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SMALL BUSINESS IMPACT STATEMENT AS REQUIRED BY NRS 223B.0608

LCB FILE No. R003-23P

November 6, 2023

PROPOSED AMENDMENTS TO NAC CHAPTER 583 pertaining to LCB FILE No. R003-23

- 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.**

The Nevada Department of Agriculture (NDA) released a digital survey via email including a link to the Legislative Counsel Bureau's (LCB) website containing the proposed revised Nevada Administrative Code (NAC) 583 language to industry members and businesses. This survey opened for comment and posted to the NDA website at agri.nv.gov/survey on September 13, 2023, and closed on October 1, 2023. The survey was emailed to individuals and interested parties (7,985 contacts) within the State of Nevada. The survey was also posted to NDA social media on September 14, 2023, September 20, 2023, and September 29, 2023. Additionally, the survey link was shared in Director Goicoechea's September Newsletter.

In total, the survey received 69 responses. Persons interested in obtaining the survey results and summary may do so by contacting Shayda Sanjideh at 775-710-1723 or ssanjideh@agri.nv.gov.

Summary of survey responses (total percentages may not equal 100 due to rounding):

- Does your business fall within the definition of a small business and defined by the Nevada Revised Statutes (NRS) 233B.0382?
 - Yes: 60 respondents (87%)
 - No: 9 respondents (13%)
- Would the proposed changes in LCB R003-23P impact your ability to do business?
 - Yes: 4 respondents (20.3%)
 - No: 35 respondents (50.7%)
 - Unknown: 20 respondents (29%)
- What level of negative impact will the proposed changes to NAC 583 have on your business?
 - No Impact: 40 respondents (58%)
 - Insignificant Impact: 6 respondents answered (9%)
 - Minor Impact: 5 respondents answered (7%)
 - Moderate Impact: 11 respondents answered (16%)

- Major Impact: 2 respondents answered (3%)
- Severe Impact: 5 respondents answered (7%).
- Estimate the total annual dollar impact the proposed changes to NAC 583 may have on businesses.
 - \$0: 41 respondents (59.4%),
 - \$1 to \$99: 1 respondent (1.5%)
 - \$100 to \$1000: 12 respondents (17.4%)
 - \$1001 to \$10,000: 8 respondents (11.6%)
 - Over \$10,000: 7 respondents (10.1%)
 - Of the 12 respondents who answered “\$100-\$1000”, when asked what level of negative impact the proposed changes to NAC 583 would have on their business, the answers were as follows:
 - No Impact: 1 respondent
 - Insignificant Impact: 2 respondents
 - Minor Impact: 3 respondents
 - Moderate Impact: 5 respondents
 - Severe Impact: 1 respondent
 - Of the 8 respondents who answered “\$1,001-\$10,000”, when asked what level of negative impact the proposed changes to NAC 583 would have on their business, the answers were as follows:
 - No Impact: 2 respondents
 - Minor Impact: 1 respondent
 - Moderate Impact: 3 respondents
 - Major Impact: 2 respondents
 - Of the 7 respondents who answered “over \$10,000”, when asked what level of negative impact the proposed changes to NAC 583 would have on their business, the answers were as follows:
 - Insignificant Impact: 1 respondent
 - Moderate Impact: 2 respondents
 - Severe Impact: 4 respondents
- Will you need to make operational changes to your business as a result of the financial impact of the proposed changes to NAC 583?
 - Yes: 14 respondents (20%)
 - No: 53 respondents (77%)
 - Other: 2 respondents (3%)
 - Unknown: 1 respondent, noting that changes are unknown but will create a new burden.
- Which sections of the proposed regulations would have the most financial impact on their business?
 - No sections/Not applicable: 44 respondents
 - Section 2: 1 respondent
 - Section 3: 1 respondent
 - Section 4: 1 respondent

- Section 12: 2 respondents
- Section 13: 2 respondents
- Section 14: 1 respondent
- Section 15: 1 respondent
- Section 16: 3 respondents
- Section 17: 2 respondents
- Section 18: 1 respondent
- Section 19: 1 respondent
- Section 20: 1 respondent
- Section 21: 1 respondent
- Section 22: 1 respondent
- Section 23: 1 respondent
- Section 24: 1 respondent
- Section 25: 1 respondent
- Section 26: 3 respondents
- Section 27: 1 respondent
- Section 28: 1 respondent
- Section 29: 1 respondent
- Section 53: 1 respondent
- All: 5 respondents
- Unknown: 13 respondents
- How would changes to NAC 583 impact your ability to do business? A mix of answers were received from 36 respondents. A few stated they believed there shouldn't be any regulation in this industry, but many respondents stated it was either:
 - Not applicable (N/A);
 - Will provide for market improvements, or;
 - Impact is unknown.
- Please indicate which sections of NAC 583 would have the most financial impact on your business and why.
 - The majority of respondents indicated that there would be no impact, or it was not applicable (N/A);
 - Some said that they were unsure, or it was unknown which sections would have the most impact;
 - A few respondents stated that all sections would have an impact.
 - The majority did not state why it would have an impact.
 - Those that did indicate a reason stated that there shouldn't be any regulation in this industry.
- How could these section(s) be adjusted to mitigate their level of negative financial impact? Most of the 37 respondents that answered stated it was:
 - Not applicable (N/A) or would have no impact.
 - A few respondents stated that they want less government involvement or elimination of existing rules.

- When asked to provide any feedback they would like considered in relation to the proposed changes, 29 people gave a response. While many respondents did not have any feedback to provide, some did give positive feedback, and some listed their concerns.

2. The manner in which the analysis was conducted.

The NDA prepared and distributed a Small Business Impact Survey to industry members and businesses (sent to 7,985 recipients). A statistical analysis of the survey results was compiled and considered upon the closing of the survey. The survey also included open-ended questions and the comments received were also considered.

3. The estimated indirect and direct economic effect of the proposed regulation on the small businesses it is to regulate, including, without limitation.

- (1) Both adverse and beneficial effects; and**
- (2) Both direct and indirect effects.**

Small businesses subject to the regulations are estimated to experience direct economic effects up to \$1250 for the first year of licensing/permitting fees. In future years, this fee will drop to a direct cost of \$500/year for renewal. Additionally, businesses who choose to operate as an official establishment may incur direct costs based on if they need to restructure their business to meet the requirements of these regulations.

Although these regulations cause some level of economic impact, it is anticipated to be low since 58% of the respondents stated there would be no impact, 9% stated the impact would be insignificant, and 7% stated minor impact. It is anticipated that these regulation changes can be beneficial as they can provide producers with another option for business revenue if they desire to produce a commercial/saleable product. Animal transport costs can also be reduced since less animals will need to be sent out of state for processing due to an increase of in-state processing services.

The agency estimates that there will be no indirect economic effect to small businesses, either beneficial or adverse.

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.

For the agency to have adequate resources to perform the functions associated with administering and providing meat and poultry inspections, the agency determined fees at a set amount. The fees may be reevaluated and lowered in the future as the resources and functions are supplemented by the United States Department of Agriculture (USDA) Food Safety and Inspection Service (FSIS) funding, general fund, and other financial resources.

The agency explored options for reducing the compliance regulations for meat and poultry processing businesses in Nevada, however, USDA FSIS has an "at least equal to" requirement for meat and poultry processing regulations. The agency will have to simulate USDA FSIS regulations or have more stringent requirements. The agency did not aim to include regulations that exceed

USDA FSIS requirements, however, if the agency were to omit any regulations from the proposed NAC 583 regulations, USDA FSIS will not allow Nevada to administer a state meat and poultry inspection program.

For these reasons, the agency is unable to lower fees or omit regulations to reduce the small business impact. As the agency continues through the regulatory adoption process required under the Nevada Administrative Procedure Act, it will consider any other methods to reduce the impact on small businesses that may be proposed.

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

The agency does have costs associated with the establishment of this new program coinciding with the proposed changes to NAC 583. Primarily, provided by internal resources, the program will be funded to conduct inspections throughout the state.

The agency anticipates an estimated one-time cost of approximately \$400 to print and mail a notice of the revised regulations to all known custom processors and industry partners following the adoption of the regulation.

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 agency estimates that during the first year it will collect \$11,500 in fees. The revenue collected from fees will be utilized for program operating costs. Program costs will also be supplemented by USDA FSIS funding, but only up to 50% of the program's costs.

Based on the number of current custom processors who choose to pursue state inspection or new processors coming online, the amount collected in fees may fluctuate but the revenue will always be applied to program costs.

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 is necessary.

LCB file No. R003-23P amends NAC 583 which governs the inspection of meat and poultry. For Nevada to be able to enter into a cooperative agreement with USDA FSIS, Nevada is required to enforce program requirements that are "at least equal to" federal guidelines under the Federal Meat and Poultry Products Inspection Acts and the Humane Methods of Slaughter Act of 1978. This allows for the state of Nevada to operate their own meat and poultry inspection programs. The agency did not intend to create regulations that are more stringent than federal regulations to regulate the same inspection activity.

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

The agency concludes that the majority of small businesses will not experience severe economic impacts. Over half of the respondents stated that these regulation changes would have "no impact" or that the financial impact would be "\$0". While it is anticipated that some businesses may experience economic impacts, the benefits of an in-state meat and poultry inspection program are expected to outweigh any adverse impacts.

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



J.J. Goicoechea, DVM
Director
Nevada Department of Agriculture