

Business Impact Statement

This business impact statement addresses the proposed impact of Bill No. 149, Ordinance No. 26-337, which amends Storey County Code Chapter 5.16 by reducing the annual brothel license fee from \$86,000 to zero dollars (\$0), increasing the loan amount related to a brothel that must be reported to the Sheriff's Office from twenty-five thousand dollars (\$25,000) to two-hundred thousand dollars (\$200,000), and changing brothel fees from being set by resolution to being set by ordinance.

Under NRS 244.345, counties in Nevada are authorized to license and regulate houses of prostitution. Storey County exercises this authority through County Code Chapter 5.16, which establishes the licensing structure for brothel operations within the county. This proposed ordinance seeks to eliminate the existing annual license fee while also updating loan-reporting requirements and modifying the process for setting brothel fees. Other applicable fees, such as application or compliance-related fees, may still apply.

This business impact statement will be considered by the Storey County Board of County Commissioners during its regular meeting on March 17, 2026, concurrent with the first reading of the amended ordinance. A second reading and possible adoption is scheduled for April 21, 2026.

1. Notification and Stakeholder Input

The County Manager's Office mailed a copy of this business impact statement, including Exhibit A: Process to Provide Comments or Object, to all licensed brothel operators in Storey County on March 18, 2026. Copies are also available at the Storey County Clerk's Office and on the official Storey County website.

Storey County currently has one (1) licensed brothel operating under Chapter 5.16.

The public and affected businesses may provide comments during the public hearing or submit written comments in advance to the County Clerk.

The Board of County Commissioners will consider this revised ordinance and business impact statement at a second reading and public hearing scheduled for April 21, 2026. The public may submit comments at the hearing or in writing. Potential adoption of the ordinance is also scheduled for April 21, 2026.

2. Estimated Economic Effect on Businesses

a. Adverse effects:

None identified. The removal of the \$86,000 annual fee will eliminate a substantial fixed cost for affected businesses. The increase in the loan-reporting threshold is not anticipated to create an economic burden.

b. Beneficial effects:

Brothel operators will benefit from significantly reduced overhead, potentially improving business viability.

c. Direct effects:

Immediate and ongoing reduction in the cost of operating a licensed brothel in Storey County. Increased transparency regarding loans exceeding \$200,000 may assist in regulatory oversight but is not expected to have direct economic impact.

d. Indirect effects:

This change may improve the County's business climate for licensed brothels and make continued operation or future licensure more financially feasible.

3. Consideration of Alternative Approaches

The proposed amendment itself is designed to reduce the financial burden on licensed brothels by eliminating the annual fee. No additional mitigation measures were considered necessary.

4. Estimated Cost to the County

The reduction in the annual license fee will result in a loss of direct revenue. However, this may be partially offset by reduced administrative time associated with fee billing and collection. Regulatory enforcement will continue under existing procedures and staffing levels.

5. Introduction of New Fees or Increases

No. This ordinance eliminates an existing fee. It does not introduce any new fees or increase existing fees. It does, however, change the mechanism for establishing brothel fees—from being set by resolution to being set by ordinance—which does not create a new cost to businesses but modifies the formal process for future fee-setting.

6. Consistency with Other Regulations

This amendment is consistent with NRS 244.345 and Storey County Code Chapter 5.16. It does not duplicate or exceed any federal or state standards.

7. Summary Conclusion

The proposed ordinance is expected to have a positive economic impact by eliminating a substantial annual cost imposed on a limited number of regulated businesses. Based on available information, it is concluded that this action will:

- Not impose a direct and significant economic burden on a business; and
- Not restrict the formation, operation, or expansion of a business.

I, Austin Osborne, Storey County Manager, certify that to the best of my knowledge or belief that the information contained in this statement was properly prepared and is accurate.


Austin Osborne, County Manager


Date

EXHIBIT A

PROCESS TO OBJECT TO RULE CAUSING A BUSINESS IMPACT

1. If a business believes it is aggrieved by a Rule (as defined in NRS 237.060) adopted by the Board of County Commissioners of Storey County, the business may object by filing a petition in writing with the Storey County Clerk/Treasurer at 26 South B Street in Virginia City, Nevada or by mailing to P.O. Drawer D, Virginia City, Nevada 89440.
2. The Board of County Commissioners 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 Chapter 237 of NRS; or
 - b. The business impact statement prepared by the governing body did not consider or significantly underestimated the economic effect of the ordinance or rule on the business.
3. Upon receipt of the petition, the Clerk/Treasurer will forward a copy to the Storey County District Attorney, the department/agency/office that generated the Rule, and the Storey County Manager.
4. Staff will consider the merits of the petition and forward a recommendation to the Board of County Commissioners.
5. The Board of County Commissioners will determine if the petition has merit and direct staff accordingly.
6. A sample petition is attached.

SAMPLE 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 Storey County Clerk/Treasurer 26 South B Street in Virginia City, Nevada, or by mailing to P.O. Drawer D, Virginia City, NV 89440, within thirty (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 telephone number: _____

Petitioner is objecting to the following: _____

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

The basis of the 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 underestimated the economic effect of the adopted Rule.

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

By signing below, the signer of this petition certifies he/she is 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 Signer: _____

Date: