

# **STATEMENT OF SCOPE**

## **Department of Workforce Development**

**Rule No:** Chapters DWD 100 to 150

**Relating to:** Converting Standard Industrial Classification (“SIC”) code references to the North American Industry Classification System (“NAICS”) codes. Making minor and technical updates.

**Rule Type:** Permanent

**Finding/nature of emergency**

Not applicable.

**Detailed description of the objective of the proposed rule.**

The objective of the proposed rule is to replace references in chs. DWD 102 and 147 to SIC codes with NAICS codes. NAICS codes were first adopted in 1997 to replace the SIC code system. The department may make additional minor and technical changes to the rules in chs. DWD 100-150.

**Description of existing policies relevant to the rule, new policies proposed to be included in the rule, and an analysis of policy alternatives.**

Currently, ch. DWD 102 (Contribution Rates) specifies the initial contribution rates for certain categories of employers. The department is required to determine whether an employer is “engaged in the construction of roads, bridges, highways, sewers, water mains, utilities, public buildings, factories, housing or similar construction programs” which are specified in SIC Major Group 17 – Construction - Special Trade Contractors.

Chapter DWD 147 (Seasonal Agricultural Employers) specifies which employers the department considers to be primarily engaged in agricultural production, agricultural services, forestry or commercial fishing, hunting or trapping. The department determines the employer’s primary type of business activity from the groups assigned in the SIC manual.

The department proposes to replace the references to SIC codes with NAICS codes in chs. DWD 102 and 147, bringing the rules up-to-date with federal terminology and modern designation codes. SIC codes have not been updated since 1987 and are not being modernized to reflect changes in the economy.

The department proposes to make additional minor and technical changes to the rules to ensure conformity with federal requirements, consistency with state statutes, correct typographical errors and correct cross-references.

The policy alternative is to do nothing. If the department does not promulgate the proposed rule, existing references to SIC in chapters DWD 102 and 147 will not align with modern industry designation codes. If the department does not make the minor and technical corrections that it may identify, the administrative rules may not align with state and federal law.

**Detailed explanation of statutory authority for the rule, including the statutory citation and language.**

Section 108.14 (2), Wis. Stats.

“The department may adopt and enforce all rules which it finds necessary or suitable to carry out this chapter.”

**Estimate of amount of time that state employees will spend developing the rule and other resources necessary to develop the rule.**

The estimated time is 160 hours.

**List with description of all entities that may be affected by the proposed rule.**

The proposed rule may affect construction employers and employers primarily engaged in agricultural production, agricultural services, forestry, or commercial fishing, hunting or trapping. There is not expected to be an adverse impact on business or local government because the department may already designate an employer in these categories regardless of SIC codes.

For the minor and technical rule revisions, the changes may affect employees and employers.

**Summary and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule.**

Federal law requires that state law conform to and comply with federal regulations. *See* 20 C.F.R. § 601.5.

**Anticipated economic impact of implementing the rule (note if the rule is likely to have an economic impact on small businesses).**

The proposed rule is not expected to have an economic impact to any business or small business.

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**Approval of the agency head or authorized individual:**

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**Pamela R. McGillivray, Chief Legal Counsel**

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**Date Submitted**