

# Form #4

## Small Business Impact Disclosure and Statement

Approved 5-2-2014



NEVADA  
STATE ENVIRONMENTAL  
COMMISSION

The purpose of this form is to provide a framework pursuant to NRS 233B.0608 for drafting and submitting a Small Business Impact Statement (SBIS) to the State Environmental Commission (SEC) and to determine whether a SBIS is required to be noticed and available at the public workshop. A SBIS must be completed and submitted to the Legislative Counsel Bureau for ALL adopted regulations.

**Note: Small Business is defined as a “business conducted for profit which employs fewer than 150 full-time employees” (NRS 233B.0382).**

To determine whether a SBIS must be noticed and available at the public workshop, answer the following questions:

**1. Does this proposed regulation impose a direct and significant economic burden upon a small business?** *(state yes or no. If no, please explain and submit the applicable documentation, which can also be addressed in #8 on the SBIS and simply referred to; and if yes, reference the attached SBIS)*

No. The Drinking Water State Revolving Fund (DWSRF) is a funding option for water systems to address infrastructure needs. The majority of our borrowers are public entities that do not meet the definition of a small business. However, the program is able to fund community water systems, whether they are publicly owned or privately owned, and non-community water systems that are also tax-exempt organizations. Therefore, there are instances when a small, for-profit water system may seek funding from the DWSRF.

The proposed service fee would not be a significant economic burden to small, for-profit systems because:

- 1) The program is required to charge an interest rate on loans at or below the market rate. We utilize the public market that private entities are typically not able to access. Therefore, the interest rates we charge small borrowers are already significantly less than what a private bank would provide for the same loan terms.
- 2) Some of these small borrowers may qualify as a disadvantaged system. In this case, the loan principal would be forgiven, and the service fee would not be charged to these qualified borrowers.

**2. Does this proposed regulation restrict the formation, operation or expansion of a small business?** *(state yes or no. If no, please explain and submit the applicable documentation, which can also be addressed in #8 on the SBIS and simply referred to; and if yes, reference the attached SBIS)*

No. Borrowers to the DWSRF would be established water systems for the purposes of providing drinking water to residents. The DWSRF is a funding option for these borrowers when they need to replace infrastructure.

If **Yes** to either of question 1 & 2, a SBIS must be noticed and available at the public workshop.

**FORM 4: SMALL BUSINESS IMPACT STATEMENT** (NRS 233B.0609)  
(Provide attachments as needed)

**1. Describe the manner in which comment was solicited from affected small businesses, a summary of the response from small businesses and an explanation of the manner in which other interested persons may obtain a copy of the summary.** *(Attach copies of the comments received and copies of any workshop attendance sheets, noting which are identified as a small business.)*

Notice of the proposed changes, including the service fees, has been included in a listening session on February 23, 2022, a public workshop that is scheduled before the State Environmental Commission, a posting on our website for review, and a notification emailed to our listserv contacts.

**2. The manner in which the analysis was conducted (if an impact was determined).**

The agency determined that small businesses would not be impacted (see Part 1).

**3. The estimated economic effect of the proposed regulation on small businesses:**

The overall economic effect of the proposed language on small businesses is estimated to not be an impact (See Part 2, #2)

a. Both adverse and beneficial effects:

Not applicable.

b. Both direct and indirect effects:

Not applicable.

**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 the methods. (Include a discussion of any considerations of the methods listed below.)**

The overall economic effect of the proposed language on small businesses is estimated to not be an impact (See Part 2, #2)

A. Simplification of the proposed regulation:

Not applicable

B. Establishment of different standards of compliance for a small business:

Not applicable

C. Modification of fees or fines so that a small business is authorized to pay a lower fee or fine:

Not applicable

**5. The estimated cost to the agency for enforcement of the proposed regulation. (Include a discussion of the methods used to estimate those costs.)**

Collection of the service fee would coincide with the semi-annual debt service payment on July 1 of each year. Entities who do not pay the fee would be subject to loan default and collection would be through legal means. The program has only had one borrower in its 33-years that defaulted. The agency anticipates no additional cost for enforcing these proposed changes.

**6. If this regulation provides for a new fee or increases an existing fee, the total annual amount the agency expects to collect and manner in which the money will be used.**

The proposed fee structure is dependent upon the number of loans initiated within a year, and the number of open loans from previous years that have the service fee requirement. It is not possible to determine the revenue from potential future loans. However, NDEP has looked at the previous five years to see how much the Division would have received, if these fees had been implemented. Please see the attached supplemental Form 4 for this analysis.

All funds collected will be used to offset expenses for administering the drinking water program. The amounts collected in the beginning years are not enough to cover 100% of the administrative costs. The fee structure proposal is meant to establish a revenue stream that will eventually build up to a sustainable level.

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

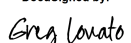
Not applicable

**8. The reasons for the conclusions regarding the impact of a regulation on small businesses.**

The proposed service fee would not be a significant economic burden to small, for-profit systems because:

- 1) The program is required to charge an interest rate on loans at or below the market rate. We utilize the public market that private entities are typically not able to access. Therefore, the interest rates we charge small borrowers are already significantly less than what a private bank would provide for the same loan terms.
- 2) Some of these small borrowers may qualify as a disadvantaged system. In this case, the loan principal would be forgiven, and the service fee would not be charged to these qualified borrowers.

I certify that to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on a small business and the information contained in this statement was prepared properly and is accurate.

DocuSigned by:  
  
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Administrator, NDEP

6/24/2022 | 8:23 AM PDT  
\_\_\_\_\_  
Date

### Supporting Documents



Attach copies of the comments received and copies of any workshop attendance sheets, noting which are identified as a small business.

<http://www.leg.state.nv.us/Statutes/77th2013/Stats201314.html#Stats201314page2304>

**SUPPLEMENTAL FORM #4**

6. If this regulation provides for a new fee or increases an existing fee, the total annual amount the agency expects to collect and manner in which the money will be used.

NDEP has looked at the previous five years to see how much the Division would have received, if these fees had been implemented:

Prior Fiscal Year Balances	Origination Fee	Service Fee	Total
FY 2021	\$81,250.00	\$312,053.89	\$393,303.89
FY 2020	11,000.00	233,203.43	244,203.43
FY 2019	171,682.42	145,007.17	316,689.59
FY 2018	65,300.00	50,341.58	115,641.58
FY 2017	185,630.69	2,274.10	187,904.79
<b>Totals</b>	<b>\$514,863.11</b>	<b>\$742,880.16</b>	<b>\$1,257,743.28</b>