

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

LCB File No. R046-24

1. Background

LCB File No. R046-24, repeals provisions relating to certain credits against an insurer's liability for the general tax on insurance premiums which have been eliminated; repeals a provision illustrating the application of existing law requiring certain insurers to report and pay the tax on a quarterly basis; and provides other matters properly relating thereto.

Existing law requires each insurer to pay to the Department of Taxation a tax upon net direct premiums and net direct considerations written at the rate of 3.5 percent. (NRS 680B.027) Before the enactment of Assembly Bill No. 3 (A.B. 3) of the 28th Special Session of the Nevada Legislature, the provisions of former NRS 680B.050 authorized a domestic or foreign insurer which owned and substantially occupied and used any building in this State as its home office or as a regional home office to take a credit against the general tax on insurance premiums. A.B. 3 repealed NRS 680B.050, effective on January 1, 2021, which had the effect of eliminating this credit beginning January 1, 2021. (Section 3 of Assembly Bill No. 3, chapter 1, Statutes of Nevada 2014, 28th Special Session, at p. 3) This regulation repeals provisions of the Nevada Administrative Code related to the eliminated credit. This regulation also repeals a provision of the Nevada Administrative Code illustrating the application of existing law requiring certain insurers to report and pay the tax on a quarterly basis. (NRS 680B.032; NAC 680B.220)

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 R046-24. 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. R046-24.

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

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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 680B (LCB File No. R046-24) will not affect small businesses.

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

Direct and indirect adverse effects

Not Applicable – Please see number 2.

Direct and indirect beneficial effects

Not Applicable – Please see number 2.

- 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.**

Not Applicable – Please see number 2.

- 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.

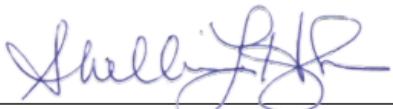
- 8. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.**

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.

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

June 20, 2024