

Small Business Impact Statement for proposed amendments to NAC 625.545

Summary

The State Board of Professional Engineers and Land Surveyors have determined that the proposed amendments may have a minor negative financial impact on a small business. However these impacts are offset by the positive benefits to the public. The proposed regulations are not expected to negatively impact the formation, operation, or expansion of a small business in Nevada.

A small business in Nevada is defined in Nevada Revised Statute (NRS) 233B as a, “business conducted for profit which employs fewer than 150 full-time or part-time employees.”

This small business impact statement was created pursuant to NRS 233B.0608(3) and complies with the requirements of NRS 233B.0609. As required by NRS 233B.0608(3), this statement identifies the methods used by the agency in determining the impact of the proposed regulations on a small business and provides the reasons for the conclusions of the agency followed by certification by the agency’s responsible person.

Background

The proposed amendments to the regulation include the following –

The inclusion of the additional item is to give full information to the public prior to entering into a contractual agreement with a licensed professional.

1 – Manner in which comments were solicited, response summary, and explanation of how interested parties may obtain a copy of summary

Referencing the requirements of NRS 233B.0608, the Nevada Board of Professional Engineers and Land Surveyors requested input from owners and officers of professional engineering and land surveying small businesses via an e-mailed survey link. Feedback was also solicited from stakeholders in similar management and ownership positions in the partner industries of architecture and contracting/construction via notification and survey link through each of the respective state boards.

The survey asked for input on adverse/beneficial economic effects on small businesses, and indirect adverse/beneficial effects – with space to elaborate on responses.

A summary of the survey results is available for viewing on the Nevada Board of Professional Engineers and Land Surveyors website at <https://www.nvbpels.org/board/business-impact-study>.

2 – Manner in which the analysis was conducted

Survey results were initially reviewed for general comments to gauge if the intent of the proposed regulation changes were adequately conveyed. The general comments provided a basis for refining revisions to the proposed amendments prior to holding public workshops.

Survey analysis then focused on “YES” responses – in the direct economic effect and indirect adverse effect, and the associated comments and explanations to determine the individual concerns. The same was done with survey results for the direct and indirect beneficial impacts.

3 – Estimated economic impacts of the proposed regulation on small businesses

Potential economic impacts are associated with administrative costs that may result from adding language to existing contract templates disclosing professional liability insurance coverage if it is not already included in a business contract.

The proposed amendment is only requiring a disclosure regarding professional liability and not mandating coverage. Contract terms, as mentioned by the many respondents, are between the small business and the client, and details of any terms are to be negotiated between the two parties. The proposed amendment is about disclosure of information for decision making. The particulars of deciding on whether to include coverage for a particular project, and the coverage amounts, are at the discretion of the business and the client.

4 – Considerations were made to reduce impact of proposed regulation

Concerns on possible impacts to small businesses were taken into account during the drafting of the proposed amendment and that there may be an interpretation that the change is mandating the coverage of professional liability insurance – which it is not. The intent is to provide a full disclosure of information to the public/clients, and it is the prerogative of the two parties to negotiate the terms of the final contract.

5 – Cost estimate for agency enforcement

At this time there would be no additional cost to the regulatory board to enforce the proposed amendments. Any issues relating to compliance would be absorbed into the existing workload of the current staffing levels.

6 – New fees or increases in existing fees

The proposed amendments do not involve an increase to existing fees or create any new fees.

7 – Are any duplicative or more stringent provisions involved

There are no federal regulations associated with professional engineers and land surveyors. However every state and US territory regulates the professions of engineering and land surveying.

The addition of item (4) to NAC 625.545, disclosing whether a business has professional liability insurance, is more stringent than the current regulation, but with respect to allowing the public to have full information prior to making a contractual decision, in the considered opinion of the Nevada Board of Professional Engineers and Land Surveyors, best serves the public interest.

8 – Summary of conclusions

The proposed amendment is about providing complete information for the public. The terms of the contract are still at the discretion and the agreement of the small business and the client. The intent is to elevate the level of public protection by requiring the additional information be disclosed.