

**Carson City
Request for Board Action**

Date Submitted: 07/26/2011

Agenda Date Requested: 8/04/2011

Time Requested: 5 minutes

To: Mayor and Supervisors

From: Nick Providenti, Director of Finance

Subject Title: For Possible Action: Action on a motion finding that the proposed ordinance amending Carson City Municipal Code Title 4 Licenses and Business Regulations, chapter 4.04 Business Licenses, Section 4.04.107 Public Utilities by increasing business license fees on electric services by 1% and natural gas services by .5% effective September 1, 2011 does impose a direct and significant economic burden on a business or directly restrict formation, operations or expansion of a business, that a business impact statement has been prepared, accepted and is on file with the Board of Supervisors and that the requirements of the act have been met.(Nick Providenti)

Staff Summary: This ordinance proposes an increase in business license (franchise) fees of 1% on electric utility bills and .5% on natural gas utility bills. Depending upon the business, the change may present an economic burden on the business. NRS 237.080 requires that the City prepare a Business Impact Statement when an increase in a fee is contemplated. The revenue generated from this increase will fund the costs passed down from the State of Nevada for assessments associated with Health and Human Services, Juvenile Services, and Parole and Probation as a result of the 2011 Legislative Session.

Type of Action Requested: (Check One)

- () Resolution () Ordinance
(X) Formal Action/Motion () Other (Specify)

Does this action require a Business Impact Statement: () Yes (x) No

Recommended Board Action: I move to find that the proposed ordinance amending Carson City Municipal Code Title 4 Licenses and Business Regulations, chapter 4.04 Business Licenses, Section 4.04.107 Public Utilities by increasing business license fees on electric services by 1% and natural gas services by .5% effective September 1, 2011 does impose a direct and significant economic burden on a business or directly restrict formation, operations or expansion of a business, that a business impact statement has been prepared, accepted and is on file with the Board of Supervisors and that the requirements of the act have been met.

Explanation of Recommended Board Action: The proposed ordinance has been forwarded to the Chamber of Commerce, the Manufacturing & Industrial Association, Southwest Gas Corporation and NV Energy and to the general public through news reports. To date, no objections to the proposal have been received. A copy of the Business Impact Statement along with the appeal petition form is available in the Executive Offices, 201 N. Carson Street, Carson City, Nevada.

Applicable Statute, Code, Policy, Rule or Regulation: NRS 237 regarding business impact statements.

Fiscal Impact: None for this action

Funding Source: n/a

Explanation of Impact: n/a

Alternatives: Make the finding that the proposed ordinance does not impose a direct and significant economic burden upon a business or directly restrict the formation, operation or expansion of a business.

Prepared By: Nick Providenti

Reviewed By: *Nick Providenti* Date: 7/26/11
(Department Head)
: *[Signature]* Date: 7/26/11
(City Manager)
: *[Signature]* Date: 7/26/11
(District Attorney)
: *Nick Providenti* Date: 7/26/11
(Finance Director)

Board Action Taken:

Motion _____ 1) _____ Aye/Nay
2) _____

(Vote Recorded By)

BUSINESS IMPACT STATEMENT

The following business impact statement was prepared pursuant to NRS 237.090 to address the proposed impact of an ordinance amending Title 4 Licenses and Business Regulations, Chapter 4.04 Business Licenses, Section 4.04.107 Public Utilities by increasing business license fees on electric services by 1% and natural gas services by .5% effective September 1, 2011 and other matters properly related thereto. The revenue generated from this increase will fund the costs passed down from the State of Nevada for assessments associated with Health and Human Services, Juvenile Services, and Parole and Probation as a result of the 2011 Legislative Session.

1. The following constitutes a description of the manner in which comment was solicited from affected 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 proposed ordinance amending Chapter 4.04 of the Carson City Municipal Code regarding an increase has been presented to the Carson City Area Chamber of Commerce, Manufacturing & Industrial Association and to the public through news reports.

_____ objections to the increase in electric and natural gas utility business license fees have been received to date. A copy of this Business Impact Statement is available at the Carson City Finance Department, 201 N. Carson St. Suite 3, Carson City, Nevada 89701.

2. The estimated economic effect of the proposed rule on businesses including, without limitation, both adverse and beneficial effects, and both direct and indirect effects:

- a. Adverse effects:

A 1% increase in electric utility bills and a .5% increase in natural gas utility bills.

