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

LCB File No. R191-24

1. **Background**

   LCB File No. R-191-24, revises provisions governing the determination of obsolescence to be deducted from the taxable value of property; and provides other matters properly relating thereto.

   Existing law requires the Nevada Tax Commission to adopt regulations governing the assessment of property by county assessors, county boards of equalization, the State Board of Equalization and the Department of Taxation. (NRS 360.250)

   Existing law establishes the method for determining the taxable value of real property and personal property. (NRS 361.227) Under existing law, the taxable value of any property must not exceed the full cash value of the property, and each person determining the taxable value of property is required to reduce the taxable value of the property if necessary to ensure that the taxable value of the property is less than its full cash value. (NRS 361.227)

   Under existing regulations, if the initially determined taxable value of real property exceeds the full cash value, the person determining the taxable value of the real property is required to reduce, as appropriate, the taxable value determined for the land, the improvements on the land and any pertinent personal property so that the taxable value of the property does not exceed its full cash value. (NAC 361.131) **Section 1** of this regulation provides that the personal property for which the value may be reduced is the personal property assessed on or before July 1 of the fiscal year immediately preceding the fiscal year for which the taxes on the real property are levied.

   Under existing regulations, in determining the amount of obsolescence to be deducted from the taxable value of improvements to real property so that the taxable value of the real property does not exceed its full cash value, the State Board and county boards of equalization are required to consider the total value of the land and improvements. (NAC 361.6405) **Section 2** of this regulation additionally requires that in determining such obsolescence of the improvements to real property: (1) the State Board and the county boards of equalization must determine whether the total taxable value of the land, improvements and pertinent personal property exceeds full cash value; and (2) the pertinent personal property to be considered is the pertinent personal property assessed before July 1 of the fiscal year immediately preceding the fiscal year for which the taxes on the real property are levied. **Section 2** also requires that in determining any reduction to the taxable value of personal property on the unsecured tax roll because of obsolescence, the State Board and county boards of equalization must consider only whether the taxable value of that personal property exceeds full cash value, without considering the value of any property on the secured tax roll.

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 R191-24. 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 responses are summarized below:

   - No response was received for LCB Draft of Proposed Regulation – File No. R191-24.

   The Department of Taxation also held a public workshop in which feedback was solicited from the public. Rather than small business feedback, the Department received feedback from the Clark County Assessor's Office, which is one of the 17 county assessors charged with implementing the regulation. Clark County offered feedback in the form of clarification to the proposed language to align with its processes for determining the taxable value of real property and personal property, and it proposed to remove subsection 2 of section 1, as redundant, and deleting a portion of subsection 2 of section 2 for clarity.

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.**

   The Department analyzed the proposed language of the regulation and feedback from local government, and used informed, reasonable judgment in determining that there will not be an impact on small businesses due to the nature of the regulatory changes as affecting property appraisals and local government appraisers.

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

   <u>Adverse and Beneficial Effects</u>

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

   <u>Direct and Indirect Effects</u>

   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 prepared and disseminated a questionnaire seeking information from small businesses regarding the possible impact of LCB File No R191-24. 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.

   As no responses were received from small businesses and the purpose of the regulation relates to property appraisals carried out by local governments, the Department determined there was not an 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 arc 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 adverse impacts to small businesses based on its analysis of the proposed regulations and lack of public comment.

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.

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Shellie Hughes, Executive Director
December 5, 2024