

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

LCB File No. R137-15

- 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 217. 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 July 12, 2016 using the Department's contact list. The Department did not receive any of the questionnaires back.

The Department received two responses from members of the public who did not complete the questionnaire but voiced their opinion via e-mails and correspondence. All of the correspondence can be found on the Departments web site at http://tax.nv.gov/FAQs/Click_Through_Nexus/ A summary of the public responses can be found below:

1. One taxpayer made several recommendations which consisted of: 1. Remove the terms brick and mortar retailers, online retailers and domestic commercial entities since the terms are not defined and suggested that the Department use terms like "retailer located inside/outside this State". 2. It was recommended to remove Section 2.2 for the reason that it is addressed in Statute. It was also recommend clarifying the meaning "significantly associated. It was stated that "any solicitation activities" seems inconsistent with "significantly associated" standard. 3. It was suggested to move section 5 to the beginning of the regulation and clarify the need for a retailer who is selling in to the state of Nevada and not rebutting it, have them register with the Department.
2. One taxpayer suggested that section 5, subsections 2 and 3 be deleted from the draft for the reason that the bill uses the Gross Receipts from the past 4 quarters as a qualifier for an entity to recognize the need to register with the Department.

The Department held a Regulation Workshop on May 20, 2016 for public comment. A total of 7 people attended the workshop; 2 people testified and 2 written comments were submitted. The Department held a second workshop on August 8, 2016 for public comment. A total of 6 people attended the workshop; no one testified and no written comments were 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/FAQs/Click_Through_Nexus/.

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. R137-15. The regulation is administrative in nature and does not contain interpretations of statutory provisions.

Additionally, the Department surveyed all 182 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 to regulate, including, without limitation:

(a) Both adverse and beneficial 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.

(b) Both direct and indirect effects.

The proposed permanent regulation presents no reasonably foreseeable or anticipated direct or indirect economic effects to the public.

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.

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 10, 2016

