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SMALL BUSINESS ADMINISTRATION

13 CFR Part 121

RIN 3245-AH17

Small Business Size Standards: Adjustment of Monetary-Based Size Standards for Inflation

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- and assets-based) for inflation that has occurred since the last adjustment in 2014. These size standards will be reviewed again as part of the ongoing second 5-year review of size standards, as mandated by the Small Business Jobs Act of 2010 (Jobs Act). Also adjusted for inflation are receipts-based size standards that apply to sales or leases of Government property and stockpile purchases.

DATES: *Effective Date:* This rule is effective August 19, 2019.

Comment Date: Comments must be received on or before September 16, 2019.

ADDRESSES: You may submit comments, identified by RIN 3245-AH17, by any of the following methods: (1) Federal eRulemaking Portal: <https://www.regulations.gov>, following the specific instructions for submitting comments; or (2) Mail/Hand Delivery/Courier: 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.

SBA will post all comments to this interim final rule on <https://www.regulations.gov>. If you wish to submit confidential business information (CBI) as defined in the User Notice at <https://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 Standards Methodology" white paper available at <https://www.sba.gov/size> and at <https://www.regulations.gov> (Docket ID: SBA-2018-0004), 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. Prior to the 2014 inflation adjustment, SBA reviewed all monetary-based industry size standards with respect to industry structure and Federal market conditions as part of the first 5-year review of size standards required by section 1344 of the Small Business Jobs Act of 2010 (Jobs Act) (Pub. L. 111-240, 124 Stat. 2504 (September 27, 2010)). In this rule, SBA is adjusting its monetary-based industry size standards for inflation that has occurred since the last inflation adjustment, which was published in June 2014 (79 FR 33647 (June 12, 2014)). These include receipts-based size standards for 518 industries and 9 subindustries (*i.e.*, "exceptions" in the SBA Table of Size Standards), as well as assets-based size standards for 5 industries. As part of the ongoing second 5-year review of size standards required by the Jobs Act, SBA will review these size standards again in the near future to determine whether further adjustments are needed based on industry and Federal market conditions. Additionally, SBA is adjusting 2 program-specific receipts-based size standards, namely, (1) sales or leases of Government property and (2) stockpile purchases. However, as explained elsewhere in this rule, SBA is not adjusting either (1) the tangible net worth and net income-based alternative size standard established under the Jobs

Act for its 7(a) and 504 Loan Programs; or (2) the tangible net worth and net income-based alternative size standard established for the Small Business Investment Company (SBIC) Program.

SBA is required to assess the impact of inflation on its monetary-based size standards at least once every 5 years (*see* SBA Interim Final Rule: Small Business Size Standards: Inflation Adjustment to Monetary Based Size Standards (67 FR 3041 (January 23, 2002)) and 13 CFR 121.102(c)). Although the provision does not mandate that SBA actually adjust size standards for inflation every 5 years, it does provide assurances to the public that the Agency is monitoring inflation to determine 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's Interim Final Rule: Small Business Size Standards: Inflation Adjustment to Monetary Based Size Standards ((79 FR 33647 (June 12, 2014)) (SBA Final Rule at 81 FR 3949 (January 25, 2016) finalized the 2014 IFR without change); in SBA Final Rule: Small Business Size Standards: Inflation Adjustment to Size Standards, Business Loan Program, and Disaster Assistance Loan Program (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 16513 (April 7, 1994)); SBA Final Rule: Small Business Size Standards; Revision (49 FR 5024 (February 9, 1984)); and SBA Final Rule: Small Business Size Standards Regulation (40 FR 32824 (August 5, 1975)).

A number of businesses may have lost small business eligibility for Federal assistance under SBA's monetary-based industry size standards simply because of inflation-led revenue growth that has occurred since the 2014 adjustment. This rule aims to reinstate those firms'

small business eligibility for Federal assistance.

As mentioned above, the adjustment for inflation in this rule applies to all monetary-based industry size standards, including the \$750,000 receipts-based size standard for agricultural industries, which was previously set by statute. However, section 1831 of the National Defense Authorization Act for Fiscal Year 2017 (NDAA 2017) (Pub. L. 114–328, 130 Stat. 2000, December 23, 2016) directed SBA to establish size standards for all agricultural enterprises in the same manner as for other industries and to include them in the 5-year rolling review procedures established under section 1344(a) of the Jobs Act.

The inflation adjustments in this rule are separate from revisions to size standards made during the 5-year rolling reviews of size standards, as mandated by the Jobs Act. SBA's 5-year size standards rolling reviews primarily focus 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 (*i.e.*, small business share of Federal contract dollars relative to small business share of total industry's receipts) for industries with significant contracting activities.

Rather than reviewing all size standards at one time, for the 5-year rolling reviews, SBA reviews size standards on a Sector-by-Sector basis over a period. The objective of the rolling review is to review all size standards and make necessary adjustments to reflect current industry structure and Federal market conditions. By including inflation as an additional factor in the analysis, it would mean 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 in the cycle, resulting in inconsistent size standards across sectors and industries. To avoid this, SBA has decided to evaluate all monetary industry-based size standards for inflation separate from the 5-year rolling review.

Updating size standards based on inflation—in addition to updating size standards based on the latest industry and Federal contracting data under the 5-year rolling 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. This also fulfills the SBA's regulatory requirement to review size standards for inflation every 5 years.

SBA's Inflation Adjustment Methodology

For this interim final rule, SBA has used the inflation adjustment methodology it described in its "Size Standards Methodology" white paper, which is available at <https://www.sba.gov/size>. SBA applied the same methodology in its previous inflation adjustments, including the latest adjustment in 2014. This methodology can be described in terms of the following steps:

1. Selecting an inflation measure.
2. Selecting the base and end periods.
3. Calculating the inflation rate.
4. Adjusting the monetary based size standards.

1. Selecting an Inflation Measure

SBA establishes small business size standards to determine the eligibility of businesses for a wide variety of SBA's and other Federal programs. Many businesses participating in those programs are engaged in multiple industries and are 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. SBA's preferred measure of inflation has consistently 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) and available at <https://www.bea.gov/iTable>.

In its 2014 interim final rule (79 FR 33647 (June 12, 2014)), besides the GDP price index, SBA reviewed several alternative inflation measures published by the Federal Government (including the consumer price index, the personal consumption expenditures price index, the producer price index, and the employment cost index) for their appropriateness to use for adjusting SBA's size standards. Among all these indexes, SBA determined that the GDP price index is the most comprehensive measure of movements in the general price level in the economy and thus the most appropriate measure of inflation for adjusting SBA's size standards. 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.

2. Selecting the Base and End Periods

For this inflation adjustment (excluding the \$750,000 agricultural size standard adjustment), SBA selected the first quarter of 2014 as the base

period because it was the end period for the 2014 adjustment. SBA selected the fourth quarter of 2018 as the end period because it was the latest quarter for which GDP price indexes were available when that rule was developed.

The current \$750,000 size standard for agricultural industries was established by Congress in December of 2000 (Pub. L. 106–554, 114 Stat. 2763, Dec. 21, 2000) and was not included in previous inflation adjustments. However, section 1831 of the NDAA 2017 directed SBA to review and adjust size standards for all agricultural enterprises in the same manner as for other industries. Thus, in this rule, SBA is also adjusting the \$750,000 size standard for agricultural industries by using the first quarter of 2001 as the base period and the fourth quarter of 2018 as the end period.

3. Calculating the Rate of Inflation

The GDP price index for the base period (excluding the \$750,000 agricultural size standard) was 102.551 and the GDP price index for the end period was 111.134. Accordingly, inflation increased 8.37 percent from the first quarter of 2014 to the fourth quarter of 2018 ($((111.134 \div 102.551) - 1) \times 100$ percent = 8.37 percent).

The GDP price index for the agricultural base period was 79.232 and the GDP price index for the agricultural end period was 111.134. Accordingly, inflation increased 40.26 percent from the first quarter of 2001 to the fourth quarter of 2018 ($((111.134 \div 79.232) - 1) \times 100$ percent = 40.26 percent).

4. Making Adjustments to Size Standards

Adjustment to receipts-based industry size standards: All receipts-based size standards (excluding the \$750,000 agricultural size standard) were adjusted by multiplying their current levels by 1.0837 and rounding the results to the nearest \$500,000.

Adjustment to the agricultural size standard: SBA multiplied the current size standard of \$750,000 for 46 agricultural industries by 1.4026 to obtain a non-rounded size standard of \$1.05 million. Rounding to the nearest \$500,000 results in an adjusted size standard of \$1.0 million for all 46 agricultural industries.

Adjustment to the assets-based size standard: Currently, 5 industries in North American Industry Classification System (NAICS) Sector 52, Finance and Insurance, have the size standard of \$550 million in average assets. Following the inflation adjustment methodology described above, the assets-based size standard was adjusted

by multiplying the current value of \$550 million by 1.0837. The result was \$596 million, which SBA rounded to \$600 million.

Table 1, “Inflation Adjustment to Monetary-based Size Standards,” summarizes the results of the inflation adjustment for 16 different receipts-based size standards levels, ranging

from \$0.75 million to \$38.5 million, as well as one assets-based size standard of \$550 million. The first column of Table 1 shows the current monetary-based industry size standards; the second column shows their inflation-adjusted values before rounding; the third column shows their inflation-adjusted

values after rounding; and the fourth column shows the count of industries and subindustries (or “exceptions”) that are associated with each of the receipts- and assets-based size standards levels. The results lead to adjustment to 532 size standards, including 523 industries and 9 subindustries or “exceptions.”

TABLE 1—INFLATION ADJUSTMENT TO MONETARY-BASED SIZE STANDARDS

Current monetary-based size standards (\$ million)	Size standards adjusted for inflation, before rounding (\$ million)	Size standards adjusted for inflation, after rounding (\$ million)	Number of industries (incl. exceptions)
(1)	(2)	(3)	(4)
\$ 0.75	\$1.05	\$1.0	46
5.5	6.0	6.0	4
7.5	8.1	8.0	126
11.0	11.9	12.0	39
15.0	16.3	16.5	95
18.0	19.5	19.5	1
19.0	20.6	20.5	2
20.5	22.2	22.0	39
25.0	27.1	27.0	1
27.5	29.8	30.0	55
29.5	32.0	32.0	3
32.0	34.7	34.5	2
32.5	35.2	35.0	39
36.5	39.6	39.5	11
37.5	40.6	40.5	1
38.5	41.7	41.5	63
550	596	600	5
Total Industries (including subindustries or “exceptions”)			532

Adjustment to program-based size standards: Most SBA and other Federal programs apply SBA’s industry-based size standards. SBA has also established a few size standards on a program basis rather than on an industry basis. Some of these size standards are also adjusted for inflation in the same manner as the receipts-based and assets-based industry size standards. Table 2, “Inflation Adjustment to Program-based Receipts

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 regulation (*see* 13 CFR 107.710(a)) and, therefore, not adjusted. SBA is also electing not to adjust the SBIC program’s tangible net worth and net income-based alternate size standard in

13 CFR 121.301(c). SBA adjusted the tangible net worth and net income alternate size standard for the SBIC program for inflation in 2014 (79 FR 33647 (June 12, 2014)). SBA has determined that the current SBIC alternative size standard levels are enough to accomplish its program objectives and that no further increase is necessary at this time.

TABLE 2—INFLATION ADJUSTMENT TO PROGRAM-BASED RECEIPTS SIZE STANDARDS

Program	CFR citation	Size standard in millions of dollars	
		Current size standard	Inflation-adjusted size standard
Sales or leases of Government property	13 CFR 121.502(a)(2)	\$7.5	\$8.0
Stockpile purchases	13 CFR 121.512	62.5	67.5

Special Considerations

Size Standard for Leasing of Building Space to the Federal Government by Owners—Footnote 9: The size standard found in Footnote 9 to 13 CFR 121.201 (Leasing of Building Space to the Federal Government by Owners) was also adjusted for inflation. The current size standard of \$38.5 million was

multiplied by 1.0837 to obtain an adjusted size standard of \$41.5 million after rounding. As explained more fully in the prior Inflation Adjustment (79 FR 33647), this size standard exception applies to all 4 industries in NAICS Group 5311, Lessors of Real Estate.

