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## Small Business Impact Statement Per NRS 233B.0609

### LCB File No. R053-16 Amendment of Provisions in NAC Chapter 354 Related to the Budgeted Ending Fund Balance of Local Governments

Existing law provides that for a general fund of a local government other than a school district, a budgeted ending fund balance of not more than 25 percent of the total budgeted expenditures, less capital outlay, is not subject to collective bargaining negotiations and cannot be considered by a fact finder or arbitrator in determining ability to pay compensation or monetary benefits. (NRS 354.6241, as amended by section 2 of Senate Bill No. 168, chapter 490, Statutes of Nevada 2015, at page 2967).

Existing regulations provide that for a general fund of a local government or certain special revenue funds of a local government, a budgeted ending fund balance of not more than 8.3 percent of the total budgeted expenditures, less capital outlay, is not subject to collective bargaining negotiations. (NAC 354.660) This regulation: (1) incorporates statutory language to provide that for a local government other than a school district, a budgeted ending fund balance of not more than 25 percent of the total budgeted expenditures, less capital outlay, for a general fund, is not subject to negotiations and cannot be considered by a fact finder or arbitrator as ability to pay; and (2) provides that a budgeted ending fund balance of not more than 8.3 percent of the total budgeted expenditures, less capital outlay for a school district general fund or certain special revenue funds of a local government are not subject to collective bargaining negotiations and cannot be considered by a fact finder or arbitrator as ability to pay.

The Department concluded there is no substantial impact on small businesses based on the contents of the proposed regulation.

### ***Methods Considered to Ascertain the Impact of LCB File No. R053-16***

The Department determined that the regulation does not impose a direct and significant economic burden upon a small business or restrict the formation, operation or expansion of a small business. In making this determination, the Department considered the fact that the regulation only applies to activity by local and state government officials and imposes no direct requirements on any private businesses. NRS 354.107 limits the regulatory authority of CLGF to the Local Government Budget and Finance Act in NRS Chapter 354, which generally regulates the financial administration of local governments and does not apply to small businesses. In addition, the Department received no response from small businesses on a Small Business Impact Statement and Questionnaire or at public meetings.



### ***Description of How Comment was Solicited from Affected Small Businesses***

The Department of Taxation (Department) on behalf of the Committee on Local Government Finance (CLGF) conducted public meetings and a workshop on the dates listed below to solicit input on LCB File No. R053-16.

<b>Date of Notice</b>	<b>Workshop or Hearing</b>	<b>Date of Workshop or Hearing</b>	<b>Total Number Notified</b>	<b>Number of Businesses Notified</b>
1-11-2016	Workshop	1-26-2016	277	74
2-19-2016	Subcommittee meeting	3-07-2016	198	102
5-07-2016	Adoption Hearing	6-07-2016	318	107

The workshop was held at the Gaming Control Board Room, 1919 College Parkway, Carson City with video conferencing to the Gaming Control Board in the Grant Sawyer State Office Building, 555 East Washington Avenue, Room 2450, in Las Vegas, Nevada. The subcommittee meeting was held at the Department of Taxation offices, 1550 College Parkway in Carson City with video conferencing to Department of Taxation offices, 2550 Paseo Verde, Suite 180, Henderson, Nevada. The adoption hearing was held at the Legislative Building, 401 South Carson Street, Room 2135, Carson City, Nevada with video conferencing to the Grant Sawyer State Office Building, 555 East Washing Avenue, Room 4401, Las Vegas, Nevada

In accordance with NRS 241.020, meeting notices and agendas were posted at the principal office of the Department of Taxation in Carson City, Nevada, as well Department of Taxation offices in Reno, Henderson, and Las Vegas, and on the Department's website at [www.tax.state.nv.us](http://www.tax.state.nv.us), the Department of Administration website at <https://notice.nv.gov/> and the Legislative Counsel Bureau website at <http://leg.state.nv.us>. The notices were also posted at the NV State Library and Archives, the Las Vegas Library, the Clark County Government Center, the Attorney General's office, and the Legislative Counsel Bureau. In addition, the notices were faxed to the following libraries for posting: Amargosa Valley Library, Boulder City Library District, Clark County Library, Churchill County Library, Elko County Library, Esmeralda County Library District, Henderson District Public Libraries, Humboldt County Library, Lincoln County Library, Mineral County Library, Pahrump Community Library, Pershing County Library, Round Mountain Public Library, and White Pine County Library. In addition, the workshop and meeting notices were mailed to all persons on the Department of Taxation's interested parties list.

The Department of Taxation also solicited input from small businesses by emailing a Small Business Impact Statement and Questionnaire on February 22, 2016 to persons on a list of businesses and trade associations maintained by the Department. No responses were received.

No small businesses commented on the regulation at the workshop, subcommittee meeting, or adoption hearing.

Copies of the minutes from these meetings are available from the Department of Taxation, Local Government Services Division, 1550 College Parkway, Carson City, Nevada 89706, or call Christina Griffith at (775) 684-2044.

### ***Estimated Economic Impact***

The proposed permanent regulation presents no reasonably foreseeable or anticipated adverse economic effects to businesses or to the general public.

### ***Beneficial Effects***

The immediate and long-term effects will be to provide guidance to local governments with regard to the level of budgeted ending fund balances for the general fund and other funds subject to negotiations with local governments and employee organizations.

The regulation incorporates the change enacted by the Legislature in SB 168 by specifically referencing "for the purposes of chapter 288 of NRS, a budgeted ending fund balance of not more than 25 percent of the total budgeted expenditures, less capital outlay, for a general fund is not subject to negotiations with an employee organization and must not be considered by a fact finder or arbitrator in determining the financial ability of the local government to pay compensation or monetary benefits." The remainder of the regulation keeps the original budgeted ending fund balance of 8.3 percent for all other funds and for school districts. The beneficial effects include consistency of the regulation with state law. The regulation does not directly affect private businesses.

### ***Adverse Effects***

The regulation presents no reasonably foreseeable or anticipated, adverse economic effects to small businesses or to the general public.

### ***Direct and Indirect Effects***

The indirect effect is to provide guidance to local governments regarding budgeted ending fund balances subject to negotiation. The direct effect is to provide consistency of the regulation with changes made in Nevada Revised Statutes.

### **CERTIFICATION**

I certify that the information contained in this statement was prepared properly; a concerted effort was made to determine the impact of the proposed regulation on small business; and the information is accurate to the best of my knowledge or belief.

  
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Terry E. Rubald  
Deputy Executive Director  
Nevada Department of Taxation

Date: 7-27-2016

