

**MINUTES OF THE
SENATE COMMITTEE ON COMMERCE, LABOR AND ENERGY**

**Seventy-Eighth Session
May 30, 2015**

The Senate Committee on Commerce, Labor and Energy was called to order by Chair James A. Settelmeyer at 8:24 a.m. on Saturday, May 30, 2015, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator James A. Settelmeyer, Chair
Senator Patricia Farley, Vice Chair
Senator Joe P. Hardy
Senator Becky Harris
Senator Mark A. Manendo
Senator Kelvin Atkinson
Senator Pat Spearman

STAFF MEMBERS PRESENT:

Marji Paslov Thomas, Policy Analyst
Dan Yu, Counsel
Renee Fletcher, Committee Secretary

OTHERS PRESENT:

Helen Foley, TriNet HR, Inc.

Chair Settelmeyer:

I will open the hearing on Assembly Bill (A.B.) 389.

ASSEMBLY BILL 389 (1st Reprint): Revises provisions governing employee leasing companies. (BDR 53-766)

Helen Foley (TriNet HR, Inc.):

TriNet HR, Inc. is an employee leasing company (ELC) providing human resource services for small businesses. Employee leasing companies perform services for small businesses, typically with 2-50 employees, and represent up to 75 small businesses. An ELC can offer richer employee benefit plans due to the larger purchasing power gained by combining multiple companies and their employees under a single umbrella. Approximately 8 years ago, ELC laws were revised and regulations were tightened to address fiduciary responsibilities such as collecting taxes and workers' compensation (WC) monies. Workers' compensation can be managed by either the ELC or the private small business. If my public relations firm joined an ELC that also represented contractors, the WC rate would be much higher. I would want to pay the WC based on my company's rating, not the ELC's rating.

Small business would like the same opportunity to manage unemployment insurance (UI). Assembly Bill 389 provides that option. My public relations company employs 20 people who have been with the company for a long time. With very low turnover and no layoffs, my UI rating is very low; therefore, I would want to use my company's rating instead of the ELC's rating. This bill will allow small businesses the choice to use their own ratings.

If there are a couple of companies within your organization, the government can require several different business audits, which are unnecessary and expensive. Assembly Bill 389 will only require a gap audit, which is sufficient. The final section provides that an ELC is not required to maintain an office in Nevada. There are national ELC firms with business throughout the Country. As long as there is a resident agent in Nevada, it is unnecessary to have a physical location in the State.

The UI and the modified business tax statutes would require small businesses to pay their UI to the ELC, which, in turn, would pay the UI. Under the modified business tax law, the company that pays the UI is the one responsible to pay the modified business tax. Consequently, instead of small businesses getting the \$85,000 threshold each quarter, the taxes are aggregated with the companies under the ELC umbrella, causing each company to pay an additional \$3,000 to \$5,000 every year.

With the increase in some taxes and changes to other taxes, we feel this injustice can be corrected. There are 130 ELCs in Nevada representing

2,183 small businesses, with a total of 20,768 employees. These companies should be treated the same as other small businesses in Nevada. There was a fiscal note; however, Assemblyman Paul Anderson worked with the Assembly Committee on Ways and Means and determined there will be adequate money available to make up any potential loss that may occur with the institution of this bill.

Chair Settlemeyer:

Can you please clarify the removal of the State fiscal note?

Ms. Foley:

There was a list put together by the money committees, which made an allowance for any costs that may be associated with the implementation of this bill.

SENATOR ATKINSON MOVED TO DO PASS A.B. 389.

SENATOR HARDY SECONDED THE MOTION.

Senator Harris:

For the purpose of this vote, I am going to support A.B. 389; however, I will have an ongoing discussion with the proponent due to a few unresolved questions.

Chair Settlemeyer:

The Assembly will be notified that A.B. 389 will remain on the secretary's desk until Senator Harris' questions are resolved.

THE MOTION PASSED UNANIMOUSLY.

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Chair Settlemeyer:

I will close the hearing on A.B. 389. As there is no further business to discuss, the meeting is adjourned at 8:32 a.m.

RESPECTFULLY SUBMITTED:

Renee Fletcher,
Committee Secretary

APPROVED BY:

Senator James A. Settlemeyer, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster