

**SMALL BUSINESS IMPACT STATEMENT AS REQUIRED BY
NRS 233B.0608 and NRS 233B.0609**

LCB File No. R034-24

1. Background

LCB File No. R034-24, increases the limit on the amount of annual total expenditures for a special district to be eligible to petition for an exemption from certain requirements of the Local Government Budget and Finance Act; revises the documentation which a school district is required to include in its fiscal report; repeals certain regulations relating to fiscal reporting by local governments; and provides other matters properly relating thereto.

The Local Government Budget and Finance Act sets forth various requirements, procedures and limitations relating to the financial administration of local governments. Local governments subject to the Act are required under existing law to file certain budget documents and audit reports with the Department of Taxation. (NRS 354.470-354.626) Existing law authorizes a special district subject to the Act with annual total expenditures of less than \$300,000 to petition the Department: (1) for an exemption from the requirements of the Act for the filing of certain budget documents and audit reports; and (2) to use a cash basis of accounting. (NRS 354.475)

Under existing regulations, a special district subject to the Act with annual total expenditures of less than \$200,000 during the current fiscal year and annual total expenditures of less than \$200,000 budgeted for the succeeding fiscal year is authorized to petition the Department for an exemption for 1 fiscal year from one or more of the following requirements: (1) filing a tentative budget; (2) filing independent audit reports; (3) certain publishing requirements of the Act; and (4) maintenance of its accounting records on an accrual or modified accrual basis. (NAC 354.010) **Section 1** of this regulation increases from \$200,000 to \$300,000 the limit on the amount of annual total expenditures for a special district to be eligible to file a petition for such exemptions, in conformance with the provisions of existing law.

Existing law requires the governing board of a local government to submit to the Department a fiscal report in accordance with such requirements as the Committee on Local Government Finance prescribes by regulation. (NRS 354.6015) Existing regulations prescribe the contents of the fiscal report, including, without limitation, the responses of the local government to the quarterly survey prescribed by the Committee concerning the economic conditions affecting the local government. (NAC 354.559) **Section 2** of this regulation exempts school districts from the requirement to include such responses in the fiscal report of a school district.

Existing law requires, with certain exceptions, the governing body of a local government to: (1) submit each year to the Department of Taxation a tentative budget, or, in the case of a school district, to the Department of Education; and (2) adopt a final budget each

year and transmit the final budget to the Nevada Tax Commission. (NRS 354.596, 354.598) Existing regulations require, with certain exceptions, that the tentative budget and a copy of the final budget be submitted to the Department of Taxation as part of the fiscal report that the governing body of a local government is required to submit pursuant to existing law. (NAC 354.559) Existing regulations deem the requirements of existing law to submit a tentative budget and to transmit a final budget to be fulfilled if the governing body of the local government submits the required fiscal report to the Department. (NAC 354.555) **Section 3** of this regulation repeals the provision that deems the requirement to submit a tentative budget and to transmit a final budget to be fulfilled if the governing body of the local government submits the fiscal report to the Department.

The 2019 Legislature enacted Senate Bill No. 543, which established the Pupil-Centered Funding Plan and directed certain sources of revenue to the State Education Fund, including certain ad valorem property tax revenues. (Chapter 624, Statutes of Nevada 2019, at page 4193) **Section 3** repeals certain provisions requiring the reporting and reconciliation of the amount of ad valorem property taxes received by a county and the amount of those taxes distributed by the county to the county school district in light of the yearly apportionment for the support of public school districts being made from the State Education Fund.

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

The Department of Taxation concluded that small businesses will not be affected by the proposed LCB File No. R034-24, considering its nature and content relates to the requirements and documentation for Local Governments. Despite this determination, the Department held workshops and public hearings to receive public feedback regarding any unforeseen impact to small businesses. No public response was provided.

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

The provisions of NAC that were amended in this Regulation relate solely to requirements and duties on local governments and the Department of Taxation related to local government budgets. Given the sole impact to governmental entities, the Department determined there was no impact on small businesses.

- 4. The estimated economic effect of the proposed regulation on the small businesses which it is to regulate:**

Adverse and Beneficial Effects

The Department finds that there is no reasonable, foreseeable or anticipated adverse or beneficial economic effect on small businesses.

Direct and Indirect Effects

The Department finds that there is no reasonable, foreseeable or anticipated direct or indirect economic effect on small businesses.

- 5. 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 Department held a workshop and the Committee held a hearing in 2023 in response to the Governor's Executive Order ascertain whether any small businesses would be impacted by the proposed amendments in this Regulation. Based upon the lack of any response from any small businesses and the scope of these regulatory provisions impacting local government budgeting, the Department determined there was no impact on small businesses.

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

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

- 7. 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 permanent regulation does not include new fees or increase an existing fee.

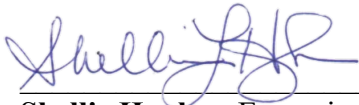
- 8. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.**

The proposed regulation does not overlap or duplicate any regulation of other federal, state or local government entities.

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

The Department has determined that there will be no impacts to small businesses based on its analysis of the proposed regulation. The regulatory provisions at issue relate solely to local government budgeting and the role of local governments and the Department of Taxation in such preparing and approving annual budgets.

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.



Shellie Hughes, Executive Director
November 27, 2024