

Nevada Local Emerging Small Business (ESB) Program

Frequently Asked Questions

(Updated May 2014)

1. Q: What is the ESB program and why should I participate?

A: The ESB Program is designed to encourage the development and growth of small businesses in Nevada. The program seeks to assist small businesses in obtaining work with state and local government agencies through identifying small businesses that want to contract with governments. Nevada businesses interested in doing business with the State of Nevada Purchasing Division, State of Nevada Public Works Division and/or local governments in Nevada (specifically Clark and Washoe Counties) are encouraged to apply.

A public list of certified businesses will be maintained on GOED's website (www.diversifynevada.com/certified-emerging-small-businesses) and purchasing agents/buyers from state and local government agencies are encouraged to refer to the list of certified businesses when purchasing opportunities arise in order to contact vendors directly for quotes or bids.

The ESB program was created by Assembly Bill 294 in the 2013 Legislative Session and became effective on January 1, 2014.

2. Q: What contract opportunities are available to certified ESBs?

A: Opportunities will vary among government agencies. The agencies required to participate in the program include the State Purchasing Division, State Public Works Division and all local government entities in Clark and Washoe Counties.

Pursuant to the legislation, goals for ESB participation apply to purchases/contracts under \$50,000 for State and local governments (but not to include credit card purchases) and under \$100,000 for State Public Works. These thresholds are also referred to as "discretionary expenditures".

3. Q: How much does it cost to apply for the ESB program?

A: This is a free source. The program is free including the initial application and annual renewal.

4. Q: How long after I submit an application will I find out if I'm approved?

A: Per statute, within 90 days applicants will receive a written notice of their determination of eligibility for participation in the ESB program.

5. Q: How do I know if I meet the criteria for "local business"?

A: Section 3.1 of the regulation defines the criteria for local business. The applicant must maintain its principal place of business in this State to mean that the address identified on the state business license of the business must be a physical address located in this State.

6. Q: Are start-up businesses eligible for the program?

A: Yes, there are no minimum thresholds for time in business, number of employees or average annual gross receipts. For start-up businesses that have not yet generated revenue, please enter "\$1.00" in the Gross Receipts section of the application.

7. Q: Are franchise businesses eligible for the program?

A: The program is intended for independently owned and operated businesses. A franchise may qualify if the franchise is operating as an independent entrepreneur utilizing a franchise name only.

8. Q: Will my annual gross receipts and employee counts be evaluated during my certification period to determine continued eligibility?

A: No, eligibility as an ESB is determined at the time of application or at the time of renewal. Even if a business exceeds the income thresholds during that period of certification due to new contracts, a certified ESB will maintain certification status until the expiration date.

9. Q: Is Commercial Liability Insurance required in order to become certified as an ESB?

A: Although insurance is not required at the time of application or to qualify as an ESB, each government entity may have their own requirements for insurance depending upon the products/services or scope of the project. Sufficient insurance may be required in order to submit a quote or to be awarded a contract and will be defined in the quote, bid or contract documents. If you have questions about the specific requirements of any state or local government entity, please contact that jurisdiction directly.

10. Q: Are owner(s) of the company considered employees in the full time employee count?

A: No, the owner(s) of the company should not be counted when calculating the number of full-time equivalent employees per Section 13.1 of the statute. "Owner" includes any person holding any percentage of ownership in the business.

If you are the owner/operator of the business and do not have any full time or full time equivalent employees, please enter "0" in the Employees field of the ESB application. There is no minimum number of employees required to qualify as an ESB.

11. Q: If I have employees in other states, do I need to count them as full time employees on this application?

A: Yes, all employees employed by the applicant, regardless of their physical location, should be counted when calculating the number of full time or full time equivalent employees.

12. Q: What time period do I use to calculate the number of employees?

A: When calculating the number of full-time equivalent employees, use the same period as the firm's tax year.

13. Q: If I meet the criteria for Tier 1 on the employee count but meet the criteria for Tier 2 on average annual gross receipts, which Tier do I qualify for?

