

## CITY OF RENO

**BUSINESS IMPACT STATEMENT  
RENO MUNICIPAL CODE TITLE 5  
MESSAGE ESTABLISHMENT REGULATIONS**

This Business Impact Statement was prepared pursuant to Nevada Revised Statutes (NRS) 237.080 and .090, as amended by Assembly Bill 408 (2013), to address if the proposed amendments to regulate Massage Establishments as privileged activity under Reno Municipal Code (RMC) Title 5 will either: a) impose a direct and significant economic burden upon a business, or b) directly restrict the formation, operation, or expansion of a business.

The amendments specifically relate to creating a Massage Establishment Privilege License and requiring background checks for massage establishment licensees, including but not limited to, new definitions; license application and issuance process; and minimum operational regulations. The proposed amendments to Reno Municipal Code include:

- Title 5, Chapter 5.05, Section 5.05.008, “General Requirements,” adding Massage Establishments to the list of business licenses required to obtain a Federal Bureau of Investigation (FBI) nationwide background check; and,
- Title 5, new Chapter 5.23, entitled “Massage Establishments,” to create a Massage Establishment Privilege License; new definitions; license application and issuance process; and minimum operational regulations for the massage establishments; together with other matters properly related thereto.

1) NOTICE AND COMMENTS: The following describes the manner in which comment was solicited from affected trade associations and businesses, and a summary of their comments:

a) Notice

*In compliance with NRS 237.080 and 237.090, Notice of Intent to Act upon a Regulation was properly published in the Reno Gazette-Journal on November 2, 2019. Notice of the public workshop and request for comment was also posted on the City of Reno website at [www.reno.gov/businesslicense](http://www.reno.gov/businesslicense) along with copies of the proposed ordinance amendments and instructions for submitting written arguments and data concerning impacts of the proposed ordinances on or before December 11, 2019 to Michael Chaump, Business Relations Manager, City of Reno, 1 East First Street, Reno, Nevada, 89501, (775) 334-2090, or via email at [businesslic@reno.gov](mailto:businesslic@reno.gov).*

*In addition, direct mail notices of the public workshop and request for comment were sent to approximately 300 businesses likely to be affected by adoption of the proposed*

*amendments, which included but were not limited to, licensed massage establishments, licensed massage therapists, hotel casinos with spa services, and the Chamber of Commerce. Notices were also hand delivered to local massage establishments.*

*Additionally, a media advisory was sent on November 17, 2019 seeking input and notifying the public of the opportunity to submit comments and review the proposed ordinances at the public workshop held on November 18, 2019 in the Reno City Council Chambers, 1 East First Street, Reno, NV, 89501.*

*Approximately 40 people attended the public workshop. Staff from the Business License Division, Code Enforcement, and Nevada State Board of Massage Therapy (NSBMT) were also in attendance. Staff provided an overview of the proposed changes, answered general questions, and received suggested changes to the amendments at the public workshop. The Business License Division also received five written comments via email.*

b) Summary of Comments

There were approximately 31 Independent Licensed Massage Therapist (LMT) and nine massage establishments in attendance at the public workshop. The majority of the questions and comments received regarding the proposed amendments were primarily from Independent LMTs seeking clarification of who is affected by the proposed amendments. The points that garnered the most concerns were:

- Clear definitions for Massage Establishments and Independent Massage Therapist;
- Opposition to requiring background checks for all and not providing an exemption for LMTs certified by the National Certification Board for Therapeutic Massage and Bodywork (NCBTMB), which requires bi-annual background checks;
- Cost of the privilege license and background check;
- A desire to reduce the proposed compliance deadline from 36 months to 18 months; and
- Requiring new inspections in addition to the NSBMT annual inspections already required and any associated new costs.

2) ECONOMIC IMPACT: Staff received no economic data from massage establishments and five written comments from Independent Massage Therapists. One written comment mentioned the existing costs of the State Business License, City of Reno license fees, and State Massage license fees, which will not change.

