

**SMALL BUSINESS IMPACT STATEMENT AS REQUIRED BY
NRS 233B.0608**

LCB File No. R062-15

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

Currently there are no existing businesses that would be affected by this regulation in Nevada. The Department of Taxation (Department) prepared a questionnaire that asked for input regarding the potential impact on small businesses and that was sent to the Department's contact list of 216. The Nevada Taxpayers Association ("NTA") sent the questionnaire to their NTA list of interested taxpayers. The Department also mailed a copy of the questionnaire to the main Public Libraries in the counties where an office of the Department of Taxation is not located in an attempt to receive input regarding any potential significant and direct economic impact on small businesses.

The Department emailed the Small Business Impact Questionnaire on October 5, 2015 and August 16, 2016 using the Department's contact list. The Department did not receive any of the questionnaires back.

The Department did not receive any responses from members of the public who did not complete the questionnaire via e-mails or correspondence.

The Department received two responses from members of the public who did not complete the questionnaire but voiced their opinions via emails and correspondence. All of the correspondence can be found on the Departments web site at <http://tax.nv.gov/Home/Features/LET/>. A summary of the public comment can be found below:

1. Taxpayer suggested that the regulation define the meaning of facility, area and premises. It was also suggested applying a percent to the portion of the event that is the actual live entertainment instead of taxing the whole event as live entertainment. It was also stated that live entertainment provided by or entirely for the benefit of a nonprofit organization if the proceeds of the admission charges to the facility where the live entertainment is provide become the property of the nonprofit organization. This language imputes the activities of patrons to the organization simply because the organization is collecting the admission fee, and despite the fact that the organization has no control over its patrons or their activities. This language and the result it mandates is therefore counter to traditional notions of agency.
2. The second taxpayer asked for clarification as to if a nonprofit is collecting a \$2.00 facility fee which is applied to each ticket that is being collected.

The Department held Regulation Workshops on October 20, 2015 and August 31, 2016 for public comment. A total of 50 people attended the workshops; 2 people testified and 1 written comment was submitted. No one indicated any economic burden of this regulation.

A copy of the summary, audio and video recordings of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2030, by writing to the Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, by e-mailing the Department at hfettic@tax.state.nv.us or by reviewing them on the Department's website at: <http://tax.nv.gov/Home/Features/LET/>.

2. The manner in which the analysis was conducted, including the methods used to determine the impacts of the proposed regulation on small business.

The Department used informed, reasonable judgment in determining that there will not be an impact on small businesses due to the nature of the regulatory changes.

Initially, the Department did its own analysis by considering the extent of the regulatory provisions contained in LCB File No. R062-15. The regulation is administrative in nature and does not contain interpretations of statutory provisions.

Additionally, the Department surveyed all 216 contacts on the Department's contact list. The NTA sent the questionnaire to the NTA list of interested taxpayers. No responses were received by the Department. No one indicated that this regulation would have a direct and significant economic burden upon a small business.

Based on the Department's analysis of the regulation and the response from the public to both the questionnaire and at the hearings on the regulation, the Department concluded that there was not a significant economic burden on small businesses.

3. The estimated economic effect of the proposed regulation on the small businesses which it is regulate, including, without limitation:

(a) Both adverse and beneficial effects.

(b) Both direct and indirect effects.

The proposed permanent regulation presents no reasonably foreseeable or anticipated adverse economic effects to the public. The benefit of this regulation is that the industry along with the Department will be provided more clarity.

- 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 those methods.**

The proposed permanent regulation presents no reasonably foreseeable or anticipated adverse impact to small business; therefore no efforts were required to reduce the impact on small businesses.

- 5. The estimated cost to the agency for enforcement of the proposed regulation.**

The proposed permanent regulation presents no significant foreseeable or anticipated cost or decrease in costs for enforcement.

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

The proposed regulation does not include new fees nor increases an existing fee.

- 7. If the proposed regulation includes 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.**

The proposed regulation does not overlap or duplicate any regulation of other federal, state or local governmental entities but does mirror the Gaming Regulation. Pursuant to NRS 368A.140.1 the Board shall collect the tax imposed by this chapter from taxpayers who are licensed gaming establishment. Pursuant to NRS 368A.140.2 the Department shall collect the tax imposed by this chapter from all other taxpayers.

- 8. The reasons for the conclusion of the agency regarding the impact of a regulation on small businesses.**

The Department used informed, reasonable judgment in determining that there will not be an impact on small businesses due to the nature of the regulation changes. The reason for adoption of the proposed permanent regulation is to provide some guidance to taxpayers in registration, filing of returns and timing of payments. The proposed changes do not imply any additional taxes.

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



Deonne E. Contine, Executive Director
October 11, 2016