A: Both the employee count and average annual gross receipts thresholds must be met in order for a business to qualify for Tier 1. If average annual gross receipts exceed the levels required for Tier 1 but do not exceed the levels for Tier 2, that business would qualify as a Tier 2 ESB.

14. Q: Are there limits to the net worth of individual owners in order to qualify for the program?

A: No, the net worth of individual owners is not considered to determine eligibility for the ESB program.

15. Q: How many NAICS codes should I have?

A: All businesses should have one primary North American Industry Classification System (NAICS) code and list that code first on the list in the application. You may then select up to nine additional codes (ten total) that identify products or services in which your business has expertise and control, in order to perform work on those types of projects.

To determine the codes applicable to your business, visit <http://www.census.gov/eos/www/naics/>

16. Q: What is the purpose of the NAICS codes?

A: NAICS codes identify the areas of work for which the firm has qualification (education, experience, training or licensure) and equipment (if necessary) to perform the work.

State and local government purchasing staff will use the NAICS codes and descriptions in the ESB profile to determine which businesses are capable of providing a good or service to be contracted through their agency. It is not guaranteed that opportunities for contracts will be available for all NAICS codes – those decisions are made at the agency level prior to issuing a request for quote.

17. Q: How do I know if I fall into the category of “providing construction services”?

A: Section 4.2 of the regulations defines this category as follows:

A business is “involved in providing construction services” if the business:
Is a person who is licensed pursuant to chapter 624 of NRS [see <https://www.leg.state.nv.us/NRS/NRS-624.html>] and who provides labor, materials, equipment or supplies for the construction, repair or reconstruction of any building, highway, road, railroad, excavation or other structure, project, development or improvement;
or

b) Employs as an employee of the business a design professional as defined in NRS 338.010. see <https://leg.state.nv.us/NRS/NRS-338.html#NRS338Sec010>

18. Q: A Nevada state business license is not required for my business to operate per the Nevada Secretary of State guidelines, am I required to hold a Nevada state business license to be eligible for the ESB Program?

A: Businesses that are exempt from a Nevada state business license must obtain an exemption from the Nevada Secretary of State. That exemption will be verified at the time of application to confirm ESB eligibility through the Nevada Secretary of State online business search.
<http://nvsos.gov/sosentitysearch/CorpSearch.aspx>

19. Q: I am already certified as a DBE or SBE in Nevada, am I then automatically certified as an ESB in Nevada?

A: No, the ESB program is separate from all other federal, state and local business certification programs. An application for Local Emerging Small Business certification is required from any business who wishes to become certified as an ESB.

20. Q: If I am already on a vendor list for the State, am I automatically an ESB?

A: No, the ESB program is separate from all other vendor lists for state and local governments in Nevada. An application for Local Emerging Small Business certification is required from any business who wishes to become certified as an ESB.

21. Q: **If I meet the definition of Emerging Small Business “ESB” pursuant to the U.S. Small Business Administration (SBA), am I automatically qualified for the Nevada Local Emerging Small Business Program?**

A: No, the definition of ESB in a federal size-standard context and as determined by NAICS code is not the same as the definition of ESB for this program in Nevada. All applicants must qualify for this program under the specific requirements of the Nevada legislation and regulation.

22. Q: **Will my financial information and tax ID number be kept confidential?**

A: Yes, financial information and tax ID number are requested for qualification purposes, but this data will be kept confidential and will not be made available to the public in the online directory.

23. Q: **If my application is denied, is there a waiting period until I can apply again?**

A: There is no waiting period after denial, however, the business should discuss the specific reason for denial with ESB program staff in order to determine how or if that business can qualify for the program. If corrections to the information contained within the application can be made that would then result in qualification as an ESB that business is welcome to apply again for the program.

24. Q: **How long am I certified after approval and how do I renew my certification?**

A: A business will be certified until the last day of the month, two years from the date that the application was approved. For example, if you are approved on March 2, 2014, your expiration date will be March 31, 2016.