Alternative Size Standard for 7(a) and 504 Loan Programs: Effective September

27, 2010, Congress established through the Jobs Act 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 Information Notice 5000–1175 (available at <https://www.sba.gov/sites/>

[default/files/files/bank_5000-1175_0.pdf](#)) 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 that the new temporary alternative size standard would remain in effect for the 7(a) and 504 Loan Programs until the SBA's Administrator establishes 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.

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 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 2014. A number of 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 significant harm to those businesses and others that are about to exceed current size standards simply due to inflation-driven revenue growth. Immediate implementation of this rule would enable more businesses to qualify under SBA's monetary-based size standards,

which would enable them to apply for Federal small business assistance and thereby create jobs.

The standard notice and comment rulemaking could delay the implementation of this rule by at least 8 to 12 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.

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 protect the interests of small businesses, thereby enabling them to maintain competitiveness and strengthen the overall economy. Small Business Act, 15 U.S.C. 631(a). SBA had also implemented inflation adjustments to size standards through an interim final rule in 2002, 2005, and 2014 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 at a later date.

Request for Comments

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

1. SBA welcomes comments from 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 industry size standards for labor productivity growth and technological advancements, similar to adjusting monetary-based industry size standards for inflation.

3. SBA also invites comments on any other aspects of this rulemaking, including the changes to program-based and assets-based size standards.

Compliance With Executive Orders 12866, 13563, 12988, 13132, and 13771, 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 (E.O.) 12866. However, in order to help explain the need for this rule and its potential benefits and costs, SBA is providing below a Cost/Benefit Analysis 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 from industry to industry 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 5 years (67 FR 3041 (January 23, 2002) and 13 CFR 121.102(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 2014. 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 of this interim final rule is to enable businesses that have exceeded size standards simply due to inflation-driven revenue growth to regain eligibility for Federal small business assistance programs. This will also help businesses about to

exceed their size standards 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.

Besides small business contracting opportunities and financial assistance, small businesses also benefit from reduced fees, less paperwork, and fewer compliance requirements that are available to small businesses through Federal agencies that use SBA’s monetary-based size standards.

The Baseline

OMB directs agencies to establish an appropriate baseline to evaluate the benefits, costs, and/or transfer impacts of regulatory actions, as well as discuss the alternative approaches considered, if any. The baseline should represent the agency’s best assessment of what the

world would look like absent the regulatory action. For a new regulatory action modifying an existing regulation (such as adjusting the existing size standards for inflation), a baseline assuming no change to the regulation (*i.e.*, maintaining the status quo) generally provides an appropriate benchmark for evaluating benefits, costs, or transfer impacts of proposed regulatory changes and their alternatives.

Based on the 2012 Economic Census (<https://www2.census.gov/econ2012/EC/>) special tabulations (the latest available and compiled from a special tabulation provided by the U.S. Census Bureau), 2012 County Business Patterns Reports (<https://www.census.gov/programs-surveys/cbp.html>) (for industries not covered by the Economic Census), and 2012 Agricultural Census (<https://www.nass.usda.gov/>) tabulations (for agricultural industries), of a total of about 7.2 million firms in all industries with receipts-based size standards, 96.2 percent are considered small and 3.8 percent are considered other than small under the current size standards. Similarly, based on the fourth quarter of 2018 data from the Federal Deposit Insurance Corporation (FDIC), available at https://www5.fdic.gov/sdi/download_large_list_outside.asp, and the National Credit Union Administration (NCUA), available at <https://www.ncua.gov/analysis/credit-union-corporate-call-report-data/quarterly-data>, of about 13,600 total firms subject to the assets-based size standards, 83 percent were considered small.

Based on the data from the Federal Procurement Data System—Next Generation (FPDS–NG) for fiscal years 2015–2017, available at <https://www.fpds.gov>, on average, about 88,700 unique firms in industries subject to monetary-based size standards received at least one Federal contract during that period. Of those 88,700 firms, 83 percent were small. Businesses subject to monetary-based standards received \$182 billion in annual average Federal contract dollars during that period, of which \$63.7 billion or about 35 percent went to small businesses. Of total dollars awarded to small businesses subject to monetary-based size standards, \$45 billion, or 71 percent, was awarded through various small business set-aside programs and the other 29 percent was awarded through non-set aside contracts.

Based on the SBA’s internal data on its loan programs, small businesses subject to monetary-based size standards received, on an annual basis, a total of nearly 58,600 7(a) and 504 loans for fiscal years 2016–2018, totaling \$24.5 billion, of which 85 percent was issued through the 7(a) program and 15 percent was issued through the 504/CDC program. During fiscal year 2018, small businesses in those industries also received about 11,350 loans through the SBA’s Economic Injury Disaster Loan (EIDL) program, totaling about \$1.0 billion on an annual basis. Table 3, “Impact Analysis Inflation Adjustment to Monetary-based Size Standards,” provides these baseline results.

TABLE 3—IMPACT ANALYSIS INFLATION ADJUSTMENT TO MONETARY-BASED SIZE STANDARDS

Factor	Current (baseline)	After inflation adjustment	Percent change
Total firms subject to monetary-based size standard (million)—2012 Economic Census	7.18	7.18	0.0
Total small firms subject to monetary-based standard (million)—2012 Economic Census	6.91	7.00	1.3
Total small firms as % of total firms—2012 Economic Census	96.2	97.4	1.2
Total small firms share (%) of industry receipts for receipt-based size standards	29.0	29.7	0.7
Total small firms share (%) of industry assets for assets-based size standards	5.6	6.0	0.4
Average total number of unique firms with monetary-based size standards getting Federal contracts—FPDS–NG (2015–2017)	88,700	88,700	0.0
Average total number of unique small firms with monetary-based size standards getting Federal contracts—FPDS–NG (2015–2017)	73,825	74,706	1.2
Unique small firms as % with monetary-based size standards getting Federal contracts	83.2	84.2	1.2
Average total contract dollars awarded to business concerns, subject to monetary-based standards (\$ billion)—FPDS–NG (2015–2017)	\$182.1	\$182.1	0.0
Average total small business contract dollars awarded to businesses subject to monetary-based size standard (\$ billion)—FPDS–NG (2015–2017)	\$63.7	\$64.4	1.1
Small business dollars as % of total dollars awarded to firms subject to monetary-based standards	34.9	35.3	1.1
Annual average number of 7(a) and 504 loans to businesses subject to monetary-based standards (2015–2018)	58,569	58,685	0.2
Annual average amount of 7(a) and 504 loans awarded issued to firms subject to monetary-based standard (\$ billion) (2015–2018)	\$24.5	\$24.6	0.2

TABLE 3—IMPACT ANALYSIS INFLATION ADJUSTMENT TO MONETARY-BASED SIZE STANDARDS—Continued

Factor	Current (baseline)	After inflation adjustment	Percent change
Number of EIDL loans to businesses subject to monetary-based size standards (2018)	11,345	11,376	0.3
Amount of EIDL loans (\$ million)	\$1,011	\$1,014	0.3

Benefits

The most significant benefits to businesses from the adjustment of size standards for include: (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 this inflation adjustment will enable approximately 89,730 firms in industries and subindustries with receipts-based size standards and about 161 firms in industries with assets-based size standards that are currently above SBA’s size standards to gain small business status and become eligible for these programs. This represents a total of 89,891 additional firms that would qualify as small business under the inflation-adjusted size standards. This will increase the small business share of total receipts in industries and subindustries with receipts-based size standards from 29.0 percent to 29.7 percent, and the small business share of total assets in industries with assets-based size standards from 5.7 percent to 6.0 percent.

Based on FPDS–NG data from fiscal years 2015–2017, SBA estimates that firms gaining small business status under the inflation-adjusted size standards could receive between \$700 million and \$750 million in additional small business Federal contract dollars. This represents an increase of about 1.2 percent over the baseline. The added competition for many of these procurements could also result in lower prices to the Government for procurements reserved for small businesses, but SBA cannot quantify this benefit. Additionally, by allowing businesses above the size threshold to regain small business status and

advanced small businesses close to size standards to prolong their small status for a longer period, this interim final rule could also expand the pool of qualified small firms for agencies to draw upon to meet their small business procurement requirements.

Based on the fiscal years 2016–2018 SBA loan data, SBA estimates about 115–120 additional loans totaling between \$60 million and \$65 million could be made to these newly defined small businesses under SBA’s 7(a) and 504 Loan Programs under the adjusted size standards. Higher inflation-adjusted 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. However, based on historical trends, SBA estimates that the EIDL Program could issue about 30 loans per year (a total of about \$3 million dollars) to businesses qualifying as small under the inflation-adjusted size standards.

Additionally, the newly defined small businesses would also benefit through reduced fees, less paperwork, and fewer compliance requirements that are available to small businesses through the Federal Government, but SBA has no data to quantify this impact.

Costs

To the extent that those 89,891 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 the increase in the number of businesses 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 Dynamic Small Business Search (DSBS) database or at <https://certify.sba.gov>; more firms seeking certification as 8(a) or HUBZone firms; more firms qualifying for small business, WOSB, EDWOSB, SDVOSB, and SDB status; and more firms applying for SBA’s 8(a)/BD and All Small Mentor-Protégé programs.

With an expanded pool of businesses eligible for small business assistance under higher size standards due to this inflation adjustment, it is likely that Federal agencies would set aside more contracts for small businesses. One may surmise that this might result in a higher number of small business size protests and additional processing costs to agencies. However, SBA’s historical data on size protests shows that the number of size protests actually decreased after an increase in the number businesses qualifying as small as a result of size standards revisions as part of the first 5-year review of size standards completed in early 2016. Specifically, on an annual basis, the number of size protests dropped from about 600 during fiscal years 2011–2013 (review of most receipts-based size standards was completed by the end of FY 2013) to about 500 during fiscal years 2014–2016. Similarly, among those newly defined small businesses seeking SBA’s loans, there could be some additional costs associated with compliance and verification of their small business status. However, small business lenders have an option of using the tangible net worth and net income-based alternative size standard instead of using the industry-based size standards to establish eligibility for SBA’s loans. For all these reasons, SBA believes that these added administrative costs will be minor because necessary mechanisms are already in place to handle these added requirements.

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. However, with agencies likely setting aside more contracts for small businesses in response to a larger pool of small businesses under inflation-adjusted higher size standards, HUBZone firms may receive more set-aside contracts and fewer full and open contracts, thereby resulting in some cost savings to agencies. SBA cannot estimate such costs savings because it is impossible to determine the number and value of unrestricted contracts to be otherwise awarded to HUBZone firms that will be awarded as set-asides. However, such cost savings are likely to be relatively small, as only a small fraction of full and open contracts are awarded to HUBZone businesses.

Transfer Impacts

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. With an expanded pool of small businesses available under the higher inflation-adjusted size standards, 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.

Similarly, some businesses defined as small under the current size standards may obtain fewer Federal contracts due to the increased competition from more businesses defined as small under the higher inflation-adjusted 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 adjustment for inflation to monetary-based industry and program-specific size standards is 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, ensures that intended beneficiaries have access to small business programs designed to assist them.

Executive Order 13563

Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. A description of the need for this regulatory action and benefits and costs associated with this action, including possible distributional impacts that relate to Executive Order 13563, is included above in the Cost/Benefit Analysis under Executive Order 12866. Additionally, by reviewing and adjusting size standards for inflation, SBA is complying with section 6 of Executive Order 13563, which calls for retrospective analyses of existing rules.

During its March 26, 2019 and April 23, 2019 meetings, SBA updated the Small Business Procurement Advisory Council (SBPAC) on its upcoming size standards rules, including this inflation adjustment rule. On April 18, 2019, SBA also presented a similar update to the small business audience at the 2019 Annual Government Procurement Conference.

Additionally, SBA issued a revised "Size Standards Methodology" white paper and published a notification in the April 27, 2018 issue of the **Federal**

Register (83 FR 18468) to advise the public that the document was available for public review and comments. The "Size Standards Methodology" white paper explains how SBA establishes, reviews, and modifies its receipts-based and employee-based small business size standards. The white paper also describes how SBA adjusts size standards for inflation and updates its table of size standards when OMB revises the NAICS codes every 5 years. On April 11, 2019, SBA published a **Federal Register** notification (84 FR 14587) advising the public that the Agency had issued a revised final "Size Standards Methodology" white paper.

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. This rule 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.

Executive Order 13771

This rule is not expected to be an Executive Order 13771 regulatory action because this rule is not significant under Executive Order 12866.

Paperwork Reduction Act

For the purposes 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 recordkeeping requirements.

Regulatory Flexibility Act

According to the Regulatory Flexibility Act (RFA), 5 U.S.C. 601–612, when an agency issues a rulemaking, it must prepare a regulatory flexibility analysis to address the impact of the rule on small entities.

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 with

monetary-based size standards. As described above, this rule may affect small businesses in those industries 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) for this interim final rule to address the following questions: (1) What is the need for and objective of the rule?; (2) What are SBA's description and estimate for the number of small businesses to which the rule will apply?; (3) What are the projected reporting, recordkeeping, 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 is the need for and objective of the rule?

As discussed above, this revision to monetary-based size standards to account for inflation will more appropriately define small businesses. This interim final rule merely restores small business eligibility in real terms to businesses that have grown above the existing size standard due to inflation-led revenue growth rather than due to increased business activity.

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 5 years (13 CFR 121.102(c)) and make any changes as appropriate. A review of the latest data indicates that inflation has increased a sufficient amount since the 2014 adjustment, enough to warrant another inflation adjustment to the current monetary-based size standards. As discussed above, adjusting size standards for inflation is also consistent with SBA's statutory requirement to review all size standards and make necessary adjustments to reflect current market conditions every 5 years.

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

As discussed above, based on the 2012 Economic Census tabulations, SBA estimates that about 89,730 additional firms will become small because of this adjustment to the receipts-based size standards of 518 industries and 8

subindustries. That represents 1.3 percent of the total number of 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 29.0 percent under the current size standards to 29.7 percent under the inflation-adjusted size standards. Due to the adjustment of assets-based size standards in 5 industries, about 160 additional firms will gain small business status in those industries. This will increase the small business share of total assets in those industries from 5.7 percent to 6.0 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 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 recordkeeping requirements on small businesses. However, qualifying for Federal procurement and several other programs requires that businesses register in the System for Award Management (SAM) database and certify in SAM that they are small 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" section of SAM. However, there are no costs associated with SAM registration or certification. Changing size standards alters access to SBA's programs but it does not impose a regulatory burden because it neither regulates nor controls 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 with the approval of SBA's Administrator if they believe that SBA's size standards are not appropriate for their programs (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 measures SBA uses to calculate business size (*i.e.*, number of employees vs. annual receipts), no practical alternative exists to the system of numerical size standards.

SBA's only other consideration was whether not to adjust current size standards for the inflation. However, SBA believes that the 8.37 percent inflation increase that has occurred since the previous inflation adjustment in June 2014 (and the 40.26 percent inflation increase that has occurred since 2000, when the current \$750,000 agricultural size standard was established by statute) sufficiently affects the real value of 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 Subsectors 111 and 112, entries “113110” and “113210”, Subsectors 114 and 115, entries “213112” through “213115”, “221310”, “221320”, and “221330”, Subsectors 236 through 238, entries “441120”,

“441210”, “441222”, “441228”, “441310”, and “441320”, Subsectors 442 through 448 and 451 through 453, entries “454110”, “454210”, “454390”, and “481219”, Subsectors 484 and 485, entries “486210” and “486990”, Subsectors 487, 488, and 491, entry “492210”, Subsector 493, entries “511210”, “512110”, “512120”, “512131”, “512132”, “512191”, “512199”, “512240”, and “512290”, Subsector 515, entries “517410” and “517919”, Subsector 518, entries “519110”, “519120”, and “519190”, Subsectors 522 and 523, entries “524113”, “524114”, “524127”, “524128”, “524130”, “524210”, “524291”, “524292”, and “524298”, Subsectors 525 and 531 through 533, entries “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” through “541513”, “541519”, “541519 sub-entry”, “541611”, “541612” through “541614”, “541618”, “541620”, “541690”, “541720”, “541810”, “541820”, “541830”, “541840”, “541850”, “541860”, “541870”, “541890”, “541910”, “541921”, “541922”, “541930”, “541940”, and “541990”, Subsectors 551, 561, 562, 611, 621 through 624, 711 through 713, 721, 722, and 811 through 813.

■ b. Revise footnote 9.

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 111—Crop Production			
111110	Soybean Farming	\$1.0	
111120	Oilseed (except Soybean) Farming	\$1.0	
111130	Dry Pea and Bean Farming	\$1.0	
111140	Wheat Farming	\$1.0	
111150	Corn Farming	\$1.0	
111160	Rice Farming	\$1.0	
111191	Oilseed and Grain Combination Farming	\$1.0	
111199	All Other Grain Farming	\$1.0	
111211	Potato Farming	\$1.0	
111219	Other Vegetable (except Potato) and Melon Farming	\$1.0	
111310	Orange Groves	\$1.0	
111320	Citrus (except Orange) Groves	\$1.0	
111331	Apple Orchards	\$1.0	
111332	Grape Vineyards	\$1.0	
111333	Strawberry Farming	\$1.0	
111334	Berry (except Strawberry) Farming	\$1.0	
111335	Tree Nut Farming	\$1.0	
111336	Fruit and Tree Nut Combination Farming	\$1.0	
111339	Other Noncitrus Fruit Farming	\$1.0	
111411	Mushroom Production	\$1.0	
111419	Other Food Crops Grown Under Cover	\$1.0	
111421	Nursery and Tree Production	\$1.0	
111422	Floriculture Production	\$1.0	
111910	Tobacco Farming	\$1.0	
111920	Cotton Farming	\$1.0	
111930	Sugarcane Farming	\$1.0	
111940	Hay Farming	\$1.0	
111991	Sugar Beet Farming	\$1.0	
111992	Peanut Farming	\$1.0	
111998	All Other Miscellaneous Crop Farming	\$1.0	
Subsector 112—Animal Production and Aquaculture			
112111	Beef Cattle Ranching and Farming	\$1.0	
112112	Cattle Feedlots	\$8.0	
112120	Dairy Cattle and Milk Production	\$1.0	
112210	Hog and Pig Farming	\$1.0	
112310	Chicken Egg Production	\$16.5	
112320	Broilers and Other Meat Type Chicken Production	\$1.0	
112330	Turkey Production	\$1.0	
112340	Poultry Hatcheries	\$1.0	

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
112390	Other Poultry Production	\$1.0	
112410	Sheep Farming	\$1.0	
112420	Goat Farming	\$1.0	
112511	Finfish Farming and Fish Hatcheries	\$1.0	
112512	Shellfish Farming	\$1.0	
112519	Other Aquaculture	\$1.0	
112910	Apiculture	\$1.0	
112920	Horse and Other Equine Production	\$1.0	
112930	Fur-Bearing Animal and Rabbit Production	\$1.0	
112990	All Other Animal Production	\$1.0	
Subsector 113—Forestry and Logging			
113110	Timber Tract Operations	\$12.0	
113210	Forest Nurseries and Gathering of Forest Products	\$12.0	
*	*	*	*
Subsector 114—Fishing, Hunting and Trapping			
114111	Finfish Fishing	\$22.0	
114112	Shellfish Fishing	\$6.0	
114119	Other Marine Fishing	\$8.0	
114210	Hunting and Trapping	\$6.0	
Subsector 115—Support Activities for Agriculture and Forestry			
115111	Cotton Ginning	\$12.0	
115112	Soil Preparation, Planting, and Cultivating	\$8.0	
115113	Crop Harvesting, Primarily by Machine	\$8.0	
115114	Postharvest Crop Activities (except Cotton Ginning)	\$30.0	
115115	Farm Labor Contractors and Crew Leaders	\$16.5	
115116	Farm Management Services	\$8.0	
115210	Support Activities for Animal Production	\$8.0	
115310	Support Activities for Forestry	\$8.0	
115310 (Exception 1)	Forest Fire Suppression ¹⁷	\$20.5 ¹⁷	
115310 (Exception 2)	Fuels Management Services ¹⁷	\$20.5 ¹⁷	
Sector 21—Mining, Quarrying, and Oil and Gas Extraction			
*	*	*	*
Subsector 213—Support Activities for Mining			
*	*	*	*
213112	Support Activities for Oil and Gas Operations	\$41.5	
213113	Support Activities for Coal Mining	\$22.0	
213114	Support Activities for Metal Mining	\$22.0	
213115	Support Activities for Nonmetallic Minerals (except Fuels)	\$8.0	
Sector 22—Utilities			
Subsector 221—Utilities			
*	*	*	*
221310	Water Supply and Irrigation Systems	\$30.0	
221320	Sewage Treatment Facilities	\$22.0	
221330	Steam and Air-Conditioning Supply	\$16.5	
Sector 23—Construction			
Subsector 236—Construction of Buildings			
236115	New Single-family Housing Construction (Except For-Sale Builders)	\$39.5	
236116	New Multifamily Housing Construction (except For-Sale Builders)	\$39.5	
236117	New Housing For-Sale Builders	\$39.5	
236118	Residential Remodelers	\$39.5	
236210	Industrial Building Construction	\$39.5	
236220	Commercial and Institutional Building Construction	\$39.5	

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
Subsector 237—Heavy and Civil Engineering Construction			
237110	Water and Sewer Line and Related Structures Construction	\$39.5	
237120	Oil and Gas Pipeline and Related Structures Construction	\$39.5	
237130	Power and Communication Line and Related Structures Construction	\$39.5	
237210	Land Subdivision	\$30.0	
237310	Highway, Street, and Bridge Construction	\$39.5	
237990	Other Heavy and Civil Engineering Construction	\$39.5	
237900 (Exception)	Dredging and Surface Cleanup Activities ²	\$30.0 ²	
Subsector 238—Specialty Trade Contractors			
238110	Poured Concrete Foundation and Structure Contractors	\$16.5	
238120	Structural Steel and Precast Concrete Contractors	\$16.5	
238130	Framing Contractors	\$16.5	
238140	Masonry Contractors	\$16.5	
238150	Glass and Glazing Contractors	\$16.5	
238160	Roofing Contractors	\$16.5	
238170	Siding Contractors	\$16.5	
238190	Other Foundation, Structure, and Building Exterior Contractors	\$16.5	
238210	Electrical Contractors and Other Wiring Installation Contractors	\$16.5	
238220	Plumbing, Heating, and Air-Conditioning Contractors	\$16.5	
238290	Other Building Equipment Contractors	\$16.5	
238310	Drywall and Insulation Contractors	\$16.5	
238320	Painting and Wall Covering Contractors	\$16.5	
238330	Flooring Contractors	\$16.5	
238340	Tile and Terrazzo Contractors	\$16.5	
238350	Finish Carpentry Contractors	\$16.5	
238390	Other Building Finishing Contractors	\$16.5	
238910	Site Preparation Contractors	\$16.5	
238990	All Other Specialty Trade Contractors	\$16.5	
238990 (Exception)	Building and Property Specialty Trade Services ¹³	\$16.5 ¹³	
*	*	*	*
Sector 44—Retail Trade			
*	*	*	*
Subsector 441—Motor Vehicle and Parts Dealers			
*	*	*	*
441120	Used Car Dealers	\$27.0	
441210	Recreational Vehicle Dealers	\$35.0	
441222	Boat Dealers	\$35.0	
441228	Motorcycle, ATV, and All Other Motor Vehicle Dealers	\$35.0	
441310	Automotive Parts and Accessories Stores	\$16.5	
441320	Tire Dealers	\$16.5	
Subsector 442—Furniture and Home Furnishings Stores			
442110	Furniture Stores	\$22.0	
442210	Floor Covering Stores	\$8.0	
442291	Window Treatment Stores	\$8.0	
442299	All Other Home Furnishings Stores	\$22.0	
Subsector 443—Electronics and Appliance Stores			
443141	Household Appliance Stores	\$12.0	
443142	Electronics Stores	\$35.0	
Subsector 444—Building Material and Garden Equipment and Supplies Dealers			
444110	Home Centers	\$41.5	
444120	Paint and Wallpaper Stores	\$30.0	
444130	Hardware Stores	\$8.0	
444190	Other Building Material Dealers	\$22.0	
444210	Outdoor Power Equipment Stores	\$8.0	
444220	Nursery and Garden Centers	\$12.0	

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
Subsector 445—Food and Beverage Stores			
445110	Supermarkets and Other Grocery (except Convenience) Stores	\$35.0	
445120	Convenience Stores	\$32.0	
445210	Meat Markets	\$8.0	
445220	Fish and Seafood Markets	\$8.0	
445230	Fruit and Vegetable Markets	\$8.0	
445291	Baked Goods Stores	\$8.0	
445292	Confectionery and Nut Stores	\$8.0	
445299	All Other Specialty Food Stores	\$8.0	
445310	Beer, Wine and Liquor Stores	\$8.0	
Subsector 446—Health and Personal Care Stores			
446110	Pharmacies and Drug Stores	\$30.0	
446120	Cosmetics, Beauty Supplies and Perfume Stores	\$30.0	
446130	Optical Goods Stores	\$22.0	
446191	Food (Health) Supplement Stores	\$16.5	
446199	All Other Health and Personal Care Stores	\$8.0	
Subsector 447—Gasoline Stations			
447110	Gasoline Stations with Convenience Stores	\$32.0	
447190	Other Gasoline Stations	\$16.5	
Subsector 448—Clothing and Clothing Accessories Stores			
448110	Men's Clothing Stores	\$12.0	
448120	Women's Clothing Stores	\$30.0	
448130	Children's and Infants' Clothing Stores	\$35.0	
448140	Family Clothing Stores	\$41.5	
448150	Clothing Accessories Stores	\$16.5	
448190	Other Clothing Stores	\$22.0	
448210	Shoe Stores	\$30.0	
448310	Jewelry Stores	\$16.5	
448320	Luggage and Leather Goods Stores	\$30.0	
Subsector 451—Sporting Good, Hobby, Book and Music Stores			
451110	Sporting Goods Stores	\$16.5	
451120	Hobby, Toy and Game Stores	\$30.0	
451130	Sewing, Needlework and Piece Goods Stores	\$30.0	
451140	Musical Instrument and Supplies Stores	\$12.0	
451211	Book Stores	\$30.0	
451212	News Dealers and Newsstands	\$8.0	
Subsector 452—General Merchandise Stores			
452210	Department Stores	\$35.0	
452311	Warehouse Clubs and Superstores	\$32.0	
452319	All Other General Merchandise Stores	\$35.0	
Subsector 453—Miscellaneous Store Retailers			
453110	Florists	\$8.0	
453210	Office Supplies and Stationery Stores	\$35.0	
453220	Gift, Novelty and Souvenir Stores	\$8.0	
453310	Used Merchandise Stores	\$8.0	
453910	Pet and Pet Supplies Stores	\$22.0	
453920	Art Dealers	\$8.0	
453930	Manufactured (Mobile) Home Dealers	\$16.5	
453991	Tobacco Stores	\$8.0	
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	\$8.0	
Subsector 454—Nonstore Retailers			
454110	Electronic Shopping and Mail-Order Houses	\$41.5	
454210	Vending Machine Operators	\$12.0	

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
*	*	*	*
454390	Other Direct Selling Establishments	\$8.0 .....	.....
Sector 48–49—Transportation and Warehousing			
Subsector 481—Air Transportation			
*	*	*	*
481219	Other Nonscheduled Air Transportation	\$16.5 .....	.....
*	*	*	*
Subsector 484—Truck Transportation			
484110	General Freight Trucking, Local	\$30.0 .....	.....
484121	General Freight Trucking, Long-Distance, Truckload	\$30.0 .....	.....
484122	General Freight Trucking, Long-Distance, Less Than Truckload	\$30.0 .....	.....
484210	Used Household and Office Goods Moving	\$30.0 .....	.....
484220	Specialized Freight (except Used Goods) Trucking, Local	\$30.0 .....	.....
484230	Specialized Freight (except Used Goods) Trucking, Long-Distance	\$30.0 .....	.....
Subsector 485—Transit and Ground Passenger Transportation			
485111	Mixed Mode Transit Systems	\$16.5 .....	.....
485112	Commuter Rail Systems	\$16.5 .....	.....
485113	Bus and Other Motor Vehicle Transit Systems	\$16.5 .....	.....
485119	Other Urban Transit Systems	\$16.5 .....	.....
485210	Interurban and Rural Bus Transportation	\$16.5 .....	.....
485310	Taxi Service	\$16.5 .....	.....
485320	Limousine Service	\$16.5 .....	.....
485410	School and Employee Bus Transportation	\$16.5 .....	.....
485510	Charter Bus Industry	\$16.5 .....	.....
485991	Special Needs Transportation	\$16.5 .....	.....
485999	All Other Transit and Ground Passenger Transportation	\$16.5 .....	.....
Subsector 486—Pipeline Transportation			
*	*	*	*
486210	Pipeline Transportation of Natural Gas	\$30.0 .....	.....
*	*	*	*
486990	All Other Pipeline Transportation	\$40.5 .....	.....
Subsector 487—Scenic and Sightseeing Transportation			
487110	Scenic and Sightseeing Transportation, Land	\$8.0 .....	.....
487210	Scenic and Sightseeing Transportation, Water	\$8.0 .....	.....
487990	Scenic and Sightseeing Transportation, Other	\$8.0 .....	.....
Subsector 488—Support Activities for Transportation			
488111	Air Traffic Control	\$35.0 .....	.....
488119	Other Airport Operations	\$35.0 .....	.....
488190	Other Support Activities for Air Transportation	\$35.0 .....	.....
488210	Support Activities for Rail Transportation	\$16.5 .....	.....
488310	Port and Harbor Operations	\$41.5 .....	.....
488320	Marine Cargo Handling	\$41.5 .....	.....
488330	Navigational Services to Shipping	\$41.5 .....	.....
488390	Other Support Activities for Water Transportation	\$41.5 .....	.....
488410	Motor Vehicle Towing	\$8.0 .....	.....
488490	Other Support Activities for Road Transportation	\$8.0 .....	.....
488510	Freight Transportation Arrangement ¹⁰	\$16.5 ¹⁰ .....	.....
488510 (Exception)	Non-Vessel Owning Common Carriers and Household Goods Forwarders	\$30.0 .....	.....
488991	Packing and Crating	\$30.0 .....	.....
488999	All Other Support Activities for Transportation	\$8.0 .....	.....
Subsector 491—Postal Service			
491110	Postal Service	\$8.0 .....	.....

