 2016. The Leadership Council then held a discussion about Cal/OSHA and the fact sheet published by the agency earlier this year. NAPEO responded to the fact sheet to clarify the misconceptions

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NAPEO, Genesis HR Solutions, ADP TotalSource, and TriNet also met with Sen. Rodrigues, the sponsor of our NAPEO model bill, S.1003, on October 15, 2015. The meeting was productive and allowed our industry to brief the Senator on our activities to advance the bill and to discuss strategy moving forward.

The industry coalition met with representatives from the labor community and the Greater Boston Legal Services on October 21, 2015, in Boston, Massachusetts. The meeting was a follow-up to one held in the summer to discuss the model PEO bill, H.1775/S.1003, which the unions have historically opposed. NAPEO and member companies spent a considerable amount of time in recent months redrafting the bill to address their concerns. Discussions were productive and both parties agreed to revisit certain portions of the text and further discuss in early December. For more information, please contact Melissa Kelly.

#### **NEVADA – NAPEO Meets With Nevada Agency on Implementation of New SUTA Reporting Law**

NAPEO met with the Nevada Department of Employment, Training and Rehabilitation (DETR) on Monday, October 26 in Carson City, Nevada, to continue discussions regarding the implementation of Assembly Bill 389. The new law, which went into effect on October 1, 2015, will allow PEO clients to claim exemptions offered under the state's Modified Business Tax (MBT) by mandating that PEOs doing business in the state report SUTA at the client level.

The meeting followed receipt of a letter from DETR in which it made clear that it would maintain the October 1, 2015, implementation date for the new law and will assess client employers, effective that date. NAPEO had previously suggested a process that would allow for PEOs to transition current clients in January 2016. During Monday's meeting, NAPEO expressed the industry's concerns regarding the restart of the wage base for clients in the final quarter of 2015 and ways to more effectively establish individual client accounts with DETR. NAPEO agreed to put its concerns in writing and send them to DETR by the end of the week. The agency will, in turn, reconsider its position on the wage base restart. It also pledged to

On May 20, the Senate Labor, Commerce and Industry subcommittee heard SB 493 and the House Regulations and Administrative Procedures subcommittee heard HB 3795. Afterwards, both subcommittees voted to move their respective bills to their full committees. The movement of both bills represents significant progress and NAPEO will look to continue efforts during the 2016 legislative session. The amended version of SB 493 can be viewed by clicking [here](#). For additional information, please contact [Daniel Harris](#).

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#### Upcoming Leadership Council Forums

NAPEO will host several Leadership Council Forums later this year. NAPEO will host the Texas Leadership Council in Austin, Texas, October 29 and 30 at the JW Marriott Austin. In addition, NAPEO will also host the following LCFs later this year: the Heartlands Leadership Council will meet November 4, 2015, in Kansas City, Missouri at the Embassy Suites by Hilton Kansas City Plaza; and the Ohio Leadership Council will meet on November 17, 2015, at the Renaissance Columbus. Attendees at all events will be able to hear the latest information on the implementation of the Small Business Efficiency Act as well as local issues that are affecting business in those regions. For more information on upcoming LCFs, please contact [Daniel Harris](#) or [Melissa Kelly](#).