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Office of the Governor

June 2, 2025

The Honorable Nicole Cannizzaro
Majority Leader of the Nevada State Senate
401 South Carson Street
Carson City, Nevada 89701

Re: Senate Bill 198 of the 83rd Legislative Session

Dear Leader Cannizzaro:

I am forwarding to you, for filing within the time limit set forth in the Nevada Constitution and without my approval, Senate Bill 198 ("SB 198"), which is titled as follows:

AN ACT relating to employment; revising provisions governing the payment of wages and compensation to an employee who resigns, quits or is discharged or placed on nonworking status; revising the penalty imposed upon an employer for the failure to pay such wages when due; and providing other matters properly relating thereto.

While ensuring timely payment for workers upon discharge or placement on nonworking status is a commendable goal, SB 198 would impose significant and burdensome obligations on Nevada businesses—particularly small businesses. Requiring wages to become immediately due and paid on the termination date—or within seven days—would create a significant administrative burden for employers. Businesses with complex or outsourced payroll systems may face increased errors if forced to accelerate processing timelines. Even minor delays caused by these errors could trigger costly litigation under the bill's penalty provisions. Moreover, the bill's revised definition of "compensation"—including bonuses, profit-sharing, 401(k) contributions, and fringe benefits—may make it impossible for some businesses to timely and properly calculate the amount owed to an outgoing employee. This is especially true given that, at the time of termination, it is not always clear whether certain bonuses or fringe benefits have yet been "earned."

SB 198 is also flawed in that its retroactivity provisions may be exceedingly difficult to effectuate in practice. For example, the calculations for salaried, piece-rate, or commission-based employees require using the prior pay period to determine the hourly rate for penalties. This may result in inconsistent or disputed penalty provisions. The bill would also have a chilling impact on flexible employment practices. By defining "nonworking status" narrowly, excluding disciplinary actions or voluntary leaves, employers may be deterred from using flexible leave strategies.

Critically, waiting-time penalties like those imposed under SB 198 have proven disastrous in California. Even minor, unintentional delays in payment have exposed employers to substantial legal liability. These penalties have disproportionately impacted small businesses, which often lack the dedicated accounting, HR, and legal resources needed to defend against lawsuits, especially when practically sufficient, but legally imprecise recordkeeping weakens their case.

Because SB 198 would create an unfriendly environment for employment in Nevada, I cannot support it.

For these reasons, I veto this bill and return it to you without my signature or approval.

Respectfully submitted,



JOE LOMBARDO

Governor of Nevada

Enclosure

cc: The Honorable Stavros Anthony, President of the Senate (without enclosure)
The Honorable Steve Yeager, Speaker of the Assembly (without enclosure)
The Honorable Francisco Aguilar, Secretary of State (without enclosure)
Brendan Bucy, Secretary of the Senate (without enclosure)
Bonnie Borda Hoeffcker, Chief Clerk of the Assembly (without enclosure)
Diane Thornton, Legislative Counsel Bureau, Director (without enclosure)
Asher Killian, Legislative Counsel Bureau, Legislative Counsel (without enclosure)