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

June 9, 2021

PROPOSED AMENDMENTS TO NAC CHAPTER 555

- 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.**

The Nevada Department of Agriculture (NDA) plant pathogen and entomology diagnostics is an optional service offered to small businesses and citizens in Nevada to assist with identifying plant pests. The proposed fee would be used to cover program costs associated with offering these diagnostic services to the public and agriculture industry. To assess the impact to small businesses, four surveys were conducted with an emphasis on recipients that have historically participated in these services. Below is a summary of the targeted groups for this small business impact survey:

- The first survey was conducted specific to a fee for plant pathology diagnostic services during a Northern Nevada Green Industry Training Workshop, which consisted of members of small businesses such as landscapers, nurseries, and service professionals (arborists and pesticide applicators).
- A second online survey was issued to those that submitted plant samples for pathogen identification in 2020, which consisted of 75 homeowner clients and their landscape service providers.
- A third survey was conducted for plant pathology among agriculture businesses and producers, including hemp growers, allium/alfalfa producers, nursery, producer certificate holders and an NDA standing list of agriculture industry stakeholders (University of Nevada Cooperative Extension, Nevada Farm Bureau, etc.) who requested to be notified of all meetings and regulatory changes.
- A fourth survey specifically related to entomology diagnostic services was conducted on 2/10/2021 - 2/24/2021. It was additionally posted to the NDA's social media accounts on 2/10/21, 2/19/21, and 2/23/21. The survey was sent to a distribution list of licensed agriculture businesses and interested parties (those requesting to be added to the NDA's regulation change contact list) on 2/11/2021. The survey was conducted digitally and received 54 responses.

These surveys requested a response to the following:

- Will these minimum fees fiscally impact your business significantly?
- Please estimate the total annual impact on your business due to these proposed fees.
- “Do you oppose the proposed minimum fee schedule for diagnostic services?”

Responses from each survey are detailed as the following:

- Green Industry Training Workshop Member Survey: of the 46 survey participants, 44 answered “no”, and only 2 answered “yes” to question number 1. The 1 respondent answering “yes” indicated in question 2 that the impact was less than \$100. Another response to question number 2 indicated that total impact is \$100. 1 respondent that answered “no” to question 1 provided the comment “I think (it) is a good idea!”
- 2020 Clients Survey (sent to a total of 75 contacts): of the 16 survey participants, 13 (81.25%) answered “no”, and 3 (18.75%) answered “yes” to question number 1. 1 indicated that impact amount is less than \$100, 2 indicated \$100-500, and two indicated \$1,000-5,000 in response to question number 2. Two respondents reported opposing the fee schedule in response to question 3. 1 respondent gave the comment “Personally, I feel that the fee is very reasonable and am happy to pay.” Another comment stated, “If NDA starts charging for this service, we will have to tell our clientele to go directly to NDA and we would no longer be the go between.”
- Ag Business Survey: of the 33 survey participants, 12 (36.36%) answered “yes” to question 1 and 21 (63.64%) answered “no”. Of the 11 that answered “yes” to question number 1, 3 (27.27%) indicated the impact would be less than \$100, 7 (63.64%) indicated between \$100 and \$1,000, and 1 (9.09%) indicated between \$1,000 and \$10,000. Of the 12 that answered “yes” to question number 1, 9 (75.00%) opposed the fee schedule, while 3 (25.00%) did not oppose per the responses to question number 3. 7 participants provided additional comments. 1 argued that a nursery license fee may include plant diagnostic services.
- The survey specific to entomology diagnostic services resulted in the following: of the 54 survey participants, 38 of whom (70.37%) fell under the NRS definition of a small business. The respondents indicated the following impact levels to question number 1: no fiscal impact: 7 respondents (15.56%), insignificant impact: 4 respondents (8.89%), minor impact: 14 respondents (31.11%), moderate impact: 10 respondents (22.22%), major impact: 9 respondents (20.00%), and severe impact: 1 respondent (2.22%). In response to question number 2, 80.95% or 34 of the respondents said the fiscal impacts would be \$100 - \$1000 annually. Respondents to question 3 involving the opposition to the proposed minimum fee consisted of the following: 63.64% of the 44 that responded to the question selected “yes.”

2. The manner in which the analyses was conducted.

The Green Industry survey was conducted by paper and analyzed manually. The other three surveys were launched through a survey app and data was collected and analyzed through SurveyMonkey tools.

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

According to the surveys, the proposed fee to establish a fee-based plant health and entomology laboratory service in Nevada would have economic impact for some small businesses, most of which reported to be between \$100-\$1,000 in annual sample diagnostic costs. Fee-based services for plant health and entomology diagnostics are standard, and the proposed fee is much lower than laboratories in other states. Small businesses in Nevada will benefit from the service provided and the laboratory will be able to help support the new staff member for plant health secured through the 2019 legislative session to assist with this service. In addition, the fee will support laboratory costs in offering this service. There may be some minor impact on homeowners who prefer to have unlimited free services for their home yard and plants.

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.

The economic impact reported by most survey respondents indicated that the financial impact would range from \$100-\$1,000 for those that participate in the service. The proposed fee is less than private labs and is aimed at covering the supply and personnel costs for prepping and reporting the sample. The plant pathologist and entomologist are the staff performing the actual identification and is covered through state funds. As a result, the proposed fee is minimal in recovering the supply and agriculturist costs in prepping and reporting samples and, currently, is not adequately covered considering the hundreds of samples received throughout the state annually. Most staff are covered through federal funds, however, for the public and industry samples received, federal funds are unable to cover the associated sampling costs. These were all considerations in establishing the proposed fee structure.

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

There is no cost as it is not a regulation that requires enforcement.

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.**

The total fee collected depends on the number of clients or samples. Based on the samples processed in SFY19 and 20 (SFY20 impacted by COVID-19), approximately \$23,136 may be collected for plant pathogen diagnostics and \$12,360 for insect identification annually under the proposed fee schedule. The money received through this service is to partially cover a lab technician's salary and laboratory supply costs, and to expand the NDA service capability and capacity to attract service contracts from federal agencies.

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.**

N/A.

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

The proposed service fee is minimal and will not have significant impact on small businesses as other service providers charge higher fees for similar services. To continue with offering diagnostic services at the level of samples currently received, the prep time and supply expenses need to be financially accounted for. Because samples from homeowners or industries are not covered by federal surveys, federal funds are not permitted to be used.

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

Jennifer Ott
Director
Nevada Department of Agriculture