



DEPARTMENT OF BUSINESS AND INDUSTRY  
**NEVADA TRANSPORTATION AUTHORITY**

**Small Business Impact Statement (NRS 233B.0608 and 233B.0609)**

1. Manner in which comment was solicited from affected small businesses, a summary of the response and an explanation of the manner in which interested persons may obtain a copy of the summary:

**Answer:** On September 30, 2021, the NTA conducted a public hearing/workshop regarding the development of a hardship discount as required by AB 301. A copy of AB 301 was provided to the hearing participants. Thirty (30) persons attended the hearing/workshop and ten (10) individuals provided their thoughts on the potential hardship discount. A lengthy discussion ensued regarding permissible tows within residential complexes for expired registration, lack of license plates, unregistered vehicles, out of state vehicles, etc.

On April 23, 2022, the NTA was informed that a new towing association – the Nevada State Towing Association (NSTA) - had been formed and members of the Authority were invited to attend the first meeting on May 6, 2022. On May 5, 2022, an outline was prepared for the meeting which explained the steps that would need to be taken to determine whether the hardship discount would be required. The executive director of NSTA had this outline printed and available for the 35 members who attended the May 6, 2022 meeting. At the meeting, the outline was explained and questions were answered. A request was made, to the meeting attendees, to send answers to the questions posed in the outline to help the NTA write a regulation with the least economic impact. The NTA did not receive any responses.

On May 18, 2022, the NTA contacted the executive director of NSTA regarding the fact that no responses had been received to help write the least financially impactful regulation. On that date, the NTA outline was emailed to all of the members of NSTA.

On June 2, 2022, the NTA received information from the NSTA explaining the difficulty of determining the economic impact on all non-consent tow operators based on the different sizes of operations and different costs associated with individual operations. It was suggested that a 10% discount would be punitive to less profitable tow operators and also painful for all other operators.

A second approach to determining the amount of the hardship discount was suggested. Treat the hardship discount in the same manner as a stolen vehicle which has a specified rate reduction; the storage fees for a proven hardship would be reduced by 50% if the towed vehicle was retrieved by the registered owner within five (5) days of the tow.

Finally, definitions of what a hardship is and what documents would be required to prove eligibility for the discount were suggested. Two of the four proposed definitions required the registered owner provide documents from the Internal Revenue Service which would, in all likelihood, not be available to the vehicle owner within five days. This would negate the second approach to determining the amount of the discount as suggested by the NSTA.

On July 8, 2022, a workshop was conducted by the NTA. At the workshop, the language of the proposed regulation was available for review as was the SBIS. The proposed regulation included two (2) options regarding how the amount of the discount could be determined.

#### OPTION ONE:

If the same vehicle is towed by the same operator within one (1) year:

For the first tow, the discount is thirty percent (30%) of the cost of removal and storage of the vehicle;

For the second tow, the discount is forty percent (40%) of the cost of the removal and storage of the vehicle;

For the third and any subsequent tow, the discount is fifty percent (50%) of the cost of removal and storage of the vehicle.

#### OPTION TWO:

A fifty percent (50%) discount of the cost of removal and storage of the vehicle if the owner retrieves the vehicle within five (5) days from the date the tow occurred.

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Fourteen (14) persons attended the workshop and many could not understand why the NTA was going to adopt a regulation of this kind when the participants, themselves, were having financial difficulties. The participants were informed that the legislation had been passed and the NTA had been tasked with preparing this regulation regarding the amount of the hardship discount and the kinds of evidence that would need to be accepted.

Additionally, there was significant discussion regarding the two (2) different methods that the hardship discount could be determined. The vast majority of the persons attending the workshop indicated they preferred Option Two but urged that the discount be thirty percent (30%) rather than fifty percent (50%). The participants also requested that the evidence supporting a hardship must be provided within the five (5) calendar days after the tow occurred based on the timing associated with the lien sale process. Both of these changes have been made to the final language of the regulation.

At the end of the workshop, the participants were asked to provide any further information regarding the hardship regulation in writing by July 15, 2022.

On July 15, 2022, the NTA received written “Comments” from an on behalf of the NSTA. All of those suggestions were considered and many changes to the regulation’s language were made. However, not always to the extent that the “Comments” proposed.

The summary of the actions and responses can be obtained by contacting Patricia Erickson at email address [perickson@nta.nv.gov](mailto:perickson@nta.nv.gov); phone number 702-486-8722.

