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

November 12, 2021

PROPOSED AMENDMENTS TO NAC CHAPTER 554

- 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) released a digital survey, along with proposed regulation changes to Nevada Administrative Code (NAC) 554, to 7,244 businesses via email, however only 25 survey responses were received.

Survey responses consisted of the following for the proposed changes to firewood:

- 20 respondents
- Seven (7) respondents reported that the proposed regulations may have an impact on their ability to do business and three (3) reported that it would impact their ability to do business
- Some responses indicated that the regulation would make it too difficult to do business, purchase wood, maintain records and that alternative distribution methods would need to be pursued
- Three (3) respondents indicated that the annual economic impact would exceed \$5,000, one (1) indicated up to a \$5,000 annual impact, and 11 indicated it would be less than a \$1,000 annual impact

Survey responses consisted of the following for the proposed fee increase for inspecting onion and garlic crops:

- Eight (8) respondents
- Two (2) responded that the proposed regulations would impact their ability to do business and one (1) indicated it may impact their ability to do business
- One (1) respondent indicated the proposed change would result in an annual economic impact that would exceed \$10,000, one (1) indicated it would range from \$1,000-\$5,000, one (1) indicated it would range from \$100-\$1,000, and one (1) response indicated \$0

Interested persons may contact the NDA at 775-353-3601 or awhitenack@agri.nv.gov to receive a copy of the survey response report.

2. The manner in which the analysis was conducted.

The NDA launched a survey on July 28, 2021, which closed on August 23, 2021. It was posted to the NDA website and sent to known firewood sellers, retailers, haulers, and producers. This included grocery retail and gas stations registered with the NDA's Consumer Equitability Division since they are frequent retailers of firewood. Given that firewood has not been a historic regulatory area for the NDA, additional searches were conducted to identify businesses that would possibly be impacted by this proposed regulation. Current agriculture operations that receive onion and garlic inspections were also contacted to complete the survey due to the proposed fee increase for allium producers. Below is additional information on the outcomes of the survey:

- 258 entities received the survey
- An additional email was sent to all agriculture businesses and NDA contacts registered through the NDA's MailChimp account. The email was sent to 7,244 contacts. Because of a technical error, access to the survey link was experienced, so the survey was reopened, and an email was issued directly to those impacted, resulting in four additional responses.
- A link to all active surveys, including NAC 554, was shared on social media and the NDA Director's July newsletter on July 30, 2021. This survey was also posted again to social media on August 11, 2021, August 18, 2021, and August 21, 2021. The survey was shared by the Nevada Farm Bureau through their monthly newsletter on August 6, 2021 and July 30, 2021.

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

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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.

As part of the survey, a question was included to request feedback on how to reduce the burden of the proposed regulation. Responses received included the following:

- Exempt local within the state of Nevada produced firewood
- Have a sliding scale based on sales or taxes collected by the state

For the movement of firewood, the objective is to only limit the transport from areas of significant pest concern (i.e., from quarantined regions). The labeling provisions will allow the origin to be confirmed and wood can also undergo treatment to allow for continued transport. Nevada-sourced firewood would only be prohibited for sale and transport if it has not undergone treatment, originated or is sourced from an area of quarantine.

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

Firewood quarantine and labeling enforcement would be completed through education and outreach to retailers, including random inspections. Enforcement would also be completed in coordination with state and federal partners as firewood is identified in recreational areas. At this time, additional staff are not needed since federal resources currently provide support for education and outreach.

There is no additional cost pertaining to the increase in garlic and onion inspection fees.

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 table below provides a breakdown of 2021 acreage and revenues for garlic and onion inspections along with the anticipated increase in revenues. The increase in fees would be used to cover program administration costs.

Crop Type	2021 Acreage	2021 Revenue	2022 Projected Acreage	2022 Projected Revenue**	2022 Projected Revenue w/ fee increase***
Garlic	715.46	\$26,060.05*	725.00	\$26,407.54*	\$26,407.54*
Onion	5195.62	\$25,978.10	5,300.00	\$26,500.00**	\$42,400.00***
Totals	5,911.08	\$52,038.15	6,025.00	\$52,907.54**	\$68,807.54***

*Includes Allium registration fee, seed certification fee, and optional stem and bulb nematode assessment fee.

**Does not include proposed onion (true seed) fee increase.

***Includes proposed onion (true seed) fee increase (\$5.00/acre to \$8.00/acre).

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.

Efforts have been made on a national level to limit the movement of firewood from infested areas or those where pests of particular concern have been detected. However, due to limited resources and varying state circumstances, the regulation and enforcement of firewood movement has been the responsibility of individual states. It is critical that Nevada establish regulations to prevent the movement of firewood from quarantined areas in the interest of Nevada’s vulnerable forestlands, agriculture, and landscapes. Neighboring states have also established these requirements.

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

Based on the responses received from the small business impact assessment survey, it was concluded that the impacts to businesses will be less than \$5,000 annually for the proposed changes to firewood and onion and garlic inspections. Identifying critical pathways for the introduction of pests is critical to various industries in Nevada, which include recreation, agriculture, forestry, and landscaping. The distribution of firewood is a well-known source of pest introduction and preventing movement from quarantined areas and requiring labeling will help protect these industries. The proposed fee increase for the garlic and onion inspection program is needed to meet the staffing and supply needs in performing program requirements, including field inspections, crop sample preparations, and sample analyses.

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

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Director

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