

Form #4

Small Business Impact Disclosure and Statement

Approved 5-2-2014



NEVADA
STATE ENVIRONMENTAL
COMMISSION

The purpose of this form is to provide a framework pursuant to NRS 233B.0608 for drafting and submitting a Small Business Impact Statement (SBIS) to the State Environmental Commission (SEC) and to determine whether a SBIS is required to be noticed and available at the public workshop. A SBIS must be completed and submitted to the Legislative Counsel Bureau for ALL adopted regulations.

Note: Small Business is defined as a "business conducted for profit which employs fewer than 150 full-time employees" (NRS 233B.0382).

To determine whether a SBIS must be noticed and available at the public workshop, answer the following questions:

1. Does this proposed regulation impose a direct and significant economic burden upon a small business? *(state yes or no. If no, please explain and submit the applicable documentation, which can also be addressed in #8 on the SBIS and simply referred to; and if yes, reference the attached SBIS)*

No. Affected entities (CWSRF water systems) may or may not constitute a "business" as defined by NRS 233B.0382 - the Division can not predict whether future applicants will be affected financially. In addition, the proposed regulation expands the list of recipients eligible to receive program funds. Because the funds are provided at below-market interest rates or are forgivable loans, the customers of newly eligible recipients could receive modest economic benefit. This proposed regulation does introduce a loan origination fee and an annual service fee and establishes requirement for a reserve account, both of which may have a minimal adverse financial impact on water systems if they have not kept up with user rate changes in support of basic operating costs. The proposed regulation also requires the availability of a hardship waiver if a potential borrower is able to demonstrate that the fee would cause a hardship.

2. Does this proposed regulation restrict the formation, operation or expansion of a small business? *(state yes or no. If no, please explain and submit the applicable documentation, which can also be addressed in #8 on the SBIS and simply referred to; and if yes, reference the attached SBIS)*

No. This proposed regulation expands the list of recipients eligible to receive program funds.

If **Yes** to either of question 1 & 2, a SBIS must be noticed and available at the public workshop.

FORM 4: SMALL BUSINESS IMPACT STATEMENT (NRS 233B.0609)
(Provide attachments as needed)

1. Describe the manner in which comment was solicited from affected small businesses, a summary of the response from small businesses and an explanation of the manner in which other interested persons may obtain a copy of the summary. (Attach copies of the comments received and copies of any workshop attendance sheets, noting which are identified as a small business.)

The Agency's assumptions and conclusions will be covered during the public workshop process. Comment will be solicited through a workshop held in Carson City and video conferenced to Las Vegas. Notices of the workshop and an invitation for comments will be posted in county public libraries, the Nevada Division of Environmental Protection (NDEP) buildings in Carson City and Las Vegas, the NDEP website, the Legislative Council Bureau's website, and the official State website. The workshop notice will also be emailed to an extensive distribution list maintained by NDEP's Office of Financial Assistance (OFA). A summary of the workshop will be posted on the SEC website at <http://sec.nv.gov/meetings> when notice is posted for this proposed regulation to go before the SEC as an item for action.

2. The manner in which the analysis was conducted (if an impact was determined).

The agency determined that small businesses would not be impacted (see Small Business Impact Disclosure #1 and #2).

3. The estimated economic effect of the proposed regulation on small businesses:

While the proposed regulations do introduce an annual fee, they also expand the eligibility of the program to a private entity or organization for the implementation and development of non-point source projects, storm water projects, watershed projects, decentralized treatment systems, or the recycling of wastewater, storm water, or subsurface drainage. The entity or organization may or may not be a business defined by NRS 233B.0382; however, because the program is required to offer loans at below rate interest rates, even with the new fees, the program still provides cost savings to borrowers (see attached comparison table). There is also a requirement in the regulation for the CWSRF Program to make available a hardship waiver if a potential borrower can demonstrate that the fee(s) would cause hardship. Because of these variables, the Division cannot estimate the economic effect on the business at this time.

a. Both adverse and beneficial effects:

Not applicable (see above).

b. Both direct and indirect effects:

Not applicable (see above).

4. A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of the methods. (Include a discussion of any considerations of the methods listed below.)

The agency compared the interest rates offered through the program with market rates and added the proposed fees to the difference to determine that, even with the added fees, the program still provides an overall cost savings for borrowers. The proposed regulations also require the Division to make available a hardship waiver of the loan origination fee and sets forth factors to be considered when determining whether a hardship exists.

A. Simplification of the proposed regulation:

Not applicable (see above).

B. Establishment of different standards of compliance for a small business:

Not applicable (see above).

C. Modification of fees or fines so that a small business is authorized to pay a lower fee or fine:

See above.

5. The estimated cost to the agency for enforcement of the proposed regulation. (Include a discussion of the methods used to estimate those costs.)

The proposed changes would not have a significant economic impact on the agency.

6. If this regulation provides for a new fee or increases an existing fee, the total annual amount the agency expects to collect and manner in which the money will be used.

The Clean Water State Revolving Fund (CWSRF) must remain sustainable into the future as CWSRF funding is meant to revolve in perpetuity to support Nevada's water systems. Currently, the Division collects a loan origination fee only at the time the loan closes. The Division is not currently collecting any funding annually, while the loan remains outstanding and payable to the state. If the federal grants were no longer available, the program does not have another funding source to rely upon for administration of the long-term management of the loans. These fees will provide enough resources to allow the SRF programs to remain viable if federal grants become unavailable.

The proposed fee structure is dependent upon the number of loans initiated within a year, and the number of open loans from previous years that have the service fee requirement. The amount of funds awarded in contracts that have been executed over the last ten years have fluctuated drastically. It is not possible to determine the revenue from potential future loans.

However, NDEP has looked at the previous ten years to see how much the Division would have received, if these fees had been implemented:

Prior Fiscal Year	Balances	Origination Fee	Service Fee	Annual Total
FY 2023	\$81,800.00	\$75,503.02		\$157,303.02
FY 2022	115,000.00	72,876.38		187,876.38
FY 2021	5,875.00	69,043.02		74,918.02
FY 2020	413,000.00	68,749.27		481,749.27
FY 2019	2,000.00	50,499.27		52,499.27
FY 2018	308,000.00	50,499.27		358,499.27
FY 2017	352,827.59	34,591.38		387,418.97
FY 2016	208,250.00	17,100.00		225,350.00
FY 2015	11,000.00	6,687.50		17,687.50
FY 2014	125,750.00	6,187.50		131,937.50
Totals	\$1,621,502.59	\$451,736.61		\$2,073,239.19

All funds collected will be used to offset expenses for administering the CWSRF. The loan origination fee that has been collected since 2006 has built up a cash reserve that by itself is not sustainable should the federal grants terminate. An annual fee collected is needed to ensure current cash is generated to fund current expenditures.

CWSRF Administration Expenditures
State Fiscal Year Paid By Service Fees Paid By Grants Total Administration
2023B \$65,890.37 \$313,937.75 \$379,828.12
2022B 176,475.92 148,274.55 324,750.47
2021 264,852.88 0 264,852.88

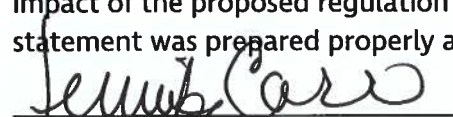
7. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, provide an explanation of why such duplicative or more stringent provisions are necessary.

The proposed regulations are not more stringent than federal regulations.

8. The reasons for the conclusions regarding the impact of a regulation on small businesses.

Although there may be a small adverse economic effect on small businesses, because the agency cannot predict whether future loan applicants will be considered a small business under NRS 233B.0382, it is not possible for the agency to determine the actual effect. In addition, the impact would be small if the business (CWSRF water system) has updated user rates supporting basic operation and the impact may be offset by a lower interest rate and/or loan forgiveness.

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


Administrator, NDEP

1/5/2026
Date

Supporting Documents



Attach copies of the comments received and copies of any workshop attendance sheets, noting which are identified as a small business.

<http://www.leg.state.nv.us/Statutes/77th2013/Stats201314.html#Stats201314page2304>

Comparison between cost of average SRF loan (plus new fees) versus cost of market rate loan for Small Business Impact Statement – R123-24.

Borrower Name				EXAMPLE OF SRF LOAN vs MUNICIPAL BOND RATE			
				Breakdown per million for 20 Year Equivalency Loan			
Closing Date				January 1, 2026			
First Payment Date				July 1, 2026			
Loan Amount				\$1,000,000.00			
Length of Amortization				20			
Total Number of Payments				40			

EXAMPLE BELOW SHOWS SAVINGS BASED ON MOST RECENT RATES
Rates below from December 11, 2025

	Municipal Bond	SRF Loan	Difference	
Interest Rate	4.81%	2.41%		
Interest Paid	\$ 568,061.39	\$ 266,184.36	\$	301,877.03
Loan Origination Fee		\$ 5,000.00	\$	(5,000.00)
Annual Service Fee*		\$ 5,000.00	\$	(5,000.00)
Principal Paid	\$ 1,000,000.00	\$ 1,000,000.00	\$	-
Total Paid	\$ 1,568,061.39	\$ 1,276,184.36	\$	291,877.03
TOTAL SAVINGS THROUGH SRF per million (Including Fees)			\$	291,877.03
				29.19%

*Total paid over life of loan

SRF 20 Year rates are calculated weekly using the 20 Year Municipal Bond Rate 4.81%
Equivalency Loan 50% of Bond Rate 2.41%
Non Equivalency Loan 59% of Bond Rate 2.84%

Fees total 1% of the loan amount (10,000 for every 1,000,000). Loan Origination Fee of 0.50% is due in full when the contract is signed. Annual Service Fee is due Jan 1 each year for a total of 0.50% of the loan divided up into 20 payments over the life of the loan.

Loan Origination Fee	0.50%	\$	5,000.00
Annual Service Fee*	0.50%	\$	5,000.00
	1.00%	\$	10,000.00