

STATE OF NEVADA

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DEPARTMENT OF BUSINESS AND INDUSTRY
OFFICE OF THE DIRECTOR

Small Business Impact Statement
LCB File No. R036-23

LCB File No. 036-23 Small Business Impact Statement pursuant to NRS 233B.0608:

(a) A description of the manner in which comment was solicited from affected small business, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The Department of Business and Industry intends to solicit comments on the proposed regulation as part of the public workshop scheduled for December 15, 2023. Comments from the workshop will be incorporated into the small business impact statement and posted with the notice of adoption.

Interested persons may obtain a copy of the small business impact statement or submit statements of impact to:

Chris Weiss, Director's Office
Nevada Department of Business and Industry
3300 West Sahara Avenue, Suite 425
Las Vegas, NV 89102
cweiss@business.nv.gov or 702-486-5320

(b) The manner in which the small business analysis was conducted for LCB File No. R036-23.

Pursuant to NRS 233B.0608(1) and before conducting a workshop for the proposed regulation, the Department has made a concerted effort to determine whether the regulation is likely to impose a direct and significant economic burden upon a small business; or directly restrict the formation, operation or expansion of a small business. In doing so, the Department used the definition of a "small business" as provided in NRS 233B.0382: "[A] business conducted for profit which employs fewer than 150 full-time or part-time employees."

This effort included review and analysis of the authorizing statutory language in NRS 231A; review and analysis of the requirements provided by Nevada Senate Bill 240 (2023); assessment of the administrative performance of the Nevada NMJA Program since 2013; assessment of the workforce and economic development performance of NMJA business investments to date; and study of economic modeling results contained in biennial reports of the Nevada NMJA Program to the Legislative Counsel Bureau.

As a result, the Department has preliminarily determined (as further described below) that the proposed regulation will not (1) impose a direct and significant economic burden upon a small business; (2) result in any direct or indirect adverse effects on small businesses; or (3) directly restrict the formation, operation, or expansion of a small business. The Department's determination is based on the following reasons:

- The NMJA Program (NRS 231A) helps meet the need for access to capital for Nevada small businesses in distressed areas of the state. The proposed regulation implements changes to support the program's performance in this area.
- The proposed regulation will not apply to a Nevada small business unless that business decides to pursue or accept funding from an allocatee of the NMJA Program as defined in NRS 231A and certified by the Director. The regulation is otherwise inapplicable to a Nevada small business.
- Performance of the Nevada NMJA Program from 2013 to date reflects no adverse impacts to small businesses inside or outside the program, and only neutral to beneficial impacts for small businesses inside the program, as documented in the NMJA Program's biennial reports to the Legislative Counsel Bureau.

In addition to the preceding analysis, as part of the workshop process the Department will post the proposed regulation on its website and distribute it to the email list maintained by the Department's Financial Institutions Division for NRS 675 and CDFI licensees and to the existing contact list for the Nevada New Markets Jobs Act program maintained by the Director's Office.

(c) The estimated economic effect of the proposed regulation on the small businesses which it is to regulate, including, without limitation:

(1) Both adverse and beneficial effects:

(I) Adverse effects:

As described above, the Department has preliminarily determined that there will no adverse effects of the proposed regulation on small businesses and will solicit further input as part of the scheduled workshop referenced previously.

(II) Beneficial effects:

Beneficial effects of the proposed regulation on small businesses include potential access to additional capital under terms or conditions more favorable than other available sources of capital. At present there is no assurance as to how many Nevada small business lenders or community development entities and community development financial institutions will apply for available future allocations under the program, nor is there any assurance as to how many Nevada-based qualified or impact qualified active low-income community businesses will apply to program allocatees for funding.

(2) Both direct and indirect effects.

(I) Direct effects:

Direct effects of the proposed regulation on small businesses will be determined by the Department after the scheduled workshop referenced previously.

(II) Indirect effects:

Indirect effects of the proposed regulation on small businesses will be determined by the Department after the scheduled workshop referenced previously.

(d) A description of the methods that the Department of Business and Industry considered to reduce the impact of LCB File No. R036-23 on small businesses and a statement whether the Department actually used any part of those methods.

The Department has not considered methods to reduce the impact of the proposed regulation on small businesses, given the Department's preliminary determination that the regulation will not impose a direct and significant economic burden upon a small business; nor directly restrict the formation, operation or expansion of a small business. Methods may be considered after completion of the scheduled workshop referenced previously where the Department will solicit public comments on how the proposed regulation may impact interested parties.

(e) The estimated cost to the agency for enforcement of the proposed regulation and policy and procedure.

The Department has identified additional costs to the Director's Office for implementation of the proposed regulation and administration of the "impact qualified" provisions. These costs were included in a fiscal note to Senate Bill 240 (2023), funded in the legislation as approved, and are estimated at \$103,135 for the fiscal year 2023-2024 and \$99,665 for the fiscal year 2024-2025.

(f) If LCB File No. R036-23 provides a new fee or increases an existing fee, the total annual amount the Department of Business and Industry expects to collect and the manner in which the money will be used.

The proposed regulation does not provide for new fees or increase an existing fee.

(g) If LCB File No. R036-23 include provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

LCB File No. R036-23 does not duplicate any existing federal, state or local standards regulating the same activity.

(h) The reasons for the conclusions of the Department regarding the impact of LCB File No. R036-23 on small businesses.

The Department's preliminary conclusions are based on the following reasons:

- The NMJA Program (NRS 231A) helps meet the need for access to capital for Nevada small businesses in distressed areas of the state. The proposed regulation implements changes to support the program's performance in this area.
- The proposed regulation will not apply to a Nevada small business unless that business decides to pursue or accept funding from an allocatee of the NMJA Program as defined in NRS 231A and certified by the Director. The regulation is otherwise inapplicable to a Nevada small business.

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- Performance of the Nevada NMJA Program from 2013 to date reflects no adverse impacts to small businesses inside or outside the program, and only neutral to beneficial impacts for small businesses inside the program, as documented in the NMJA Program's biennial reports to the Legislative Counsel Bureau.

The Department will have a better understanding of the impact to small business, if any, after the scheduled workshop referenced previously.

I, Dr. Kristopher Sanchez, Director, certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small business, and that the information contained in the statement above is accurate. (NRS 233B.0608(3))

/s/ Kristopher Sanchez
Dr. Kristopher Sanchez, Director
Department of Business and Industry