

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

LCB File No. TBD

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.

Two stakeholder meetings were held to solicit comments for improving the Green Building Tax Abatement (GBTA) Program through the Nevada Administrative Code (NAC) sections NAC 701A.020 thru 701A.280. One was held in Las Vegas on April 20 and the other in Carson City on May 7 of this year. Subsequent to the meetings, the Governor's Office of Energy (GOE) solicited comments via e-mail from 26 attendees and posed these two questions:

1. What is the estimated economic effect of the proposed regulation, if any, on small businesses which these changes will regulate, including, without limitation:

(a) Both adverse and beneficial effects; and

(b) Both direct and indirect effects.

2. Do you feel the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity? If so, please provide an explanation of why such duplicative or more stringent provisions are necessary.

The questions are derived from questions #3 and #7 within this small business impact statement and the responses are summarized there. Other interested persons may obtain a copy of this summary by contacting Kelly Thomas or Robin Isaacs at kxthomas@energy.nv.gov and risaacs@energy.nv.gov, respectively.

2. The manner in which the analysis was conducted.

The Director and staff reviewed the responses received by the stakeholders. They also analyzed the typical applicant to the program and determined that the amended regulation mostly applies to building owners, who are the applicant seeking partial property tax abatements from GOE, and generally not considered small businesses.

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

From a historical perspective, the Legislature, through its hearings and deliberations regarding AB 621 (2007) (subsequently codified as NRS 701A.100 through 701A.110) and AB 33 (2013) and AB 239 (2013), received testimony and evidence regarding the impact that AB 621, AB 33, and AB 239 would have upon businesses in Nevada. Those that testified felt that the tax abatement program would provide businesses with a financial incentive to construct energy efficient buildings, or to upgrade existing buildings, in the state of Nevada.

The responses from the stakeholders below align with the GOE's intent of the regulation changes: that the amendments do not change the language in a way that would pose a substantive change over

the way “small business” building owners operate. The effect of the proposed amended regulation is positive in that a business complying with the requirements of the regulations will also be receiving abatements.

A. Adverse and Beneficial Effects.

The respondents stated that the changes would only have positive impacts upon small business by encouraging and promoting businesses to construct (or renovate) buildings or other facilities to a higher energy efficient standard than that required by building codes. The proposed changes are best summarized by one respondent, a major hotel-casino operator in Nevada:

“The proposed changes seek to provide additional, yet equivalent, avenues for owners to build and operate green buildings. Additionally, the changes help to simplify and clarify the requirements by deleting obsolete language and learning from past program experiences.”

The only fiscal impact noted by the GOE, would be the cost for 3rd party commissioning for Green Globes which is being added to NAC 701A.215, to be compliant with NRS 701A.100, which allows for an equivalent rating system to LEED. NAC 701A.210 already requires this for LEED, so the requirement levels the playing field between the two systems reporting requirements.

B. Immediate and Long-Term Effects.

The proposed regulations will not have any negative impact upon small businesses. The proposed regulations have, and will continue to have, positive effects on businesses that will be subject to the proposed regulations. The tax abatement program allows for the construction of energy efficient buildings in the state and allows for increased tax revenues into counties with otherwise underutilized land.

Summarized best by a stakeholder, who is one of the certifying bodies of green buildings:

“In three of the five years since we’ve been counting, Nevada has ranked among the top 10 states for LEED project activity per capita, including in 2016, adding nearly 6.5 million square feet of green building space for a grand, cumulative total of 326 million square feet (equivalent to more than 120 Empire State Buildings). Nevada is home to more than 200 LEED certified projects spanning over 63 million square feet of real estate, and more than 1,200 LEED credentialed professionals working in the building design, construction, operations, and maintenance fields.”

The long term effects are therefore the encouragement of the construction of energy efficient buildings, with added design features not in typical buildings, and the installation of energy efficient upgrades in buildings in the state of Nevada, thereby creating construction jobs for Nevada workers.

- 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.**

There were no methods considered as the program is not known to have an impact upon small business in the state of Nevada.

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

The cost for an applicant to submit an application is \$1,750. This is based on a historical review of time the GOE allocates to process and application from receipt of an application through the abatement period, including required annual updates. There is no increased or decreased cost to the GOE with these changes. If the fee is not paid, an application for partial abatement will not be processed and the agency will not incur any costs.

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.

There is no increased or decreased fee associated with this regulation.

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 are necessary.

The proposed regulation does not overlap or duplicate any existing state or federal regulation. Summarized best by a stakeholder, who is the other certifying body of green buildings:

“The proposed regulation will be in line with certification equivalency. This equivalency will make Nevada in line with, and in some places ahead of, the national curve. These provisions are important because having multiple paths to sustainable certification and energy efficiency is important. It allows more buildings to have a pathway to achieve the goals the Nevada Governor’s Office of Energy has set out to achieve.”

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

The Director has determined that the proposed regulation changes are not likely to impose a direct or significant economic burden on a small business because the regulation amendments mostly provide clarification regarding existing requirements and decisions made under the Directors discretion over the course of the existing programs.

Angela Dykema, Director
July 13, 2017