

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

LCB File No. R041-24

1. Background

LCB File No. R041-24, revises requirements for the maintenance of certain records by a taxpayer that is an escort or escort service; and provides other matters properly relating thereto.

Existing law imposes a tax on admission to a facility where live entertainment is provided and on the charge for live entertainment provided by an escort. (NRS 368A.200) Under existing regulations, if a taxpayer is an escort or an escort service, the taxpayer is required to: (1) register with the Department of Taxation to collect the tax on live entertainment and remit that tax to the Department; (2) maintain certain records for at least 4 years after creation of the record, including the date on which an escort service was provided and the full amount charged for the service; and (3) make such records available to the Department for inspection under certain conditions. (NAC 368A.110) This regulation requires that the full amount charged for the escort service, as recorded by the taxpayer, must not include any deductions for any service cost, interest, losses, tips or gratuities or any other expense.

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 prepared and disseminated a questionnaire seeking information from small businesses regarding the possible impact of LCB File No R041-24. The proposed language and questionnaire were dispersed to the following:

- Emailed by the Department to 192 members of its interested parties list.
- Mailed to 10 Rural Businesses
- Emailed by the Nevada Taxpayers Association to its list of interested taxpayers.

The content of the response is summarized below:

- No response was received for LCB Draft of Proposed Regulation - File No. R041-24.

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Anyone interested in obtaining a copy of the completed small business impact questionnaire used for this summary, can contact:

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sglazner@tax.state.nv.us
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3. The manner in which the analysis was conducted, including the methods used to determine the impacts of the proposed regulation on small businesses.

Governor's Executive Order No. 2023-003 mandated that the Nevada Tax Commission recommend the removal of at least 10 regulations and suggest amendments to other regulations under its jurisdiction that could be streamlined, clarified, reduced, or otherwise improved. This review was aimed at ensuring the regulations are effective, relevant, and as minimally burdensome as possible while still achieving their intended purpose.

The Department developed a comprehensive spreadsheet listing every regulation within each chapter under the Commission's jurisdiction. This spreadsheet was shared with Department staff and public stakeholders to solicit recommendations for amendments or repeals under the Executive Order in 2023 and the recommendations were approved by the Commission as well as the Governors Office.

No response was received to the questionnaire dispersed on June 3, 2024.

The Department of Taxation has concluded that the changes proposed to NAC Chapter 368A (LCB File No. R041-24) will not affect small businesses.

4. The estimated economic effect of the proposed regulation on 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.

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The content of the response is summarized below:

- No response was received for LCB Draft of Proposed Regulation - File No. R041-24.

Based upon the lack of feedback from affected small businesses on the Department's interested parties list and public workshop, 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.

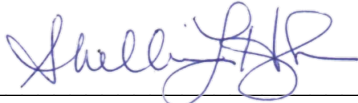
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9. The reasons for the conclusion of the agency regarding the impact of a regulation on small businesses.

The Department has determined that there will be no impacts to small businesses based on its analysis of the proposed regulation.

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
September 3, 2024