2. The manner in which the analysis was conducted:

**Answer:** An NTA financial analyst reviewed the records kept by the NTA regarding the identity of the tow operators who have authority to engage in non-consent towing. The NTA has authorized ninety (90) tow operators to complete non-consent towing.

Next, the financial analyst determined the number of vehicles each tow operator has in its fleet. The NTA data establishes that the ninety (90) tow carriers are operating 622 tow trucks. Finally, the financial analyst reviewed the tariff information that has been provided to the NTA from each regulated tow operators.

After the workshop and based on the 30% hardship discount, the financial analyst recalculated the economic effect of the regulation on the businesses regulated by the NTA as set out below.

3. The estimated economic effect of the proposed regulation on the small businesses which the NTA regulates:

- A. The adverse effects:

**Answer:** The new hardship discount regulation will have an adverse impact on non-consent tow carriers because it will reduce revenues as follows:

When the registered owner of a towed vehicle provides evidence that the person fulfills the requirements for the hardship discount within five (5) calendar days of the tow and retrieves the vehicle within five (5) calendar days, the tow carrier must reduce the entire tow and storage bill by thirty percent (30%).

Extrapolating the thirty percent (30%) discount on an average tow bill\*\*, a tow operator may lose:

\$86 per tow bill and \$2 per loaded mile for sedans, trucks, and SUVs; or,  
\$178 per tow bill and \$3 per loaded mile for RVs, tractors, and trailers.

The exact financial effect cannot be quantified because the NTA has no financial records/database from individual tow carriers. Moreover, while the NTA specifically requested financial information from the tow operators to help complete this financial analysis, nothing of any substance was received in response to this request. Therefore, a “per tow bill” and “per loaded mile” were extrapolated using current tariff rates from all of the 90 non-consent tow operators.

**\*\* Assumptions made:**

- Average tow bill is \$286 for sedans, trucks, SUVs and \$592 for RVs, tractors, trailers and \$8 and \$9 per loaded mile, respectively, statewide.
- Average tow bill consisted of only the hookup rate and two days of storage. Other tariff rates applicable but were not included are: (1) set out, (2) lot visit, and (3) tape.

- B. The beneficial effects:

**Answer:** None.

C. The direct effects:

**Answer:** Less income for each non-consent tow completed when the vehicle's registered owner fulfills the definition of having a life circumstance/hardship outside the person's control which makes the person incapable of paying the normal rate for the removal and storage of that vehicle.

Increased cost to update tow operator's invoices – which can be accomplished through use of a stamp - to specifically advise vehicle owners about the availability of the hardship discount.

Additionally, there will be increased costs based on the requirement to obtain new signage, specifically advising vehicle owners about the potential availability of a hardship discount, which must be posted inside the tow operator's domicile at the location where payment is made.

D. The indirect effects:

**Answer:** If the registered owner of a towed vehicle does not appear at the tow operator's office to obtain release of the vehicle, no hardship discount will be applied to the towing/storage fees and the tow operator may complete the lien sale process for the entire amount owed for the towing/storage.

4. Description of the method that the NTA considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the NTA actually used these methods such as:

- A. Simplifying proposed regulation
- B. Different standards of compliance for small business
- C. Modifying fee so that a small business is authorized to pay a lesser fee

**Answer:** The NTA considered all of the above methods to reduce the financial impact of the regulation on small businesses. However, the vast majority of tow operators, regulated by the NTA, are "small businesses" and the language of AB 301 does not allow for any reduction – it has to apply to all non-consent tow operators regardless of whether the entity has more than or less than 150 employees.

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

**Answer:** De minimus.

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

**Answer:** The proposed regulation requires regulated non-consent tow operators to provide a specific discount on the cost associated with the tow and storage of a vehicle. Therefore, the NTA will not be collecting or spending any money.

7. Does the proposed regulation include provisions which duplicate or are more stringent than federal, state or local standards regulating the small activity:

**Answer:** No.

8. The reasons for the NTA conclusions regarding the impact of the regulation on small businesses:

**Answer:** The language of AB 301 requires a discount be given by a tow operator if the vehicle's registered owner establishes eligibility for the discount based on defined circumstances outside the control of the vehicle owner and presentation of the required proof of the circumstance. There isn't any flexibility in the language of AB 301. As a discount is required, there will be an economic impact on all tow operators who complete non-consent tows of vehicles registered to a person who has a defined hardship and provides evidence to establish the hardship.

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

Dated this 2nd day of November, 2022.



Dawn Gibbons, Chair  
Nevada Transportation Authority