

Rules and Regulations

Federal Register

Vol. 79, No. 113

Thursday, June 12, 2014

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

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SMALL BUSINESS ADMINISTRATION

13 CFR Part 121

RIN 3245-AG60

Small Business Size Standards: Inflation Adjustment to Monetary Based Size Standards

AGENCY: U.S. Small Business Administration.

ACTION: Interim Final Rule with request for comments.

SUMMARY: The U.S. Small Business Administration (SBA or Agency) is adjusting the monetary based industry size standards (*i.e.*, receipts, assets, net worth, and net income) for inflation that has occurred since the last adjustment in 2008. These adjustments are in addition to the recent revisions to size standards as part of the current comprehensive size standards review, as mandated by the Small Business Jobs Act of 2010 (Jobs Act). Also adjusted for inflation are program based size standards, with the exception of the new alternative size standard for SBA's 7(a) and 504 loan programs that was established under the Jobs Act. The new alternative size standard will remain in effect until SBA establishes a permanent alternative size standard for the 7(a) and 504 loan programs. SBA is also deleting references to Surety Bond Guarantee size standards for contracts awarded in 2005 in the Presidentially declared disaster areas following Hurricanes Katrina, Rita, and Wilma. In addition, SBA is deleting the determination date for eligibility under the Agency's Economic Injury Disaster Loan (EIDL) Program in connection with the same 2005 hurricanes. Finally, SBA is clarifying that footnote 9 to its table of size standards is not limited to NAICS 531190, but rather applies to all industries in Industry Group 5311, Lessors of Real Estate.

DATES:

Effective Date: This rule is effective July 14, 2014.

Comment Date: Comments must be received on or before August 11, 2014.

ADDRESSES: You may submit comments, identified by RIN 3245-AG60, by any of the following methods: (1) Federal Rulemaking Portal: <http://www.regulations.gov>, following the specific instructions for submitting comments; or (2) Mail/Hand Delivery/Courier: Khem R. Sharma, Ph.D., Chief, Office of Size Standards, 409 Third Street SW., Mail Code 6530, Washington, DC 20416. SBA will not accept comments submitted by email to this rule.

SBA will post all comments to this interim final rule on www.regulations.gov. If you wish to submit confidential business information (CBI) as defined in the User Notice at www.regulations.gov, you must submit such information to the U.S. Small Business Administration, Khem R. Sharma, Ph.D., Chief, Office of Size Standards, 409 Third Street SW., Mail Code 6530, Washington, DC 20416, or send an email to sizestandards@sba.gov. Highlight the information that you consider to be CBI and explain why you believe SBA should hold this information as confidential. SBA will review your information and determine whether it will make the information public.

FOR FURTHER INFORMATION CONTACT: Jorge Laboy-Bruno, Ph.D., Office of Size Standards, (202) 205-6618 or sizestandards@sba.gov.

SUPPLEMENTARY INFORMATION: As explained in the SBA's "Size Standard Methodology" White paper available at www.sba.gov/size, SBA reviews small business size standards and makes necessary adjustments to them for two reasons: (i) Changes in industry structure and Federal market conditions; and (ii) inflation. Recently, SBA reviewed all monetary based industry size standards with respect to industry structure and Federal market conditions. SBA published a series of rules to revise many of them as part of its ongoing comprehensive size standards review. In this rule, SBA is adjusting its monetary based industry size standards for inflation that has occurred since the last inflation adjustment, published in July 2008 (73 FR 41237). These include receipts based size standards for 476 industries and 11

subindustries (*i.e.*, "exceptions" in SBA Table of Size Standards) and assets based size standards for five industries. Additionally, SBA is adjusting three program specific receipts based size standards, namely, (1) Sales or Leases of Government Property (other than manufacturing); (2) stockpile purchases; and (3) the alternative size standard for the Small Business Investment Company (SBIC) Program that is based on tangible net worth and net income. As explained elsewhere in this rule, SBA is not adjusting the new tangible net worth and net income based alternative size standard established under the Jobs Act for its 7(a) and 504 Loan Programs. Also not adjusted is the \$750,000 receipts based size standard set by statute for agricultural industries.

SBA is required to assess the impact of inflation on its monetary based size standards at least once every five years (*see* SBA Interim Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards (67 FR 3041 (January 23, 2002)) and 13 CFR 121.102). Although the provision does not mandate that SBA actually adjust size standards for inflation every five years, it does provide assurances to the public that the Agency is monitoring inflation and is making a decision on whether or not to adjust size standards within a reasonable period of time since its last inflation adjustment. Previous inflation adjustments to size standards were in SBA Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards July 2008 (73 FR 41237 (July 18, 2008)); SBA Interim Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards; Business Loan Program; Disaster Assistance Loan Program (70 FR 72577 (December 6, 2005)); SBA Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards (67 FR 65285 (October 24, 2002)); SBA Interim Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards (67 FR 3041 (January 23, 2002)); SBA Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards (59 FR 616513 (April 7, 1994)); SBA Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards (49 FR 5025 (February 9, 1984)); and SBA Final Rule: Small Business Size Standards (39 FR 44423 (December 24, 1974)).

Many businesses may have lost small business eligibility for Federal assistance under SBA's monetary based size standards simply because of inflation that has occurred since the 2008 adjustment. This rule aims to reinstate those firms' eligibility for Federal assistance.

As mentioned above, the adjustment for inflation in this rule applies to all monetary based industry size standards, except for the \$750,000 receipts based size standard for agricultural industries (which is set by the statute). Adjustments in this rule are in addition to revisions that were part of SBA's ongoing comprehensive size standards review, as mandated by the Jobs Act. SBA's comprehensive size standards review primarily focused on industry structure (*i.e.*, average firm size, startup costs and entry barriers, industry concentration, and distribution of firms by business size) and Federal contracting trends. It did not consider the impacts of inflation on size standards.

Rather than reviewing all size standards at one time, for the comprehensive review, SBA reviewed size standards on a Sector by Sector basis over a period of several years. The objective of the comprehensive size standards review is to review all size standards and make necessary adjustments so that they are consistent with current industry structure and Federal market conditions. Including inflation as an additional factor in the analysis would have meant applying different inflation rates to different sectors at different times. For example, the applicable inflation would be lower for sectors reviewed earlier in the cycle and higher for those reviewed later, resulting in inconsistent size standards across sectors and industries. To avoid this, SBA decided to evaluate all monetary based size standards for inflation separately at one time upon completion of the comprehensive review. As mentioned above, SBA recently completed reviewing all monetary based industry size standards.

Updating size standards based on inflation, in addition to latest industry and Federal contracting data under the comprehensive review, not only satisfies the Jobs Act's mandate that SBA review all size standards, but also is consistent with Executive Order 13563 on improving regulation and regulatory review.

SBA's Inflation Adjustment Methodology

For this interim final rule, SBA has used the same methodology it has described in its "Size Standards

Methodology" White Paper, available at www.sba.gov/size. SBA had also applied the same methodology in its previous inflation adjustments, including the last adjustment in 2008. This methodology involves the following steps.

1. Selecting an inflation measure.
2. Selecting a base period.
3. Selecting an end period.
4. Calculating the inflation rate.
5. Adjusting the monetary based size standards.

Selecting an Inflation Measure

SBA establishes small business size standards to determine eligibility of businesses for a wide variety of SBA's and other Federal programs. The majority of businesses participating in those programs are engaged in multiple industries producing a wide range of goods and services. Therefore, it is important that the Agency use a broad measure of inflation to adjust its size standards. In the past, SBA's preferred measure of inflation had been the chain-type price index for the U.S. Gross Domestic Product (GDP price index), published by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) on a quarterly basis as part of its National Income and Product Accounts (NIPA), available at <http://www.bea.gov/iTable>.

There are a number of other price indexes that the Federal Government produces to measure inflation. In its "Size Standards Methodology," SBA has stated that, besides the GDP price index used in the previous adjustments, it may also consider using alternative inflation measures to adjust size standards in future inflation adjustments, including industry specific inflation indices that will better capture the variation in inflation levels across industries. Accordingly, for the current inflation adjustment, SBA reviewed some possible industry specific inflation measures. These included chain-type GDP price indices by industry from BEA and consumer and producer prices by industry from the U.S. Bureau of Labor Statistics (BLS). Additionally, in recent years, SBA received comments from the public suggesting that the Agency should consider using alternative measures of price indexes to adjust size standards for inflation (*see* SBA Final Rule: Small Business Size Standards; Business Loan Program and Disaster Assistance Loan Program 73 FR 41237 (July 18, 2008)). The commenters argued that the GDP price index underestimates inflation and that it does not account for cost increases that are unique to certain industries that may have experienced a higher rate of inflation than the one suggested by GDP price index. In

response, besides the GDP price index, in this rule, SBA also reviewed data on several alternative inflation measures published by the Federal Government, namely the consumer price index (CPI), the personal consumption expenditures price index (PCEPI), the producer price index (PPI), and the employment cost index (ECI). The Agency compared the performance of these indexes with the performance of the GDP price index to determine the appropriateness of using the GDP price index to adjust size standards for inflation. Below are brief descriptions of each of these indexes.

GDP chain-type price index (GDP price index): The GDP price index measures the prices of final goods and services produced by the U.S. economy. BEA produces this index on a quarterly basis. It is derived from the prices of personal consumption expenditures, gross private domestic investment, net exports, and government consumption expenditures, and gross investment. Therefore, it is a very broad measure of inflation in the economy. It is used to adjust for inflation the gross value of the output of the U.S. economy in NIPA during a period considered. For more information, refer to the BEA Web site at <http://www.bea.gov/national/Index.htm>.

Consumer price index (CPI): The CPI, produced monthly by the BLS, is a measure of the average change in the prices paid by urban consumers for a market basket of goods and services, including imports. The federal government, Federal Reserve Bank, and the private sector use this index as an economic indicator to assess inflationary pressures in the economy. The CPI and its components are also used to adjust other economic series (including various components of NIPA by the BEA) for price change and to convert these series to inflation-free or constant dollars. Finally, the CPI is used to adjust social security and other Government payments. For a detailed explanation, refer to the BLS Web site at <http://stats.bls.gov/cpi>.

Personal consumption expenditures price index (PCEPI): Similar to the CPI, the PCEPI measures the change in prices paid for goods and services purchased by consumers, and is produced by the BEA on a quarterly basis. The two indexes are similar, but they differ in terms of coverage, weighting, and calculation procedures (*see* <http://www.bea.gov/iTable>). Given its low volatility, comprehensive coverage of goods and services, and historical revision of the data, the Federal Reserve Bank uses the PCEPI to measure inflation for policy considerations.

Producers' price index (PPI): Also published by the BLS on a monthly basis, the PPI is a family of indexes that measure the average change over time in the prices domestic producers receive for their goods and services. Like the CPI, the PPIs data are used to adjust other economic time series for price changes and to translate those series into inflation-free or constant dollars. For example, constant-dollar GDP series are derived using deflators based on PPI data. The PPIs capture price movements of goods and services prior to the retail level. Therefore, they may not account for subsequent price changes experienced by businesses and final consumers. The U.S. government and the Federal Reserve Bank use PPI data in formulating fiscal and monetary policies. Finally, PPI data are also commonly used in escalating purchase and sales contracts. For more information, refer to the BLS Web site at <http://www.bls.gov/ppi>.

Employment cost index (ECI): Produced by the BLS, ECI provides a quarterly measure of changes in labor costs (*i.e.* wages and salaries and other benefit costs), as well as changes in total compensation. It is one of the principal indicators used by the Federal Reserve Bank in assessing inflationary conditions in the economy. The ECI is also widely used by both Government and private sector. Some examples of its uses are to formulate and assess public policy, to aid collective bargaining negotiations, to evaluate benefit packages, to index Medicare payments, and to adjust wages in long-term contracts. For more information, refer to the BLS Web site at <http://www.bls.gov/new.released/eci.toc.htm>.

Industry specific inflation measures: Additionally, SBA evaluated if the differences between inflation for individual industries and the overall measure of inflation, as measured by the GDP price index, are significant. For this, SBA examined the value added price indexes (VAPI) and Gross Output price indexes (GOPI) by industry contained in BEA's GDP-by-industry accounts tables (*see* <http://www.bea.gov/iTable>). Value added by industry is the contribution of individual industries to the nation's GDP. Gross Output by Industry measures goods and services produced by an industry, valued at producers' prices (*i.e.*, the prices received by producers, including excise and sales taxes). The VAPI and GOPI data are published only annually and the latest data available are for 2012. The level of industry disaggregation is not as detailed as in the Economic Census data. SBA calculated the inflation by industry between the

calendar years 2008 and 2012 using VAPI and GOPI, and computed the average inflation rate over all industries for which the data were available.

SBA also compared the inflation rates based on CPI, PCEPI, PPI, ECI, and the GDP price index for the period between the first quarter of 2008 and the second quarter of 2013. The results indicated that, although these price indexes tend to show some variations in the short run, they all move in the same direction in the long run, but in different magnitudes. Inflation based on the CPI and PCEPI measures was more or less similar to the one based on the GDP price index and it was somewhat higher based on the PPI and ECI measures. With some variations among industries, SBA found that, on average, inflation rate by industry based on VAPI and GOPI was also more or less similar to the overall inflation rate based on the GDP price index.

The above discussion shows that there exist differences among various price indexes with respect to what they measure and how they are derived. However, generally speaking, all indexes measure changes in some types of price levels in the economy and they all are used by the Government, Federal Reserve and private sector to assess inflationary pressures in the economy, deflate other economic data series, and adjust social security and other income payments. Each price index has its own limitations and advantages and there is no universal preference of one index to others.

As stated above, SBA requires a broad measure of inflation for adjusting its size standards for inflation. In general, the majority of firms participating in the SBA's and other Federal programs receive income or receipts from multiple industries. Among the various inflation measures SBA reviewed, the GDP price index appears to be the most comprehensive measure of movements in the general price level in the economy. It incorporates price changes for all sectors of the economy, including consumer products and services, capital goods, exports, and government services. It is also the most stable measure of inflation overtime relative to other price indexes, especially PPI and ECI. Besides, the GDP price index is widely used as a measure of inflation for policy purposes, and has historical validity and gained acceptance of the small business community. SBA believes that using some other price indexes (such as PPI and ECI) that yield higher inflation than the GDP price index will overestimate the adjustments for inflation and may affect the competitiveness of smaller businesses

for Federal opportunities. Most importantly, the GDP price index seems to incorporate information from most other indexes, including PPI, CPI, and ECI, since the BEA uses several subcomponents of these price indexes to deflate various components of GDP (*see* BEA, "Concepts and Methods of the U.S. National Income and Product Accounts" at <http://bea.gov/national>).

For these reasons, SBA continues to prefer using the GDP price index as the best aggregate measure of inflation for the U.S. economy. Thus, as in the previous inflation adjustments, SBA has decided to use the GDP price index to adjust monetary based size standards for the current inflation adjustment as well.

Selecting the Base and End Periods

For this rule, SBA selected the first quarter of 2008 as the base period, because it was the end period for the July 2008 adjustment. SBA selected the fourth quarter of 2013 as the end period for this inflation adjustment.

Calculating the Rate of Inflation

The GDP price index for the base period was 98.5 and the GDP price index for the end period was 107.1. Accordingly, inflation increased 8.73 percent from the first quarter of 2008 to the fourth quarter of 2013 $((107.1 \div 98.5) - 1.00) \times 100$ percent = 8.73 percent. During this period, inflation has been relatively subdued, principally because of a weak and slow economic recovery from the 2007–2009 recession of the U.S. economy, despite some bursts of sharp rises in energy and commodity prices at different times during the period.

Making Adjustments to Size Standards

Adjustment to receipts based industry size standards: Receipts based size standards were adjusted by multiplying their current levels by 1.0873, and rounding the results to the nearest \$500,000. Table 1, Inflation Adjustment to Receipts Based Size Standards, summarizes the results of the analysis for 16 different receipts based size standards levels, ranging from \$5 million to \$35.5 million. As stated elsewhere in the rule, the \$750,000 receipts based size standard for agricultural industries was not adjusted because it was set by the statute. The first column of Table 1 shows the current receipts based size standards, the second column shows their inflation-adjusted values but not rounded, the third column shows their inflation-adjusted values rounded to the nearest \$500,000, and the fourth column shows the count of industries and subindustries that are associated with

each of the receipts based size standards industries and 11 subindustries or levels. The results lead to adjustment to “exceptions.” 487 size standards, including 476

TABLE 1—INFLATION ADJUSTMENT TO RECEIPTS BASED SIZE STANDARDS

Current monetary based size standards (\$ million)	Size standards adjusted for inflation, but not rounded (\$ million)	Size standards adjusted for inflation, rounded to nearest \$500,000 (\$ million)	Number of industries (incl. exceptions)
(1)	(2)	(3)	(4)
\$5.0	\$5.4	\$5.5	4
7.0	7.6	7.5	127
10.0	10.9	11.0	39
14.0	15.2	15.0	94
16.5	17.9	18.0	1
17.5	19.0	19.0	2
19.0	20.7	20.5	39
23.0	25.0	25.0	1
25.5	27.7	27.5	55
27.0	29.4	29.5	4
28.0	30.4	30.5	2
29.5	32.1	32.0	2
30.0	32.6	32.5	40
33.5	36.4	36.5	11
34.5	37.5	37.5	1
35.5	38.6	38.5	65
Total Industries and Subindustries			487

Adjustment to assets based size standard: Currently, five industries in North American Classification Systems (NAICS) Sector 52, Finance and Insurance, have the size standard of \$500 million in average assets. Similar to the receipts based size standards, the assets based size standard was adjusted by multiplying the current value by

1.0873. The result was \$543.7 million, but it was rounded to \$550 million. *Adjustment to program based size standards:* Most SBA and other Federal programs apply size standards established for industries, as defined by the NAICS. SBA has also established a few size standards on a program basis rather than on an industry basis. These size standards were also adjusted for inflation in the same manner as the

receipts based industry size standards. Table 2, Inflation Adjustment to Program Based Size Standards, shows the program based size standards and their corresponding inflation-adjusted values. The size standard for “smaller enterprises” under the Small Business Investment Company (SBIC) Program is set by statute (*see* 13 CFR 107.710(a)) and, therefore, not adjusted.

TABLE 2—INFLATION ADJUSTMENT TO PROGRAM BASED SIZE STANDARDS

Program	CFR Citation	Size standard in millions of dollars		
		Current size standard	Measurement	Inflation-adjusted size standard
SBIC Program	13 CFR 121.301(c)	\$18.0	Net Worth	\$19.5
		6.0	Net income	6.5
		7.0	Average Annual Receipts	7.5
Sales of Government Property Other Than Manufacturing (which uses employee-based size standards).	13 CFR 121.502			
Stockpile Purchases	13 CFR 121.512	57.5	Average Annual Receipts	62.5

Special Considerations

New Alternative Size Standard for 7(a) and 504 Loan Programs: Effective September 27, 2010, the Jobs Act established a new temporary alternative size standard of tangible net worth of not more than \$15 million and net income of not more than \$5 million for SBA’s 7(a) and 504 Loan Programs. On September 29, 2010, SBA issued Notice

5000–1175 advising lenders and the public that, effective September 27, 2010, the new statutory alternative size standard will apply for its 7(a) and 504 Loan Programs, thereby replacing the existing alternative size standard of \$8.5 million in tangible net worth and \$3 million in net income, then set forth in 13 CFR 121.301(b)(2). The Jobs Act also provided the new temporary alternative

size standard would remain in effect for the 7(a) and CDC/504 Loan Programs until the SBA’s Administrator has established a different size standard through rulemaking. For this reason, in this rule, SBA is not adjusting the new alternative size standard for its 7(a) and 504 Loan programs for inflation. SBA will issue a different rule to establish a

permanent alternative size standard for those programs.

Size Standards for Surety Bond Guarantee Assistance: SBA has decided to remove 13 CFR 121.301(d)(2). Currently, 13 CFR 121.301(d) reads as follows:

(1) A business concern, combined with its affiliates, must meet the size standard for the primary industry in which such business concern, combined with its affiliates, is engaged.

(2) For any contract or subcontract, public or private, to be performed in the Presidentially-declared disaster areas resulting from the 2005 Hurricanes Katrina, Rita or Wilma, a construction (general or special trade) concern or concern performing a contract for services is small if it meets the size standard set forth in paragraph (d)(1) of this section, or the average annual receipts of the concern, together with its affiliates, do not exceed \$7 million, whichever is higher.

SBA believes that paragraph (2) is no longer necessary for two reasons. First, given paragraph (1), paragraph (2) is now mostly redundant, because the inflation adjusted receipts based size standards for all industries, except for four, are higher than \$7 million (see Table 1, Inflation Adjustment to Receipts Based Size Standards, above). Second, SBA would not expect, after more than eight years since the Hurricanes Katrina, Rita, and Wilma occurred, small businesses in these disaster areas would be in need of a separate size standard, which now has only limited application. Paragraph (2) made sense when the size standard for a construction concern (general or special trade) for Surety Bond Guarantee was \$7 million or less in average receipts, but the size standards for all industries in construction are now higher than \$7 million. On August 11, 2010, SBA issued a direct final rule to amend small business size standards for its Surety Bond Guarantee Program (75 FR 48549). Specifically, the direct final rule provided that a business concern is small if such concern, combined with its affiliates, does not exceed the size standard for the NAICS code that corresponds to the primary industry of the business concern, combined with its affiliates.

Size Standards for Economic Injury Disaster Loan (EIDL) Assistance: Since it has been more than eight years since the Hurricanes Katrina, Rita, and Wilma occurred, SBA has decided to remove the text relating to when the Agency determines size status for EIDL assistance under disaster declarations for the Hurricanes Katrina, Rita, and Wilma from 13 CFR 121.302(c).

Size Standard for Leasing of Building Space to Federal Government by Owners—Footnote 9: It has come to SBA's attention that there can be some confusion concerning to what NAICS code(s) footnote 9 and the size standard for the "Leasing of Building Space to Federal Government by Owners" exception apply. Specifically, footnote 9 states, "NAICS code 531190—Leasing of building space to the Federal Government by Owners: For Government procurement, a size standard of \$35.5 million in gross receipts applies to the owners of building space leased to the Federal Government. The standard does not apply to an agent." In the SBA's table of size standards, this "exception" follows immediately after NAICS 531190, Lessors of Other Real Estate Property. This has been understood by some to mean that the exception and footnote 9 apply only to NAICS 531190.

However, the size standard exception for "Leasing of Building Space to Federal Government by Owners" is meant to apply to all industries in NAICS Industry Group 5311, Lessors of Real Estate. That is consistent with SBA's original application of the footnote to Standard Industrial Classification (SIC) Major Group 651, Real Estate Operators (Except Developers) and Lessors, when the SBA's table of size standards was based on the SIC system.

To clarify this, SBA is adding the footnote 9 superscript to each of the four NAICS Industry codes within NAICS Industry Group 5311 and removing from the table the exception that follows NAICS 531190. The new inflation-adjusted size standard for the Leasing of Building Space to Federal Government by Owners exception will be \$38.5 million in average annual receipts.

Justification for Updating Size Standards for Inflation as an Interim Final Rule

In general, to revise or update size standards, SBA publishes a proposed rule for public comment before issuing a final rule, in accordance with the Administrative Procedure Act (APA), 5 U.S.C. 553 and SBA regulations, 13 CFR 101.108. The APA provides an exception to this standard rulemaking process, however, in situations where an agency finds good cause to adopt a rule without prior public participation. (See 5 U.S.C. 553(b)(3)(B)). The good cause requirement is satisfied when prior public participation is impracticable, unnecessary, or contrary to the public interest. Under those conditions, an agency may publish an interim final rule without first soliciting

public comment. In applying the good cause exception to the standard rulemaking process, Congress recognized that special circumstances (such as a response to a natural disaster or an economic situation) might arise justifying issuance of a rule without prior public participation.

As stated above, the last time SBA made inflation adjustments to size standards was 2008. Many businesses may have lost small business eligibility for Federal assistance under SBA's monetary based size standards simply as a result of the inflation that has occurred since that time. This rule is necessary to make those businesses eligible for Federal assistance. Any delay in the adoption of inflation adjusted size standards could cause serious harm to those businesses and others that are about to exceed current size standards. Immediate implementation of this rule would enable those businesses to benefit from Federal assistance programs and help them create jobs. SBA believes that the job creation under the current economic environment of high unemployment is in the best interest of the public.

The standard notice and comment rulemaking would delay the implementation of this rule by at least eight to twelve months. Such a delay would be contrary to the public interest as it would delay the eligibility of those businesses for Federal small business assistance, perhaps forcing some of them to cease operations before a final rule could be promulgated under the standard rulemaking process. Furthermore, the inflation adjustment will become outdated by the time the final rule is published under notice and comment rulemaking.

SBA believes that delaying the adoption of updated size standards for inflation is not in the best interest of small businesses in the current economic environment. The U.S. economy was in recession from December 2007 to June 2009, the longest and deepest of any recessions since before World War II. The economy lost more than eight million non-farm jobs during 2008–2009. In response, Congress passed and the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act) to promote economic recovery and to preserve and create jobs. Although the recession officially ended in June 2009, the unemployment rate is still at 6.7 percent in March 2014 (www.bls.gov) and is forecast to remain around this level at least through the end of 2014. (http://www.federalreserve.gov/monetarypolicy/mpr_20130717_

part3.htm). In 2010, Congress passed and the President signed the Jobs Act to promote small business job creation. The Jobs Act included several measures to help small businesses create jobs. Delaying the adoption of updated size standards would prevent businesses that have exceeded size standards due to inflation from participating in Federal financial and procurement assistance programs for small businesses. This would be contrary to the expressed will of the President and the Congress.

For the above reasons, SBA finds that good cause exists to publish this rule as an interim final rule. SBA's rationale for preparing this action as an interim final rule and giving it immediate effect is consistent with the Agency's statutory obligation to act in the public interest in determining eligibility for Federal assistance under the Small Business Act, 15 U.S.C. 633(d). SBA had also implemented inflation adjustments to size standards through an interim final rule in 2002 and 2005 without any controversies.

By publishing this rule as an interim final rule, SBA is not excluding public participation in the rulemaking process. SBA is soliciting comments from interested parties on this interim final rule on a number of issues, including SBA's methodology for inflation adjustment and alternative measures of inflation. SBA will evaluate all comments and revise, if necessary, this rule, and publish a final rule on a later date.

Request for Comments

SBA seeks comments on this rule, specifically on the following issues.

1. SBA welcomes comments from the interested parties on SBA's size standards methodology for inflation adjustment to its size standards. Specifically, SBA seeks comment on whether the GDP price index is an appropriate measure of inflation for adjusting size standards. The Agency invites suggestions, along with supporting data and analysis, if a different measure of inflation would be more appropriate.

2. SBA also invites comments on whether it should adjust employee based size standards for changes in labor productivity and technical change, similar to adjusting monetary based size standards for inflation.

3. SBA also invites comments on any other aspects of this rulemaking, such as the changes to size standards for business loan programs, disaster loan programs, and the surety bond guarantee program.

Compliance With Executive Orders 12866, 13563, 12988, and 13132, the Paperwork Reduction Act (44 U.S.C., Ch. 35), and the Regulatory Flexibility Act (5 U.S.C. 601–612) Executive Order 12866

The Office of Management and Budget (OMB) has determined that this interim final rule is not a "significant regulatory action" for purposes of Executive Order 12866. In order to help explain the need for this rule and the rule's potential benefits and costs, SBA is providing a Cost Benefit Analysis in this section of the rule. This is also not a "major rule" under the Congressional Review Act (5 U.S.C. 800).

Cost Benefit Analysis

1. Is there a need for the regulatory action?

SBA's statutory mission is to aid and assist small businesses through a variety of financial, procurement, business development, and advocacy programs. To assist the intended beneficiaries of these programs effectively, SBA must establish distinct definitions of which businesses are deemed small businesses. The Small Business Act (15 U.S.C. 632(a)) (Act) delegates to the SBA Administrator the responsibility for establishing small business definitions. The Act also requires that small business definitions vary to reflect industry differences. The supplementary information to this interim final rule explains how SBA adjusts size standards for inflation. SBA is required to assess the impact of inflation on its monetary based size standards at least once every five years (67 FR 3041 and 13 CFR 102(c)). Many businesses may have lost small business eligibility for Federal assistance under SBA's monetary based size standards simply because of inflation that has occurred since the last inflation adjustment to size standards in 2008. This interim final rule aims to make those businesses eligible again for Federal assistance.

2. What are the potential benefits and costs of this regulatory action?

The most significant benefit to businesses of this interim final rule is to enable businesses that have exceeded size standards simply due to inflation to regain eligibility for Federal small business assistance programs. This will also help businesses to retain small business eligibility for Federal programs for a longer period. These programs include SBA's financial assistance programs, economic injury disaster loans, and Federal procurement programs intended for small businesses.

Federal procurement programs provide targeted opportunities for small businesses under SBA's business development programs, such as 8(a), Small Disadvantaged Businesses (SDB), small businesses located in Historically Underutilized Business Zones (HUBZone), women-owned small businesses (WOSB), economically disadvantaged women-owned small businesses (EDWOSB), and service-disabled veteran-owned small businesses (SDVOSB). Federal agencies may also use SBA's size standards for a variety of other regulatory and program purposes. These programs assist small businesses to become more knowledgeable, stable, and competitive. SBA estimates that this rule will enable approximately 8,500 firms in industries and subindustries with receipts based size standards and about 170 firms in industries with assets based size standards, currently above SBA's size standards, to gain small business status and become eligible for these programs. This will increase the small business share of total receipts in industries and subindustries with receipts based size standards from 31.2 percent to 31.8 percent and the small business share of total assets in industries with assets based size standards from 8.8 percent to 9.4 percent.

Three groups will benefit from the revisions of size standards in this rule: (1) Some businesses that are above the current size standards may gain small business status under the higher, inflation-adjusted size standards, thereby enabling them to participate in Federal small business assistance programs; (2) growing small businesses that are close to exceeding the current size standards will be able to retain their small business status under the higher size standards, thereby enabling them to continue their participation in the programs; and (3) Federal agencies will have a larger pool of small businesses from which to draw for their small business procurement programs.

SBA estimates that firms gaining small business status under the inflation adjusted size standards could receive Federal contracts totaling \$150 million to \$200 million annually under SBA's small business, 8(a), SDB, HUBZone, WOSB, EDWOSB, and SDVOSB Programs, and unrestricted procurements. The added competition for many of these procurements can also result in lower prices to the Government for procurements reserved for small businesses, but SBA cannot quantify this benefit.

Based on the fiscal years 2010–2012 data, SBA estimates about 80 additional loans totaling about \$30 million could

be made to these newly defined small businesses under SBA's 7(a) and 504 Loan Programs under the adjusted size standards. Increasing the size standards will likely result in more small business guaranteed loans to businesses in these industries, but it is impractical to try to estimate the exact number and total amount of loans. There are two reasons for this: (1) Under the Jobs Act, SBA can now guarantee substantially larger loans than in the past; and (2) as described above, the Jobs Act established an alternative size standard (\$15 million in tangible net worth and \$5 million in net income after income taxes) for business concerns that do not meet the size standards for their industry. Therefore, SBA finds it difficult to quantify the actual impact of these inflation adjusted size standards on its 7(a) and 504 Loan Programs.

Newly defined small businesses will also benefit from SBA's Economic Injury Disaster Loan (EIDL) Program. Since this program is contingent on the occurrence and severity of a disaster in the future, SBA cannot make a meaningful estimate of this impact.

In addition, newly defined small businesses will also benefit through reduced fees, less paperwork, and fewer compliance requirements that are available to small businesses through Federal government.

To the extent that those nearly 8,700 additional small firms could become active in Federal procurement programs, the adjusted size standards in this final interim rule may entail some additional administrative costs to the government as a result of more businesses being eligible for Federal small business programs. For example, there will be more firms seeking SBA's guaranteed loans, more firms eligible for enrollment in the System of Award Management (SAM) database, and more firms seeking certification as 8(a) or HUBZone firms or qualifying for small business, WOSB, EDWOSB, SDVOSB, and SDB status. Among those newly defined small businesses seeking SBA's assistance, there could be some additional costs associated with compliance and verification of small business status and protests of small business status. However, SBA believes that these added administrative costs will be minimal because mechanisms are already in place to handle these requirements.

In some cases, Federal government contracts may have higher costs. With a greater number of businesses defined as small, Federal agencies may choose to set aside more contracts for competition among small businesses only rather than using full and open competition. The movement from unrestricted to small

business set-aside contracting might result in competition among fewer total bidders, although there will be more small businesses eligible to submit offers. However, the additional costs associated with fewer bidders are expected to be minor since, by law, procurements may be set aside for small businesses or reserved for the 8(a), HUBZone, WOSB, EDWOSB, or SDVOSB Programs only if awards are expected to be made at fair and reasonable prices. In addition, there may be higher costs when more full and open contracts are awarded to HUBZone businesses that receive price evaluation preferences.

The size standards adjustments in this interim final rule may have some distributional effects among large and small businesses. Although SBA cannot estimate with certainty the actual outcome of the gains and losses among small and large businesses, it can identify several probable impacts. There may be a transfer of some Federal contracts to small businesses from large businesses. Large businesses may have fewer Federal contract opportunities as Federal agencies decide to set aside more contracts for small businesses. In addition, some Federal contracts may be awarded to HUBZone concerns instead of large businesses since these firms may be eligible for a price evaluation preference for contracts when they compete on a full and open basis.

Similarly, some businesses defined small under the current size standards may obtain fewer Federal contracts due to the increased competition from more businesses defined as small under the proposed size standards. This transfer may be offset by a greater number of Federal procurements set aside for all small businesses. The number of newly defined and expanding small businesses that are willing and able to sell to the Federal Government will limit the potential transfer of contracts from large and currently defined small businesses. SBA cannot estimate the potential distributional impacts of these transfers with any degree of precision.

The revision to the current monetary based industry size standards for 481 industries and 11 subindustries, and to the monetary based size standards for other specific programs are consistent with SBA's statutory mandate to assist small business. This regulatory action promotes the Administration's objectives. One of SBA's goals in support of the Administration's objectives is to help individual small businesses succeed through fair and equitable access to capital and credit, Government contracts, and management and technical assistance. Reviewing and

modifying size standards, when appropriate, including periodic inflation adjustments, ensure that intended beneficiaries have access to small business programs designed to assist them.

Executive Order 13563

A description of the need for this regulatory action and benefits and costs associated with this action including possible distributions impacts that relate to Executive Order 13563 is included above in the Cost Benefit Analysis under Executive Order 12866.

In an effort to engage interested parties in this action, SBA gave appropriate consideration to all input, suggestions, recommendations, and relevant information obtained from industry groups, individual businesses, and Federal agencies in preparing this interim final rule.

The review of size standards in industries and financial assistance programs covered in this interim final rule is consistent with Executive Order 13563, Section 6, calling for retrospective analyses of existing rules. The last inflationary adjustment of monetary based size standards occurred in July 2008.

Additionally to the inflationary adjustment of monetary based size standards of this final interim rule, SBA finalized a comprehensive review of all the receipts and assets based industry size standards to ensure that they have supportable bases.

Executive Order 12988

This action meets applicable standards set forth in Sections 3(a) and 3(b)(2) of Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden. The action does not have retroactive or preemptive effect.

Executive Order 13132

For purposes of Executive Order 13132, SBA has determined that this interim final rule will not have substantial, direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, SBA has determined that this interim final rule has no federalism implications warranting preparation of a federalism assessment.

Paperwork Reduction Act

For the purpose of the Paperwork Reduction Act, 44 U.S.C. Ch. 35, SBA has determined that this interim final

rule will not impose any new reporting or record keeping requirements.

Initial Regulatory Flexibility Analysis

Under the Regulatory Flexibility Act (RFA), this interim final rule may have a significant impact on a substantial number of small businesses in the industries and subindustries covered by this rule. As described above, this rule may affect small businesses seeking Federal contracts, loans under SBA's 7(a), 504 and Economic Injury Disaster Loan Programs, and assistance under other Federal small business programs.

Immediately below, SBA sets forth an initial regulatory flexibility analysis (IRFA) of this interim final rule addressing the following questions: (1) What are the need for and objective of the rule? (2) What are SBA's description and estimate of the number of small businesses to which the rule will apply? (3) What are the projected reporting, record keeping, and other compliance requirements of the rule? (4) What are the relevant Federal rules that may duplicate, overlap, or conflict with the rule? and (5) What alternatives will allow the Agency to accomplish its regulatory objectives while minimizing the impact on small businesses?

1. What are the need for and objective of the rule?

As discussed in the supplemental information, the revision to the monetary based size standards for inflation more appropriately defines small businesses. This interim final rule merely restores small business eligibility in real terms to businesses that have grown above the size standard due to inflation rather than due to increased business activity. A review of the latest inflation indexes indicates that inflation has increased a sufficient amount to warrant an increase to the current monetary based size standards.

Section 3(a) of the Small Business Act (15 U.S.C. 632(a)) gives SBA the authority to establish and change size standards. Within its administrative discretion, SBA implemented a policy in its regulations to review the effect of inflation on size standards at least once every five years (13 CFR 121.102(c)) and make any changes as appropriate. As discussed in the supplementary information, inflation has increased at a sufficient level since the time of the 2008 final rule to warrant a further adjustment to size standards at this time.

2. What are SBA's description and estimate of the number of small businesses to which the rule will apply?

SBA estimates that about 8,500 additional firms will become small because of increased receipts based size standards of 476 industries and 11 subindustries. That represents 0.2 percent of total firms that are small under current monetary based size standards. This will result in an increase in the small business share of total industry receipts in those industries and subindustries from 31.2 percent under the current size standards to 31.8 percent under the inflation-adjusted size standards. Due to the adjustment of assets based size standards in five industries, about 170 additional firms will gain small business status in those industries. This will increase the small business share of total assets in those industries from 8.8 percent to 9.4 percent. The size standards adopted in this interim final rule will enable businesses that have exceeded the size standards for their industries to regain small business status. It will also help currently small businesses to retain their small business status for a longer period. Many firms may have lost their eligibility and find it difficult to compete at current size standards with companies that are significantly larger than they are. SBA believes the competitive impact will be positive for existing small businesses and for those that exceed the size standards but are on the very low end of those that are not small. They might otherwise be called or referred to as mid-sized businesses, although SBA only defines what is small; entities that are not small are "other than small."

3. What are the projected reporting, recordkeeping and other compliance requirements of the rule?

The inflation adjustment to size standards imposes no additional reporting or record keeping requirements on small businesses. However, qualifying for Federal procurement and a number of other programs requires that businesses register in the SAM database and certify in SAM that they are small at least once annually. Therefore, newly eligible small businesses opting to participate in those programs must comply with SAM requirements. Businesses whose status changes in SAM from other than small to small must update their SAM profiles and complete the "representations and certifications" sections of SAM. However, there are no costs associated with SAM registration or certification. Changing size standards alters the

access to SBA's programs that assist small businesses, but does not impose a regulatory burden because they neither regulate nor control business behavior.

4. What are the relevant Federal rules, which may duplicate, overlap, or conflict with the rule?

Under section 3(a)(2)(C) of the Small Business Act, 15 U.S.C. 632(a)(2)(c), Federal agencies must use SBA's size standards to define a small business, unless specifically authorized by statute to do otherwise. In 1995, SBA published in the **Federal Register** a list of statutory and regulatory size standards that identified the application of SBA's size standards as well as other size standards used by Federal agencies (60 FR 57988 (November 24, 1995)). SBA is not aware of any Federal rule that would duplicate or conflict with establishing size standards.

However, the Small Business Act and SBA's regulations allow Federal agencies to develop different size standards if they believe that SBA's size standards are not appropriate for their programs, with the approval of SBA's Administrator (13 CFR 121.903). The Regulatory Flexibility Act authorizes an Agency to establish an alternative small business definition for Regulatory Flexibility Analysis purposes, after consultation with the Office of Advocacy of the U.S. Small Business Administration (5 U.S.C. 601(3)).

5. What alternatives will allow the Agency to accomplish its regulatory objectives while minimizing the impact on small entities?

By law, SBA is required to develop numerical size standards for establishing eligibility for Federal small business assistance programs. Other than varying size standards by industry and changing the size measures, no practical alternative exists to the systems of numerical size standards.

SBA's only other consideration was whether to adopt the size standards presented in the interim final rule with no further increase for the inflation. However, SBA believes that the additional 8.73 percent inflation that has occurred since the time of the final rule published in July 2008 sufficiently affects the real value of the size standards to warrant applying an increase at this time.

List of Subjects in 13 CFR Part 121

Administrative practice and procedure, Government procurement, Government property, Grant programs—business, Individuals with disabilities, Loan programs—business, Reporting

and recordkeeping requirements, Small businesses.

For the reasons set forth in the preamble, SBA amends 13 CFR part 121 as follows:

PART 121—SMALL BUSINESS SIZE REGULATIONS

■ 1. The authority citation for part 121 continues to read as follows:

Authority: 15 U.S.C. 632, 634(b)(6), 662, and 694a(9).

■ 2. In § 121.201, amend the table “Small Business Size Standards by NAICS Industry” as follows:

■ a. Revise the entries for “112112”, “112310”, “113110”, “113210”, “114111”, “114112”, “114119”, “114210”, “115111”, “115112”, “115113”, “115114”, “115115”, “115116”, “115210”, “115310”, “115310 first and second sub-entry”, “213112”, “213113”, “213114”, “213115”, “221310”, “221320”, “221330”, “236115”, “236116”, “236117”, “236118”, “236210”, “236220”, “237110”, “237120”, “237130”, “237210”, “237310”, “237990”, “237990 first sub-entry”, “238110”, “238120”, “238130”, “238140”, “238150”, “238160”, “238170”, “238190”, “238210”, “238220”, “238290”, “238310”, “238320”, “238330”, “238340”, “238350”, “238390”, “238910”, “238990”, “238990 first sub-entry”, “441120”, “441210”, “441222”, “441228”, “441310”, “441320”, “442110”, “442210”, “442291”, “442299”, “443141”, “443142”, “444110”, “444120”, “444130”, “444190”, “444210”, “444220”, “445110”, “445120”, “445210”, “445220”, “445230”, “445291”, “445292”, “445299”, “445310”, “446110”, “446120”, “446130”, “446191”, “446199”, “447110”, “447190”, “448110”, “448120”, “448130”, “448140”, “448150”, “448190”, “448210”, “448310”, “448320”, “451110”, “451120”, “451130”, “451140”, “451211”, “451212”, “452111”, “452112”, “452910”, “452990”, “453110”, “453210”, “453220”, “453310”, “453910”, “453920”, “453930”, “453991”, “453998”, “454111”, “454112”, “454113”, “454210”, “454390”, “481211”, “481211 first sub-entry”, “481212”, “481212 first sub-entry”, “481219”, “484110”, “484121”, “484122”, “484210”, “484220”, “484230”, “485111”, “485112”, “485113”, “485119”, “485210”, “485310”, “485320”, “485410”, “485510”, “485991”, “485999”,

“486210”, “486990”, “487110”, “487210”, “487990”, “488111”, “488119”, “488190”, “488210”, “488310”, “488320”, “488330”, “488390”, “488410”, “488490”, “488510”, “488510 first sub-entry”, “488991”, “488999”, “491110”, “492210”, “493110”, “493120”, “493130”, “493190”, “511210”, “512110”, “512120”, “512131”, “512132”, “512191”, “512199”, “512210”, “512240”, “512290”, “515111”, “515112”, “515120”, “515210”, “517410”, “517919”, “518210”, “519110”, “519120”, “519190”, “522110”, “522120”, “522130”, “522190”, “522210”, “522220”, “522291”, “522292”, “522293”, “522294”, “522298”, “522310”, “522320”, “522390”, “523110”, “523120”, “523130”, “523140”, “523210”, “523910”, “523920”, “523930”, “523991”, “523999”, “524113”, “524114”, “524127”, “524128”, “524130”, “524210”, “524291”, “524292”, “524298”, “525110”, “525120”, “525190”, “525910”, “525920”, “525990”, “531110”, “531120”, “531130”, “531190”, “531210”, “531311”, “531312”, “531320”, “531390”, “532111”, “532112”, “532120”, “532210”, “532220”, “532230”, “532291”, “532292”, “532299”, “532310”, “532411”, “532412”, “532420”, “532490”, “533110”, “541110”, “541191”, “541199”, “541211”, “541213”, “541214”, “541219”, “541310”, “541320”, “541330”, “541330 first, second and third sub-entry”, “541340”, “541350”, “541360”, “541370”, “541380”, “541410”, “541420”, “541430”, “541490”, “541511”, “541512”, “541513”, “541519”, “541519 first-sub entry”, “541611”, “541612”, “541613”, “541614”, “541618”, “541620”, “541690”, “541720”, “541810”, “541820”, “541830”, “541840”, “541850”, “541860”, “541870”, “541890”, “541910”, “541921”, “541922”, “541930”, “541940”, “541990”, “551111”, “551112”, “561110”, “561210”, “561311”, “561312”, “561320”, “561330”, “561410”, “561421”, “561422”, “561431”, “561439”, “561440”, “561450”, “561491”, “561492”, “561499”, “561510”, “561520”, “561591”, “561599”, “561611”, “561612”, “561613”, “561621”, “561622”, “561710”, “561720”, “561730”, “561740”, “561790”, “561910”, “561920”, “561990”, “562111”, “562112”, “562119”, “562211”, “562212”, “562213”, “562219”,

“562910”, “562920”, “562991”, “562998”, “611110”, “611210”, “611310”, “611410”, “611420”, “611430”, “611511”, “611512”, “611513”, “611519”, “611519 first sub-entry”, “611610”, “611620”, “611630”, “611691”, “611692”, “611699”, “611710”, “621111”, “621112”, “621210”, “621310”, “621320”, “621330”, “621340”, “621391”, “621399”, “621410”, “621420”, “621491”, “621492”, “621493”, “621498”, “621511”, “621512”, “621610”, “621910”, “621991”, “621999”, “622110”, “622210”, “622310”, “623110”, “623210”, “623220”, “623311”, “623312”, “623990”, “624110”, “624120”, “624190”, “624210”, “624221”, “624229”, “624230”, “624310”, “624410”, “711110”, “711120”, “711130”, “711190”, “711211”, “711212”, “711219”, “711310”, “711320”, “711410”, “711510”, “712110”, “712120”, “712130”, “712190”, “713110”, “713120”, “713210”, “713290”, “713910”, “713920”, “713930”, “713940”, “713950”, “713990”, “721110”, “721120”, “721191”, “721199”, “721211”, “721214”, “721310”, “722310”, “722320”, “722330”, “722410”, “722511”, “722513”, “722514”, “722515”, “811111”, “811112”, “811113”, “811118”, “811121”, “811122”, “811191”, “811192”, “811198”, “811211”, “811212”, “811213”, “811219”, “811310”, “811411”, “811412”, “811420”, “811430”, “811490”, “812111”, “812112”, “812113”, “812191”, “812199”, “812210”, “812220”, “812310”, “812320”, “812331”, “812332”, “812910”, “812921”, “812922”, “812930”, “812990”, “813110”, “813211”, “813212”, “813219”, “813311”, “813312”, “813319”, “813410”, “813910”, “813920”, “813930”, “813940”, and “813990”.

■ b. For entries “531110”, “531120”, “531130”, and “531190” add superscript “9” to the entry in the columns “NAICS U.S. industry title” and “Size standards in millions of dollars”.

■ c. Remove “sub-entry” (or “except”) under entry “531190”.

■ d. Add “sub-entry” (or “except”) under entry “562910.”

■ d. Revise footnotes 9 and 15

The revisions read as follows:

§ 121.201 What size standards has SBA identified by North American Industry Classification System codes?

* * * * *

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
Sector 11—Agriculture, Forestry, Fishing and Hunting			
* * * * *			
Subsector 112—Animal Production and Aquaculture			
112112	Cattle Feedlots	\$7.5	
112310	Chicken Egg Production	\$15.0	
* * * * *			
Subsector 113—Forestry and Logging			
113110	Timber Tract Operations	\$11.0	
113210	Forest Nurseries and Gathering of Forest Products.	\$11.0	
* * * * *			
Subsector 114—Fishing, Hunting and Trapping			
114111	Finfish Fishing	\$20.5	
114112	Shellfish Fishing	\$5.5	
114119	Other Marine Fishing	\$7.5	
114210	Hunting and Trapping	\$5.5	
Subsector 115—Support Activities for Agriculture and Forestry			
115111	Cotton Ginning	\$11.0	
115112	Soil Preparation, Planting, and Cultivating	\$7.5	
115113	Crop Harvesting, Primarily by Machine	\$7.5	
115114	Postharvest Crop Activities (except Cotton Ginning).	\$27.5	
115115	Farm Labor Contractors and Crew Leaders	\$15.0	
115116	Farm Management Services	\$7.5	
115210	Support Activities for Animal Production	\$7.5	
115310	Support Activities for Forestry	\$7.5	
Except,	Forest Fire Suppression ¹⁷	\$19.0 ¹⁷	
Except,	Fuels Management Services ¹⁷	\$19.0 ¹⁷	
Sector 21—Mining, Quarrying, and Oil and Gas Extraction			
* * * * *			
Subsector 213—Support Activities for Mining			
213112	Support Activities for Oil and Gas Operations	\$38.5	
213113	Support Activities for Coal Mining	\$20.5	
213114	Support Activities for Metal Mining	\$20.5	
213115	Support Activities for Nonmetallic Minerals (except Fuels).	\$7.5	
Sector 22—Utilities			
Subsector 221—Utilities			
221310	Water Supply and Irrigation Systems	\$27.5	
221320	Sewage Treatment Facilities	\$20.5	
221330	Steam and Air-Conditioning Supply	\$15.0	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
Sector 23—Construction			
Subsector 236—Construction of Buildings			
236115	New Single-family Housing Construction (Except For-Sale Builders).	\$36.5	
236116	New Multifamily Housing Construction (except For-Sale Builders).	\$36.5	
236117	New Housing For-Sale Builders	\$36.5	
236118	Residential Remodelers	\$36.5	
236210	Industrial Building Construction	\$36.5	
236220	Commercial and Institutional Building Construction.	\$36.5	
Subsector 237—Heavy and Civil Engineering Construction			
237110	Water and Sewer Line and Related Structures Construction.	\$36.5	
237120	Oil and Gas Pipeline and Related Structures Construction.	\$36.5	
237130	Power and Communication Line and Related Structures Construction.	\$36.5	
237210	Land Subdivision	\$27.5	
237310	Highway, Street, and Bridge Construction	\$36.5	
237990	Other Heavy and Civil Engineering Construction.	\$36.5	
Except,	Dredging and Surface Cleanup Activities ²	\$27.5 ²	
Subsector 238—Specialty Trade Contractors			
238110	Poured Concrete Foundation and Structure Contractors.	\$15.0	
238120	Structural Steel and Precast Concrete Contractors.	\$15.0	
238130	Framing Contractors	\$15.0	
238140	Masonry Contractors	\$15.0	
238150	Glass and Glazing Contractors	\$15.0	
238160	Roofing Contractors	\$15.0	
238170	Siding Contractors	\$15.0	
238190	Other Foundation, Structure, and Building Exterior Contractors.	\$15.0	
238210	Electrical Contractors and Other Wiring Installation Contractors.	\$15.0	
238220	Plumbing, Heating, and Air-Conditioning Contractors.	\$15.0	
238290	Other Building Equipment Contractors	\$15.0	
238310	Drywall and Insulation Contractors	\$15.0	
238320	Painting and Wall Covering Contractors	\$15.0	
238330	Flooring Contractors	\$15.0	
238340	Tile and Terrazzo Contractors	\$15.0	
238350	Finish Carpentry Contractors	\$15.0	
238390	Other Building Finishing Contractors	\$15.0	
238910	Site Preparation Contractors	\$15.0	
238990	All Other Specialty Trade Contractors	\$15.0	
Except,	Building and Property Specialty Trade Services ¹³ .	\$15.0 ¹³	
*	*	*	*
Sector 44–45—Retail Trade			
<p>(These NAICS codes shall not be used to classify Government acquisitions for supplies. They also shall not be used by Federal government contractors when subcontracting for the acquisition for supplies. The applicable manufacturing NAICS code shall be used to classify acquisitions for supplies. A Wholesale Trade or Retail Trade business concern submitting an offer or a quote on a supply acquisition is categorized as a nonmanufacturer and deemed small if it has 500 or fewer employees and meets the requirements of 13 CFR 121.406.)</p>			
Subsector 441—Motor Vehicle and Parts Dealers			
*	*	*	*
441120	Used Car Dealers	\$25.0	
441210	Recreational Vehicle Dealers	\$32.5	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
441222	Boat Dealers	\$32.5	
441228	Motorcycle, ATV, and All Other Motor Vehicle Dealers.	\$32.5	
441310	Automotive Parts and Accessories Stores	\$15.0	
441320	Tire Dealers	\$15.0	
Subsector 442—Furniture and Home Furnishings Stores			
442110	Furniture Stores	\$20.5	
442210	Floor Covering Stores	\$7.5	
442291	Window Treatment Stores	\$7.5	
442299	All Other Home Furnishings Stores	\$20.5	
Subsector 443—Electronics and Appliance Stores			
443141	Household Appliance Stores	\$11.0	
443142	Electronics Stores	\$32.5	
Subsector 444—Building Material and Garden Equipment and Supplies Dealers			
444110	Home Centers	\$38.5	
444120	Paint and Wallpaper Stores	\$27.5	
444130	Hardware Stores	\$7.5	
444190	Other Building Material Dealers	\$20.5	
444210	Outdoor Power Equipment Stores	\$7.5	
444220	Nursery and Garden Centers	\$11.0	
Subsector 445—Food and Beverage Stores			
445110	Supermarkets and Other Grocery (except Convenience) Stores.	\$32.5	
445120	Convenience Stores	\$29.5	
445210	Meat Markets	\$7.5	
445220	Fish and Seafood Markets	\$7.5	
445230	Fruit and Vegetable Markets	\$7.5	
445291	Baked Goods Stores	\$7.5	
445292	Confectionery and Nut Stores	\$7.5	
445299	All Other Specialty Food Stores	\$7.5	
445310	Beer, Wine and Liquor Stores	\$7.5	
Subsector 446—Health and Personal Care Stores			
446110	Pharmacies and Drug Stores	\$27.5	
446120	Cosmetics, Beauty Supplies and Perfume Stores.	\$27.5	
446130	Optical Goods Stores	\$20.5	
446191	Food (Health) Supplement Stores	\$15.0	
446199	All Other Health and Personal Care Stores	\$7.5	
Subsector 447—Gasoline Stations			
447110	Gasoline Stations with Convenience Stores	\$29.5	
447190	Other Gasoline Stations	\$15.0	
Subsector 448—Clothing and Clothing Accessories Stores			
448110	Men's Clothing Stores	\$11.0	
448120	Women's Clothing Stores	\$27.5	
448130	Children's and Infants' Clothing Stores	\$32.5	
448140	Family Clothing Stores	\$38.5	
448150	Clothing Accessories Stores	\$15.0	
448190	Other Clothing Stores	\$20.5	
448210	Shoe Stores	\$27.5	
448310	Jewelry Stores	\$15.0	
448320	Luggage and Leather Goods Stores	\$27.5	
Subsector 451—Sporting Good, Hobby, Book and Music Stores			
451110	Sporting Goods Stores	\$15.0	
451120	Hobby, Toy and Game Stores	\$27.5	
451130	Sewing, Needlework and Piece Goods Stores	\$27.5	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
451140	Musical Instrument and Supplies Stores	\$11.0	
451211	Book Stores	\$27.5	
451212	News Dealers and Newsstands	\$7.5	
Subsector 452—General Merchandise Stores			
452111	Department Stores (except Discount Department Stores).	\$32.5	
452112	Discount Department Stores	\$29.5	
452910	Warehouse Clubs and Superstores	\$29.5	
452990	All Other General Merchandise Stores	\$32.5	
Subsector 453—Miscellaneous Store Retailers			
453110	Florists	\$7.5	
453210	Office Supplies and Stationery Stores	\$32.5	
453220	Gift, Novelty and Souvenir Stores	\$7.5	
453310	Used Merchandise Stores	\$7.5	
453910	Pet and Pet Supplies Stores	\$20.5	
453920	Art Dealers	\$7.5	
453930	Manufactured (Mobile) Home Dealers	\$15.0	
453991	Tobacco Stores	\$7.5	
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores).	\$7.5	
Subsector 454—Nonstore Retailers			
454111	Electronic Shopping	\$32.5	
454112	Electronic Auctions	\$38.5	
454113	Mail-Order Houses	\$38.5	
454210	Vending Machine Operators	\$11.0	
*	*	*	*
454390	Other Direct Selling Establishments	\$7.5	
Sector 48–49—Transportation and Warehousing			
Subsector 481—Air Transportation			
*	*	*	*
481211	Nonscheduled Chartered Passenger Air Transportation.		1,500
Except,	Offshore Marine Air Transportation Services ..	\$30.5	
481212	Nonscheduled Chartered Freight Air Transportation.		1,500
Except,	Offshore Marine Air Transportation Services ..	\$30.5	
481219	Other Nonscheduled Air Transportation	\$15.0	
*	*	*	*
Subsector 484—Truck Transportation			
484110	General Freight Trucking, Local	\$27.5	
484121	General Freight Trucking, Long-Distance, Truckload.	\$27.5	
484122	General Freight Trucking, Long-Distance, Less Than Truckload.	\$27.5	
484210	Used Household and Office Goods Moving	\$27.5	
484220	Specialized Freight (except Used Goods) Trucking, Local.	\$27.5	
484230	Specialized Freight (except Used Goods) Trucking, Long-Distance.	\$27.5	
Subsector 485—Transit and Ground Passenger Transportation			
485111	Mixed Mode Transit Systems	\$15.0	
485112	Commuter Rail Systems	\$15.0	
485113	Bus and Other Motor Vehicle Transit Systems	\$15.0	
485119	Other Urban Transit Systems	\$15.0	
485210	Interurban and Rural Bus Transportation	\$15.0	
485310	Taxi Service	\$15.0	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
485320	Limousine Service	\$15.0	
485410	School and Employee Bus Transportation	\$15.0	
485510	Charter Bus Industry	\$15.0	
485991	Special Needs Transportation	\$15.0	
485999	All Other Transit and Ground Passenger Transportation.	\$15.0	
Subsector 486—Pipeline Transportation			
*	*	*	*
486210	Pipeline Transportation of Natural Gas	\$27.5	
*	*	*	*
486990	All Other Pipeline Transportation	\$37.50	
Subsector 487—Scenic and Sightseeing Transportation			
487110	Scenic and Sightseeing Transportation, Land	\$7.5	
487210	Scenic and Sightseeing Transportation, Water	\$7.5	
487990	Scenic and Sightseeing Transportation, Other	\$7.5	
Subsector 488—Support Activities for Transportation			
488111	Air Traffic Control	\$32.5	
488119	Other Airport Operations	\$32.5	
488190	Other Support Activities for Air Transportation	\$32.5	
488210	Support Activities for Rail Transportation	\$15.0	
488310	Port and Harbor Operations	\$38.5	
488320	Marine Cargo Handling	\$38.5	
488330	Navigational Services to Shipping	\$38.5	
488390	Other Support Activities for Water Transportation.	\$38.5	
488410	Motor Vehicle Towing	\$7.5	
488490	Other Support Activities for Road Transportation.	\$7.5	
488510	Freight Transportation Arrangement ¹⁰	\$15.0 ¹⁰	
Except,	Non-Vessel Owning Common Carriers and Household Goods Forwarders.	\$27.5	
488991	Packing and Crating	\$27.5	
488999	All Other Support Activities for Transportation	\$7.5	
Subsector 491—Postal Service			
491110	Postal Service	\$7.5	
Subsector 492—Couriers and Messengers			
*	*	*	*
492210	Local Messengers and Local Delivery	\$27.5	
Subsector 493—Warehousing and Storage			
493110	General Warehousing and Storage	\$27.5	
493120	Refrigerated Warehousing and Storage	\$27.5	
493130	Farm Product Warehousing and Storage	\$27.5	
493190	Other Warehousing and Storage	\$27.5	
Sector 51—Information			
Subsector 511—Publishing Industries (except Internet)			
*	*	*	*
511210	Software Publishers	\$38.5	
Subsector 512—Motion Picture and Sound Recording Industries			
512110	Motion Picture and Video Production	\$32.5	
512120	Motion Picture and Video Distribution	\$32.0	
512131	Motion Picture Theaters (except Drive-Ins)	\$38.5	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
512132	Drive-In Motion Picture Theaters	\$7.5	
512191	Teleproduction and Other Postproduction Services.	\$32.0	
512199	Other Motion Picture and Video Industries	\$20.5	
512210	Record Production	\$7.5	
*	*	*	*
512240	Sound Recording Studios	\$7.5	
512290	Other Sound Recording Industries	\$11.0	
Subsector 515—Broadcasting (except Internet)			
515111	Radio Networks	\$32.5	
515112	Radio Stations	\$38.5	
515120	Television Broadcasting	\$38.5	
515210	Cable and Other Subscription Programming	\$38.5	
Subsector 517—Telecommunications			
*	*	*	*
517410	Satellite Telecommunications	\$32.5	
*	*	*	*
517919	All Other Telecommunications	\$32.5	
Subsector 518—Data Processing, Hosting, and Related Services			
518210	Data Processing, Hosting, and Related Services.	\$32.5	
Subsector 519—Other Information Services			
519110	News Syndicates	\$27.5	
519120	Libraries and Archives	\$15.0	
*	*	*	*
519190	All Other Information Services	\$27.5	
Sector 52—Finance and Insurance			
Subsector 522—Credit Intermediation and Related Activities			
522110	Commercial Banking ⁸	\$550 million in assets ⁸	
522120	Savings Institutions ⁸	\$550 million in assets ⁸	
522130	Credit Unions ⁸	\$550 million in assets ⁸	
522190	Other Depository Credit Intermediation ⁸	\$550 million in assets ⁸	
522210	Credit Card Issuing ⁸	\$550 million in assets ⁸	
522220	Sales Financing	\$38.5	
522291	Consumer Lending	\$38.5	
522292	Real Estate Credit	\$38.5	
522293	International Trade Financing	\$38.5	
522294	Secondary Market Financing	\$38.5	
522298	All Other Nondepository Credit Intermediation	\$38.5	
522310	Mortgage and Nonmortgage Loan Brokers	\$7.5	
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities.	\$38.5	
522390	Other Activities Related to Credit Intermediation.	\$20.5	
Subsector 523—Securities, Commodity Contracts, and Other Financial Investments and Related Activities			
523110	Investment Banking and Securities Dealing	\$38.5	
523120	Securities Brokerage	\$38.5	
523130	Commodity Contracts Dealing	\$38.5	
523140	Commodity Contracts Brokerage	\$38.5	
523210	Securities and Commodity Exchanges	\$38.5	
523910	Miscellaneous Intermediation	\$38.5	
523920	Portfolio Management	\$38.5	
523930	Investment Advice	\$38.5	
523991	Trust, Fiduciary and Custody Activities	\$38.5	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
523999	Miscellaneous Financial Investment Activities	\$38.5	
Subsector 524—Insurance Carriers and Related Activities			
524113	Direct Life Insurance Carriers	\$38.5	
524114	Direct Health and Medical Insurance Carriers	\$38.5	
	* * * * *		
524127	Direct Title Insurance Carriers	\$38.5	
524128	Other Direct Insurance (except Life, Health and Medical) Carriers.	\$38.5	
524130	Reinsurance Carriers	\$38.5	
524210	Insurance Agencies and Brokerages	\$7.5	
524291	Claims Adjusting	\$20.5	
524292	Third Party Administration of Insurance and Pension Funds.	\$32.5	
524298	All Other Insurance Related Activities	\$15.0	
Subsector 525—Funds, Trusts and Other Financial Vehicles			
525110	Pension Funds	\$32.5	
525120	Health and Welfare Funds	\$32.5	
525190	Other Insurance Funds	\$32.5	
525910	Open-End Investment Funds	\$32.5	
525920	Trusts, Estates, and Agency Accounts	\$32.5	
525990	Other Financial Vehicles	\$32.5	
Sector 53—Real Estate and Rental and Leasing			
Subsector 531—Real Estate			
531110	Lessors of Residential Buildings and Dwellings ⁹ .	\$27.5 ⁹	
531120	Lessors of Nonresidential Buildings (except Miniwarehouses) ⁹ .	\$27.5 ⁹	
531130	Lessors of Miniwarehouses and Self Storage Units ⁹ .	\$27.5 ⁹	
531190	Lessors of Other Real Estate Property ⁹	\$27.5 ⁹	
531210	Offices of Real Estate Agents and Brokers ¹⁰	\$7.5 ¹⁰	
531311	Residential Property Managers	\$7.5	
531312	Nonresidential Property Managers	\$7.5	
531320	Offices of Real Estate Appraisers	\$7.5	
531390	Other Activities Related to Real Estate	\$7.5	
Subsector 532—Rental and Leasing Services			
532111	Passenger Car Rental	\$38.5	
532112	Passenger Car Leasing	\$38.5	
532120	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing.	\$38.5	
532210	Consumer Electronics and Appliances Rental	\$38.5	
532220	Formal Wear and Costume Rental	\$20.5	
532230	Video Tape and Disc Rental	\$27.5	
532291	Home Health Equipment Rental	\$32.5	
532292	Recreational Goods Rental	\$7.5	
532299	All Other Consumer Goods Rental	\$7.5	
532310	General Rental Centers	\$7.5	
532411	Commercial Air, Rail, and Water Transportation Equipment Rental and Leasing.	\$32.5	
532412	Construction, Mining and Forestry Machinery and Equipment Rental and Leasing.	\$32.5	
532420	Office Machinery and Equipment Rental and Leasing.	\$32.5	
532490	Other Commercial and Industrial Machinery and Equipment Rental and Leasing.	\$32.5	
Subsector 533—Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)			
533110	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works).	\$38.5	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
Sector 54—Professional, Scientific and Technical Services			
Subsector 541—Professional, Scientific and Technical Services			
541110	Offices of Lawyers	\$11.0	
541191	Title Abstract and Settlement Offices	\$11.0	
541199	All Other Legal Services	\$11.0	
541211	Offices of Certified Public Accountants	\$20.5	
541213	Tax Preparation Services	\$20.5	
541214	Payroll Services	\$20.5	
541219	Other Accounting Services	\$20.5	
541310	Architectural Services	\$7.5	
541320	Landscape Architectural Services	\$7.5	
541330	Engineering Services	\$15.0	
<i>Except,</i>	Military and Aerospace Equipment and Military Weapons.	\$38.5	
<i>Except,</i>	Contracts and Subcontracts for Engineering Services Awarded Under the National Energy Policy Act of 1992.	\$38.5	
<i>Except,</i>	Marine Engineering and Naval Architecture	\$38.5	
541340	Drafting Services	\$7.5	
541350	Building Inspection Services	\$7.5	
541360	Geophysical Surveying and Mapping Services	\$15.0	
541370	Surveying and Mapping (except Geophysical) Services.	\$15.0	
541380	Testing Laboratories	\$15.0	
541410	Interior Design Services	\$7.5	
541420	Industrial Design Services	\$7.5	
541430	Graphic Design Services	\$7.5	
541490	Other Specialized Design Services	\$7.5	
541511	Custom Computer Programming Services	\$27.5	
541512	Computer Systems Design Services	\$27.5	
541513	Computer Facilities Management Services	\$27.5	
541519	Other Computer Related Services	\$27.5	
<i>Except,</i>	Information Technology Value Added Resellers ¹⁸ .		150 ¹⁸
541611	Administrative Management and General Management Consulting Services.	\$15.0	
541612	Human Resources Consulting Services	\$15.0	
541613	Marketing Consulting Services	\$15.0	
541614	Process, Physical Distribution and Logistics Consulting Services.	\$15.0	
541618	Other Management Consulting Services	\$15.0	
541620	Environmental Consulting Services	\$15.0	
541690	Other Scientific and Technical Consulting Services.	\$15.0	
* * * *			
541720	Research and Development in the Social Sciences and Humanities.	\$20.5	
541810	Advertising Agencies ¹⁰	\$15.0 ¹⁰	
541820	Public Relations Agencies	\$15.0	
541830	Media Buying Agencies	\$15.0	
541840	Media Representatives	\$15.0	
541850	Outdoor Advertising	\$15.0	
541860	Direct Mail Advertising	\$15.0	
541870	Advertising Material Distribution Services	\$15.0	
541890	Other Services Related to Advertising	\$15.0	
541910	Marketing Research and Public Opinion Polling.	\$15.0	
541921	Photography Studios, Portrait	\$7.5	
541922	Commercial Photography	\$7.5	
541930	Translation and Interpretation Services	\$7.5	
541940	Veterinary Services	\$7.5	
541990	All Other Professional, Scientific and Technical Services.	\$15.0	
Sector 55—Management of Companies and Enterprises			
Subsector 551—Management of Companies and Enterprises			
551111	Offices of Bank Holding Companies	\$20.5	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
551112	Offices of Other Holding Companies	\$20.5	
Sector 56—Administrative and Support, Waste Management and Remediation Services			
Subsector 561—Administrative and Support Services			
561110	Office Administrative Services	\$7.5	
561210	Facilities Support Services ¹²	\$38.5 ¹²	
561311	Employment Placement Agencies	\$27.5	
561312	Executive Search Services	\$27.5	
561320	Temporary Help Services	\$27.5	
561330	Professional Employer Organizations	\$27.5	
561410	Document Preparation Services	\$15.0	
561421	Telephone Answering Services	\$15.0	