- b. Beneficial effects:

It is estimated that this will generate approximately \$722,540 in additional revenues in the City's general fund. This amount will be used to offset the costs passed down from the State of Nevada for assessments associated with Health and Human Services, Juvenile Services, and Parole and Probation as a result of the 2011 Legislative Session.

- c. Direct effects:

The approval of this ordinance will increase fees. The total electric utility bill will increase as a result of the business licenses being increased by 1% and the total natural gas utility bill will increase as a result of the business licenses being increased by .5%.

- d. Indirect effects:

The passing of this ordinance is sure to have indirect effects, however at this time, those effects cannot be quantified.

3. The following constitutes a description of the methods that the governing body of the local government considered to reduce the impact of the proposed ordinances on businesses and a statement regarding whether any, and if so which, of these methods were used:

The current economic climate necessitated reductions in operations costs and examination of other taxes, fees and/or charges that may be implemented. The City has reduced it's workforce by approximately 97 FTE's since FY 2007 and has had to reduce the general fund budget due to the shortfall in sales tax revenues by approximately \$10 million since FY 2007. Additionally, costs passed down from the State of Nevada for assessments associated with Health and Human Services, Juvenile Services, and Parole and Probation as a result of the 2011 Legislative Session are estimated to be over \$1 million for FY 2012. The City has used all fund balance and revenue stabilization fund reserves to help cover the \$10 million reductions and simply does not have any additional means to cover the State of Nevada assessments.

4. The governing body estimates that the annual cost to the local government for enforcement of the proposed ordinance is:

There should be no increase in costs, as the utilities normally collect utility business license fees and they deal with rates and customer charges everyday. If there is any cost impact, it would be very small.

5. The proposed ordinance increases the existing fees and the total annual amount expected to be collected is:

Annual total of monthly charges: Electric \$571,429; Natural Gas \$151,111.

6. The proposed ordinance includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity. The following explains why such duplicative or more stringent provisions are necessary.

The proposed change is not duplicative, or more stringent than existing federal, state or local standards.

OBJECTION PROCESS

1. If a business believes it is aggrieved by a rule (as defined in NRS 237.060) adopted by the governing body, the business may object by filing a petition in writing with the clerk/secretary of the local government at 201 North Carson Street, Ste. 1, Carson City, NV 89701.
2. The governing body will accept such petitions for a period of thirty (30) days following approval of the subject Rule for one of the following reasons:
 - a. The governing body failed to prepare a business impact statement as required pursuant to NRS Chapter 237; or
 - b. The business impact statement prepared by the governing body did not consider or significantly underestimate the economic effect of the ordinance or rule on business.
3. Upon receipt of the petition, the clerk/secretary will forward a copy to the local government's attorney, the department/agency that generated the Rule and the local government's manager/chief executive.
4. Staff will consider the merits of the petition and forward a recommendation to the governing body.
5. The governing body will determine if the petition has merit and direct staff accordingly.
6. A sample petition is attached.

PETITION OBJECTING TO ADOPTION OF RULE

NRS 237.100 provides that a business that is aggrieved by an ordinance, regulation, resolution or other type of instrument through which a governing body exercises legislative powers, except pursuant to Chapter 271, 278, 278A and 278B of NRS (herein a "Rule") adopted by the governing body may object to all or a part of the Rule by filing a petition. This petition form is provided to assist those who wish to object. The petition must be filed with the clerk/secretary of the local government at **201 North Carson Street, Ste. 1, Carson City, NV 89701**, within 30 days after the date on which the Rule was adopted.

Petitioner's name (Include name of the business or proposed business and whether it is a corporation, partnership, sole proprietorship, fictitious name):

Petitioner's type of business:

Petitioner's business location:

_____ Street
_____, _____
City County State

Petitioner's mailing address (If different from above):

Petitioner's phone number: (____) _____ -

Petitioner is objecting to the following:

(Identify the Rule to which Petitioner is objecting and state whether it is an ordinance, resolution, regulation or other instrument. Please give number if known.)

The basis of Petitioner's objection is as follows:

_____ The governing body failed to prepare a business impact statement; or
_____ The business impact statement did not consider or significantly underestimate the economic effect of the adopted Rule.

The nature of the impact of the above Rule on Petitioner's business is as follows (Attach additional sheets if necessary.):

By signing below, the signor of this Petition certifies it as a duly authorized representative of the business identified above and has been authorized by that Business to file this Petition on behalf of the business.

Business Name

By:
Title of Signor: