

Small Local Business Definition Frequently Asked Questions

Senate Bill 1 (SB1) of the 30th Special Session of the Nevada State Legislature provides the framework for the funding and construction of an NFL stadium project. SB1 includes a requirement that at least 15 percent of stadium project construction be subcontracted to small local businesses.

Section 31.5 of SB1 defines a small local business as follows:

2. A business shall be deemed to be a small local business for the purposes of this section if:
 - (a) The business is financially and operationally independent from any other business;
 - (b) The business is not temporary and has operated for at least 4 years before entering into the contract or agreement;
 - (c) The business maintains its principal place of business in a fixed location within this State;
 - (d) The business has obtained all necessary licenses and registration within this State; and
 - (e) The annual revenues of the business for each of the immediately preceding 3 fiscal years has not exceeded:
 - (1) For public works projects, \$20,000,000;
 - (2) For any other construction projects, \$10,000,000;
 - (3) For any goods, materials, equipment and general services contracts, \$10,000,000;
 - (4) For professional services including, without limitation, architectural and engineering services, \$2,500,000; and
 - (5) For trucking services, \$3,500,000.

The following are frequently asked questions about the small local business definition.

How long must a business have been in operation?

A small local business must have been in operation for, at a minimum, the four most-recent consecutive years. The four-year timeframe is measured from the day the business submits its official bid. For example, if a business submits its bid on January 15, 2018, it must have been in operation prior to January 15, 2014.

Is a business required to have been based in Nevada during that time?

Yes. To qualify under SB1, a small local business must have maintained its principal place of business within the state of Nevada during the four most-recent consecutive years.

Do the annual revenue limits apply to gross revenue or net revenue?

The annual revenue limits apply to the gross revenues of a business. Gross revenues are the total amounts the business received from all sources during a fiscal year, without subtracting any costs or expenses.

How do the annual revenue limits apply to each category?

A business' gross revenue generated in each of the listed categories must not exceed the specified limit in any of the three preceding fiscal years. For example, a business generating gross revenues of \$18 million, \$21 million and \$15 million from public works projects would not qualify since the category limit is \$20 million in any single year.