561422	Telemarketing Bureaus and Other contact Centers.	\$15.0	
561431	Private Mail Centers	\$15.0	
561439	Other Business Service Centers (including Copy Shops).	\$15.0	
561440	Collection Agencies	\$15.0	
561450	Credit Bureaus	\$15.0	
561491	Repossession Services	\$15.0	
561492	Court Reporting and Stenotype Services	\$15.0	
561499	All Other Business Support Services	\$15.0	
561510	Travel Agencies ¹⁰	\$20.5 ¹⁰	
561520	Tour Operators ¹⁰	\$20.5 ¹⁰	
561591	Convention and Visitors Bureaus	\$20.5	
561599	All Other Travel Arrangement and Reservation Services.	\$20.5	
561611	Investigation Services	\$20.5	
561612	Security Guards and Patrol Services	\$20.5	
561613	Armored Car Services	\$20.5	
561621	Security Systems Services (except Locksmiths).	\$20.5	
561622	Locksmiths	\$20.5	
561710	Exterminating and Pest Control Services	\$11.0	
561720	Janitorial Services	\$18.0	
561730	Landscaping Services	\$7.5	
561740	Carpet and Upholstery Cleaning Services	\$5.5	
561790	Other Services to Buildings and Dwellings	\$7.5	
561910	Packaging and Labeling Services	\$11.0	
561920	Convention and Trade Show Organizers ¹⁰	\$11.0 ¹⁰	
561990	All Other Support Services	\$11.0	
Subsector 562—Waste Management and Remediation Services			
562111	Solid Waste Collection	\$38.5	
562112	Hazardous Waste Collection	\$38.5	
562119	Other Waste Collection	\$38.5	
562211	Hazardous Waste Treatment and Disposal	\$38.5	
562212	Solid Waste Landfill	\$38.5	
562213	Solid Waste Combustors and Incinerators	\$38.5	
562219	Other Nonhazardous Waste Treatment and Disposal.	\$38.5	
562910	Remediation Services	\$20.5	
Except, 562920	Environmental Remediation Services ¹⁴		500 ¹⁴
562991	Materials Recovery Facilities	\$20.5	
562991	Septic Tank and Related Services	\$7.5	
562998	All Other Miscellaneous Waste Management Services.	\$7.5	
Sector 61—Educational Services			
Subsector 611—Educational Services			
611110	Elementary and Secondary Schools	\$11.0	
611210	Junior Colleges	\$20.5	
611310	Colleges, Universities and Professional Schools.	\$27.5	
611410	Business and Secretarial Schools	\$7.5	
611420	Computer Training	\$11.0	
611430	Professional and Management Development Training.	\$11.0	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
611511	Cosmetology and Barber Schools	\$7.5	
611512	Flight Training	\$27.5	
611513	Apprenticeship Training	\$7.5	
611519	Other Technical and Trade Schools	\$15.0	
<i>Except,</i>	Job Corps Centers ¹⁶	\$38.5 ¹⁶	
611610	Fine Arts Schools	\$7.5	
611620	Sports and Recreation Instruction	\$7.5	
611630	Language Schools	\$11.0	
611691	Exam Preparation and Tutoring	\$7.5	
611692	Automobile Driving Schools	\$7.5	
611699	All Other Miscellaneous Schools and Instruction.	\$11.0	
611710	Educational Support Services	\$15.0	
Sector 62—Health Care and Social Assistance			
Subsector 621—Ambulatory Health Care Services			
621111	Offices of Physicians (except Mental Health Specialists).	\$11.0	
621112	Offices of Physicians, Mental Health Specialists.	\$11.0	
621210	Offices of Dentists	\$7.5	
621310	Offices of Chiropractors	\$7.5	
621320	Offices of Optometrists	\$7.5	
621330	Offices of Mental Health Practitioners (except Physicians).	\$7.5	
621340	Offices of Physical, Occupational and Speech Therapists and Audiologists.	\$7.5	
621391	Offices of Podiatrists	\$7.5	
621399	Offices of All Other Miscellaneous Health Practitioners.	\$7.5	
621410	Family Planning Centers	\$11.0	
621420	Outpatient Mental Health and Substance Abuse Centers.	\$15.0	
621491	HMO Medical Centers	\$32.5	
621492	Kidney Dialysis Centers	\$38.5	
621493	Freestanding Ambulatory Surgical and Emergency Centers.	\$15.0	
621498	All Other Outpatient Care Centers	\$20.5	
621511	Medical Laboratories	\$32.5	
621512	Diagnostic Imaging Centers	\$15.0	
621610	Home Health Care Services	\$15.0	
621910	Ambulance Services	\$15.0	
621991	Blood and Organ Banks	\$32.5	
621999	All Other Miscellaneous Ambulatory Health Care Services.	\$15.0	
Subsector 622—Hospitals			
622110	General Medical and Surgical Hospitals	\$38.5	
622210	Psychiatric and Substance Abuse Hospitals	\$38.5	
622310	Specialty (except Psychiatric and Substance Abuse) Hospitals.	\$38.5	
Subsector 623—Nursing and Residential Care Facilities			
623110	Nursing Care Facilities (Skilled Nursing Facilities).	\$27.5	
623210	Residential Intellectual and Developmental Disability Facilities.	\$15.0	
623220	Residential Mental Health and Substance Abuse Facilities.	\$15.0	
623311	Continuing Care Retirement Communities	\$27.5	
623312	Assisted Living Facilities for the Elderly	\$11.0	
623990	Other Residential Care Facilities	\$11.0	
Subsector 624—Social Assistance			
624110	Child and Youth Services	\$11.0	
624120	Services for the Elderly and Persons with Disabilities.	\$11.0	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
624190	Other Individual and Family Services	\$11.0	
624210	Community Food Services	\$11.0	
624221	Temporary Shelters	\$11.0	
624229	Other Community Housing Services	\$15.0	
624230	Emergency and Other Relief Services	\$32.5	
624310	Vocational Rehabilitation Services	\$11.0	
624410	Child Day Care Services	\$7.5	
Sector 71—Arts, Entertainment and Recreation			
Subsector 711—Performing Arts, Spectator Sports and Related Industries			
711110	Theater Companies and Dinner Theaters	\$20.5	
711120	Dance Companies	\$11.0	
711130	Musical Groups and Artists	\$11.0	
711190	Other Performing Arts Companies	\$27.5	
711211	Sports Teams and Clubs	\$38.5	
711212	Race Tracks	\$38.5	
711219	Other Spectator Sports	\$11.0	
711310	Promoters of Performing Arts, Sports and Similar Events with Facilities.	\$32.5	
711320	Promoters of Performing Arts, Sports and Similar Events without Facilities.	\$15.0	
711410	Agents and Managers for Artists, Athletes, Entertainers and Other Public Figures.	\$11.0	
711510	Independent Artists, Writers, and Performers	\$7.5	
Subsector 712—Museums, Historical Sites and Similar Institutions			
712110	Museums	\$27.5	
712120	Historical Sites	\$7.5	
712130	Zoos and Botanical Gardens	\$27.5	
712190	Nature Parks and Other Similar Institutions	\$7.5	
Subsector 713—Amusement, Gambling and Recreation Industries			
713110	Amusement and Theme Parks	\$38.5	
713120	Amusement Arcades	\$7.5	
713210	Casinos (except Casino Hotels)	\$27.5	
713290	Other Gambling Industries	\$32.5	
713910	Golf Courses and Country Clubs	\$15.0	
713920	Skiing Facilities	\$27.5	
713930	Marinas	\$7.5	
713940	Fitness and Recreational Sports Centers	\$7.5	
713950	Bowling Centers	\$7.5	
713990	All Other Amusement and Recreation Industries.	\$7.5	
Sector 72—Accommodation and Food Services			
Subsector 721—Accommodation			
721110	Hotels (except Casino Hotels) and Motels	\$32.5	
721120	Casino Hotels	\$32.5	
721191	Bed-and-Breakfast Inns	\$7.5	
721199	All Other Traveler Accommodation	\$7.5	
721211	RV (Recreational Vehicle) Parks and Campgrounds.	\$7.5	
721214	Recreational and Vacation Camps (except Campgrounds).	\$7.5	
721310	Rooming and Boarding Houses	\$7.5	
Subsector 722—Food Services and Drinking Places			
722310	Food Service Contractors	\$38.5	
722320	Caterers	\$7.5	
722330	Mobile Food Services	\$7.5	
722410	Drinking Places (Alcoholic Beverages)	\$7.5	
722511	Full-Service Restaurants	\$7.5	
722513	Limited-Service Restaurants	\$11.0	
722514	Cafeterias, Grill Buffets, and Buffets	\$27.5	
722515	Snack and Nonalcoholic Beverage Bars	\$7.5	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
Sector 81—Other Services (Except Public Administration)			
Subsector 811—Repair and Maintenance			
811111	General Automotive Repair	\$7.5	
811112	Automotive Exhaust System Repair	\$7.5	
811113	Automotive Transmission Repair	\$7.5	
811118	Other Automotive Mechanical and Electrical Repair and Maintenance.	\$7.5	
811121	Automotive Body, Paint and Interior Repair and Maintenance.	\$7.5	
811122	Automotive Glass Replacement Shops	\$11.0	
811191	Automotive Oil Change and Lubrication Shops	\$7.5	
811192	Car Washes	\$7.5	
811198	All Other Automotive Repair and Maintenance	\$7.5	
811211	Consumer Electronics Repair and Maintenance.	\$7.5	
811212	Computer and Office Machine Repair and Maintenance.	\$27.5	
811213	Communication Equipment Repair and Maintenance.	\$11.0	
811219	Other Electronic and Precision Equipment Repair and Maintenance.	\$20.5	
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance.	\$7.5	
811411	Home and Garden Equipment Repair and Maintenance.	\$7.5	
811412	Appliance Repair and Maintenance	\$15.0	
811420	Reupholstery and Furniture Repair	\$7.5	
811430	Footwear and Leather Goods Repair	\$7.5	
811490	Other Personal and Household Goods Repair and Maintenance.	\$7.5	
Subsector 812—Personal and Laundry Services			
812111	Barber Shops	\$7.5	
812112	Beauty Salons	\$7.5	
812113	Nail Salons	\$7.5	
812191	Diet and Weight Reducing Centers	\$20.5	
812199	Other Personal Care Services	\$7.5	
812210	Funeral Homes and Funeral Services	\$7.5	
812220	Cemeteries and Crematories	\$20.5	
812310	Coin-Operated Laundries and Drycleaners	\$7.5	
812320	Drycleaning and Laundry Services (except Coin-Operated).	\$5.5	
812331	Linen Supply	\$32.5	
812332	Industrial Launderers	\$38.5	
812910	Pet Care (except Veterinary) Services	\$7.5	
812921	Photofinishing Laboratories (except One-Hour).	\$20.5	
812922	One-Hour Photofinishing	\$15.0	
812930	Parking Lots and Garages	\$38.5	
812990	All Other Personal Services	\$7.5	
Subsector 813—Religious, Grantmaking, Civic, Professional and Similar Organizations			
813110	Religious Organizations	\$7.5	
813211	Grantmaking Foundations	\$32.5	
813212	Voluntary Health Organizations	\$27.5	
813219	Other Grantmaking and Giving Services	\$38.5	
813311	Human Rights Organizations	\$27.5	
813312	Environment, Conservation and Wildlife Organizations.	\$15.0	
813319	Other Social Advocacy Organizations	\$7.5	
813410	Civic and Social Organizations	\$7.5	
813910	Business Associations	\$7.5	
813920	Professional Organizations	\$15.0	
813930	Labor Unions and Similar Labor Organizations	\$7.5	
813940	Political Organizations	\$7.5	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
813990	Other Similar Organizations (except Business, Professional, Labor, and Political Organizations).	\$7.5	

Footnotes

2. NAICS code 237990—Dredging: To be considered small for purposes of Government procurement, a firm must perform at least 40 percent of the volume dredged with its own equipment or equipment owned by another small dredging concern.

8. NAICS codes 522110, 522120, 522130, 522190, and 522210—A financial institution’s assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year. “Assets” for the purposes of this size standard means the assets defined according to the Federal Financial Institutions Examination Council 041 call report form for NAICS codes 522110, 522120, 522190, and 522210 and the National Credit Union Administration 5300 call report form for NAICS code 522130.

9. NAICS codes 531110, 531120, 531130, and 531190—Leasing of Building Space to the Federal Government by Owners: For Government procurement, a size standard of \$38.5 million in gross receipts applies to the owners of building space leased to the Federal Government. The standard does not apply to an agent.

10. NAICS codes 488510 (part), 531210, 541810, 561510, 561520, and 561920—As measured by total revenues, but excluding funds received in trust for an unaffiliated third party, such as bookings or sales subject to commissions. The commissions received are included as revenue.

12. NAICS code 561210—Facilities Support Services:

(a) If one or more activities of Facilities Support Services as defined in paragraph (b) (below in this footnote) can be identified with a specific industry and that industry accounts for 50% or more of the value of an entire procurement, then the proper classification of the procurement is that of the specific industry, not Facilities Support Services.

(b) “Facilities Support Services” requires the performance of three or more separate activities in the areas of services or specialty trade contractors industries. If services are performed, these service activities must each be in a separate NAICS industry. If the procurement requires the use of specialty trade contractors (plumbing, painting, plastering, carpentry, etc.), all such specialty trade contractors activities are considered a single activity and classified as “Building and Property Specialty Trade Services. Since” Building and Property Specialty

Trade Services” is only one activity, two additional activities of separate NAICS industries are required for a procurement to be classified as “Facilities Support Services.”

13. NAICS code 238990—Building and Property Specialty Trade Services: If a procurement requires the use of multiple specialty trade contractors (i.e., plumbing, painting, plastering, carpentry, etc.), and no specialty trade accounts for 50% or more of the value of the procurement, all such specialty trade contractors activities are considered a single activity and classified as Building and Property Specialty Trade Services.

14. NAICS code 562910—Environmental Remediation Services: (a) For SBA assistance as a small business concern in the industry of Environmental Remediation Services, other than for Government procurement, a concern must be engaged primarily in furnishing a range of services for the remediation of a contaminated environment to an acceptable condition including, but not limited to, preliminary assessment, site inspection, testing, remedial investigation, feasibility studies, remedial design, containment, remedial action, removal of contaminated materials, storage of contaminated materials and security and site closeouts. If one of such activities accounts for 50 percent or more of a concern’s total revenues, employees, or other related factors, the concern’s primary industry is that of the particular industry and not the Environmental Remediation Services Industry.

(b) For purposes of classifying a Government procurement as Environmental Remediation Services, the general purpose of the procurement must be to restore or directly support the restoration of a contaminated environment (such as preliminary assessment, site inspection, testing, remedial investigation, feasibility studies, remedial design, remediation services, containment, removal of contaminated materials or security and site closeouts), although the general purpose of the procurement need not necessarily include remedial actions. Also, the procurement must be composed of activities in three or more separate industries with separate NAICS codes or, in some instances (e.g., engineering), smaller components of NAICS codes with separate and distinct size standards. These activities may include, but are not limited to, separate activities in industries such as: Heavy Construction; Special Trade Contractors; Engineering Services; Architectural Services; Management Consulting Services; Hazardous and Other Waster Collection; Remediation

Services; Testing Laboratories; and Research and Development in the Physical, Engineering, and Life Sciences. If any activity in the procurement can be identified with a separate NAICS code, or component of a code with a separate distinct size standard, and that industry accounts for 50 percent or more of the value of the entire procurement, then the proper size standard is the one for that particular industry, and not the Environmental Remediation Service size standard.

15. Subsector 483—Water Transportation—Offshore Marine Services: The applicable size standard shall be \$30.5 million for firms furnishing specific transportation services to concerns engaged in offshore oil and/or natural gas exploration, drilling production, or marine research; such services encompass passenger and freight transportation, anchor handling, and related logistical services to and from the work site or at sea.

16. NAICS code 611519—Job Corps Centers. For classifying a Federal procurement, the purpose of the solicitation must be for the management and operation of a U.S. Department of Labor Job Corps Center. The activities involved include admissions activities, life skills training, educational activities, comprehensive career preparation activities, career development activities, career transition activities, as well as the management and support functions and services needed to operate and maintain the facility. For SBA assistance as a small business concern, other than for Federal Government procurements, a concern must be primarily engaged in providing the services to operate and maintain Federal Job Corps Centers.

17. NAICS code 115310—Support Activities for Forestry—Forest Fire Suppression and Fuels Management Services are two components of Support Activities for Forestry. Forest Fire Suppression includes establishments which provide services to fight forest fires. These firms usually have fire-fighting crews and equipment. Fuels Management Services firms provide services to clear land of hazardous materials that would fuel forest fires. The treatments used by these firms may include prescribed fire, mechanical removal, establishing fuel breaks, thinning, pruning, and piling.

18. NAICS code 541519—An Information Technology Value Added Reseller provides a total solution to information technology acquisitions by providing multi-vendor hardware and software along with significant services. Significant value added services consist of, but are not limited to, configuration consulting and design, systems integration, installation of multi-vendor

computer equipment, customization of hardware or software, training, product technical support, maintenance, and end user support. For purposes of Government procurement, an information technology procurement classified under this industry category must consist of at least 15% and not more than 50% of value added services as measured by the total price less the cost of information technology hardware, computer software, and profit. If the contract consists of less than 15% of value added services, then it must be classified under a NAICS manufacturing industry. If the contract consists of more than 50% of value added services, then it must be classified under the NAICS industry that best describes the predominate service of the procurement. To qualify as an Information Technology Value Added Reseller for purposes of SBA assistance, other than for Government procurement, a concern must be primarily engaged in providing information technology equipment and computer software and provide value added services which account for at least 15% of its receipts but not more than 50% of its receipts.

* * * * *

■ 3. Amend § 121.301 by revising paragraphs (c)(2) introductory text and (d), to read as follows:

§ 121.301 What size standards are applicable to financial assistance programs?

* * * * *

(c) * * *

(2) Including its affiliates, tangible net worth not in excess of \$19.5 million, and average net income after Federal income taxes (excluding any carry-over losses) for the preceding two completed fiscal years not in excess of \$6.5 million. If the applicant is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to its shareholders, partners, beneficiaries, or other equitable owners, the applicant's "net income after Federal income taxes" will be its net income reduced by an amount computed as follows:

* * * * *

(d) For Surety Bond Guarantee assistance—a business concern, combined with its affiliates, must meet the size standard for the primary industry in which such business concern, combined with its affiliates, is engaged.

* * * * *

■ 4. Amend § 121.302 by revising paragraph (c) to read as follows:

§ 121.302 When does SBA determine the size status of the applicant?

* * * * *

(c) For disaster loan assistance (other than physical disaster loans), size status is determined as of the date the disaster commenced, as set forth in the Disaster

Declaration. For pre-disaster mitigation loans, size status is determined as of the date SBA accepts a complete Pre-Disaster Mitigation Small Business Loan Application for processing. Refer to § 123.408 of this chapter to find out what SBA considers to be a complete Pre-Disaster Mitigation Small Business Loan Application.

* * * * *

■ 5. Amend § 121.502 by revising paragraph (a)(2) to read as follows:

§ 121.502 What size standards are applicable to programs for sales and leases of Government property?

(a) * * *

(2) A concern not primarily engaged in manufacturing is small for sales or leases of Government property if it has annual receipts not exceeding \$7.5 million.

* * * * *

■ 6. Amend § 121.512 by revising paragraph (b) to read as follows:

§ 121.512 What is the size standard for stockpile purchases?

* * * * *

(b) Its annual receipts, together with its affiliates, do not exceed \$62.5 million.

Dated: May 21, 2014.

Maria Contreras-Sweet,

Administrator.

[FR Doc. 2014-12868 Filed 6-11-14; 8:45 am]

BILLING CODE 8205-01-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 25

[Docket No. FAA-2014-0248; Special Conditions No. 25-553-SC]

Special Conditions: Gulfstream Model GVI Airplanes; Airbag-Equipped Shoulder Belt

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final special conditions; request for comments.

SUMMARY: These special conditions are issued for the Gulfstream Model GVI airplane. This airplane, as modified by Gulfstream, will have a novel or unusual design feature associated with airbag-equipped shoulder belts. The applicable airworthiness regulations do not contain adequate or appropriate safety standards for this design feature. These special conditions contain the additional safety standards that the Administrator considers necessary to

establish a level of safety equivalent to that established by the existing airworthiness standards.

DATES: The effective date of these special conditions is June 12, 2014. We must receive your comments by July 28, 2014.

ADDRESSES: Send comments identified by docket number FAA-2014-0248 using any of the following methods:

Federal eRegulations Portal: Go to <http://www.regulations.gov/> and follow the online instructions for sending your comments electronically.

Mail: Send comments to Docket Operations, M-30, U.S. Department of Transportation (DOT), 1200 New Jersey Avenue SE., Room W12-140, West Building Ground Floor, Washington, DC 20590-0001.

Hand Delivery or Courier: Take comments to Docket Operations in Room W12-140 of the West Building Ground Floor at 1200 New Jersey Avenue SE., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except federal holidays.

Fax: Fax comments to Docket Operations at 202-493-2251.

Privacy: The FAA will post all comments it receives, without change, to <http://www.regulations.gov/>, including any personal information the commenter provides. Using the search function of the docket Web site, anyone can find and read the electronic form of all comments received into any FAA docket, including the name of the individual sending the comment (or signing the comment for an association, business, labor union, etc.). DOT's complete Privacy Act Statement can be found in the **Federal Register** published on April 11, 2000 (65 FR 19477-19478), as well as at <http://DocketsInfo.dot.gov/>.

Docket: Background documents or comments received may be read at <http://www.regulations.gov/> at any time. Follow the online instructions for accessing the docket or go to the Docket Operations in Room W12-140 of the West Building Ground Floor at 1200 New Jersey Avenue SE., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except federal holidays.

FOR FURTHER INFORMATION CONTACT: Dan Jacquet, Airframe and Cabin Safety, ANM-115, Transport Airplane Directorate, Aircraft Certification Service, 1601 Lind Avenue SW., Renton, Washington 98057-3356; telephone 425-227-2676; facsimile 425-227-1149.

SUPPLEMENTARY INFORMATION: The FAA has determined that notice of, and opportunity for prior public comment on, these special conditions are