The estimated economic effect of the proposed rules on the businesses, including, without limitation, both adverse and beneficial effects, and both direct and indirect effects is noted below.

a) Adverse effects: *The proposed new required background check for a Massage Establishment Privilege License may disqualify some applicants from holding the license. Potential impacts on current businesses are difficult to quantify because background checks are currently not required.*

b) Beneficial effects: *The intention of the proposed ordinance amendments is to adopt regulations that protect the health, safety, and welfare of the public and to make massage establishment owners accountable for the business conducted within their establishments without placing a significant burden, or restricting the formation, operation, or expansion of a business. The new requirements will mitigate possible illicit behavior and provide better outdoor appearance of establishments.*

c) Direct effects: *The proposed ordinance amendments change the regulation of massage establishments to a privileged activity and create a Massage Establishment Privilege License. The proposed background check requirement for all massage establishment licensees that do not meet the exemption from the requirement will have a minimal cost of \$213.50 per licensee.*

*There will be no change in existing license fees or application fees, beyond any necessary background check fee, for the proposed new privileged license. The proposed new definitions, license application and issuance process, and minimum operational regulations should have minimal impact to implement. However, the operational regulations will require massage establishment owners to be accountable for the business conducted within their establishments.*

d) Indirect effects: *The passing of the proposed ordinance amendments may have indirect effects; however at this time those effects cannot be quantified.*

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

*Based on the majority of the questions and comments received regarding the proposed amendments, along with staff analysis and research, the proposed ordinance amendments may have initial impacts, but do not appear to have a direct or significant economic burden upon a business, nor directly restrict the formation or expansion of a business. In response to the concerns and suggested changes to the proposed ordinance expressed in the public workshop, staff made the following edits to reduce impacts:*

- *Created an exemption from the background check for those certified by the national organization NCBTMB (RMC Sec.5.23.030);*
- *Reduced the compliance deadline to 18 months for existing businesses (RMC Sec.5.23.035);*
- *No new inspections will be required by the City of Reno in addition to the annual inspections already required by the NSBMT;*
- *New annual privilege license with no additional fees;*
- *Created an exemption for Independent LMT (RMC Sec.5.23.008); and*
- *Revised definitions of Massage Establishments and Independent Massage Therapists.*

4) ENFORCEMENT COST: The governing body estimates the annual cost to the local government for enforcement of the proposed rules is *negligible and offset by existing license fees.*

5) FEE INCREASE: The total amount the local government expects to collect and the manner in which the money will be used, if the proposed ordinances create a new fee or increases an existing fee.

*The proposed ordinance amendments will not increase any existing fees or create any new fees.*

6) DUPLICATE PROVISIONS: The proposed rules include 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 amendments were written to compliment the NSBMT and do not duplicate, nor are they more stringent than any federal, state, or local standards regulating the same activity.*

7) REASONS FOR CONCLUSION:

*The proposed ordinance amendments to RMC Title 5 specifically relate to creating a Massage Establishment Privilege License and background checks for massage establishment licensees, including but not limited to, new definitions, license application and issuance process, and minimum operational regulations.*

*The intention of the proposed ordinance amendments are to adopt regulations that protect the health, safety, and welfare of the public and to make massage establishment owners accountable for the business conducted within their establishments without placing a significant burden, or restricting the formation, operation, or expansion of a business.*

*Staff conducted extensive outreach via various methods of communication, incorporated suggested changes received at the public workshop, created exemptions to reduce impacts of the*

*background check requirement, reduced the compliance deadline for existing business, and recommend no increase in license fees or application fees.*

*The proposed amendment to Chapter 5.05.008(f) will add massage establishments to the list of business licenses required to obtain an FBI nationwide background check conducted by the Reno Police Department. There are approximately 41 existing massage establishments within the City of Reno. The cost of the background check is \$213.50 per licensee.*


*The proposed new Chapter 5.23 creates the Massage Establishment Privilege License and establishes the minimum procedural requirements for licenses issued to the massage establishments, including but not limited to, new definitions, license application and issuance process, and minimum operational regulations. There will be no change in existing license fees or application fees, beyond any necessary background check fee, for the proposed new privileged license. The Massage Establishment Privilege License will be an annual privileged license based on gross receipts, which represents no change to existing process. This further reduces any economic impact to the business.*

*Therefore, based on the efforts to reduce the impacts, the adoption of the proposed ordinance amendments will not increase any fees, impose a direct or significant economic burden upon applicable businesses, nor directly restrict the formation, or expansion of a business.*

**CERTIFICATION OF BUSINESS IMPACT STATEMENT:**

I, Sabra Newby, as City Manager for the City of Reno, hereby certify that, to the best of my knowledge and belief, the information contained in this Business Impact Statement was prepared properly and is accurate pursuant to NRS 237.090.

Dated this 22nd day of January, 2020

  
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Sabra Newby, City Manager  
City of Reno, Nevada

END OF BUSINESS IMPACT STATEMENT