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
Subsector 492—Couriers and Messengers			
492210	Local Messengers and Local Delivery	\$30.0	
Subsector 493—Warehousing and Storage			
493110	General Warehousing and Storage	\$30.0	
493120	Refrigerated Warehousing and Storage	\$30.0	
493130	Farm Product Warehousing and Storage	\$30.0	
493190	Other Warehousing and Storage	\$30.0	
Sector 51—Information			
Subsector 511—Publishing Industries (except Internet)			
511210	Software Publishers ²⁰	\$41.5 ²⁰	
Subsector 512—Motion Picture and Sound Recording Industries			
512110	Motion Picture and Video Production	\$35.0	
512120	Motion Picture and Video Distribution	\$34.5	
512131	Motion Picture Theaters (except Drive-Ins)	\$41.5	
512132	Drive-In Motion Picture Theaters	\$8.0	
512191	Teleproduction and Other Postproduction Services	\$34.5	
512199	Other Motion Picture and Video Industries	\$22.0	
512240	Sound Recording Studios	\$8.0	
512290	Other Sound Recording Industries	\$12.0	
Subsector 515—Broadcasting (except Internet)			
515111	Radio Networks	\$35.0	
515112	Radio Stations	\$41.5	
515120	Television Broadcasting	\$41.5	
515210	Cable and Other Subscription Programming	\$41.5	
Subsector 517—Telecommunications			
517410	Satellite Telecommunications	\$35.0	
517919	All Other Telecommunications	\$35.0	
Subsector 518—Data Processing, Hosting, and Related Services			
518210	Data Processing, Hosting, and Related Services	\$35.0	
Subsector 519—Other Information Services			
519110	News Syndicates	\$30.0	
519120	Libraries and Archives	\$16.5	
519190	All Other Information Services	\$30.0	
Sector 52—Finance and Insurance			
Subsector 522—Credit Intermediation and Related Activities			
522110	Commercial Banking ⁸	\$600 million in assets ⁸	
522120	Savings Institutions ⁸	\$600 million in assets ⁸	

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
522130	Credit Unions ⁸	\$600 million in assets ⁸	
522190	Other Depository Credit Intermediation ⁸	\$600 million in assets ⁸	
522210	Credit Card Issuing ⁸	\$600 million in assets ⁸	
522220	Sales Financing	\$41.5	
522291	Consumer Lending	\$41.5	
522292	Real Estate Credit	\$41.5	
522293	International Trade Financing	\$41.5	
522294	Secondary Market Financing	\$41.5	
522298	All Other Nondepository Credit Intermediation	\$41.5	
522310	Mortgage and Nonmortgage Loan Brokers	\$8.0	
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities	\$41.5	
522390	Other Activities Related to Credit Intermediation	\$22.0	
Subsector 523—Securities, Commodity Contracts, and Other Financial Investments and Related Activities			
523110	Investment Banking and Securities Dealing	\$41.5	
523120	Securities Brokerage	\$41.5	
523130	Commodity Contracts Dealing	\$41.5	
523140	Commodity Contracts Brokerage	\$41.5	
523210	Securities and Commodity Exchanges	\$41.5	
523910	Miscellaneous Intermediation	\$41.5	
523920	Portfolio Management	\$41.5	
523930	Investment Advice	\$41.5	
523991	Trust, Fiduciary and Custody Activities	\$41.5	
523999	Miscellaneous Financial Investment Activities	\$41.5	
Subsector 524—Insurance Carriers and Related Activities			
524113	Direct Life Insurance Carriers	\$41.5	
524114	Direct Health and Medical Insurance Carriers	\$41.5	
	* * * * *		
524127	Direct Title Insurance Carriers	\$41.5	
524128	Other Direct Insurance (except Life, Health and Medical) Carriers	\$41.5	
524130	Reinsurance Carriers	\$41.5	
524210	Insurance Agencies and Brokerages	\$ 8.0	
524291	Claims Adjusting	\$22.0	
524292	Third Party Administration of Insurance and Pension Funds	\$35.0	
524298	All Other Insurance Related Activities	\$16.5	
Subsector 525—Funds, Trusts and Other Financial Vehicles			
525110	Pension Funds	\$35.0	
525120	Health and Welfare Funds	\$35.0	
525190	Other Insurance Funds	\$35.0	
525910	Open-End Investment Funds	\$35.0	
525920	Trusts, Estates, and Agency Accounts	\$35.0	
525990	Other Financial Vehicles	\$35.0	
Sector 53—Real Estate and Rental and Leasing			
Subsector 531—Real Estate			
531110	Lessors of Residential Buildings and Dwellings ⁹	\$30.0 ⁹	
531120	Lessors of Nonresidential Buildings (except Miniwarehouses) ⁹	\$30.0 ⁹	
531130	Lessors of Miniwarehouses and Self-Storage Units ⁹	\$30.0 ⁹	
531190	Lessors of Other Real Estate Property ⁹	\$30.0 ⁹	
531210	Offices of Real Estate Agents and Brokers ¹⁰	\$8.0 ¹⁰	
531311	Residential Property Managers	\$8.0	
531312	Nonresidential Property Managers	\$8.0	
531320	Offices of Real Estate Appraisers	\$8.0	
531390	Other Activities Related to Real Estate	\$8.0	
Subsector 532—Rental and Leasing Services			
532111	Passenger Car Rental	\$41.5	
532112	Passenger Car Leasing	\$41.5	
532120	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing	\$41.5	
532210	Consumer Electronics and Appliances Rental	\$41.5	

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
532281	Formal Wear and Costume Rental	\$22.0	
532282	Video Tape and Disc Rental	\$30.0	
532283	Home Health Equipment Rental	\$35.0	
532284	Recreational Goods Rental	\$8.0	
532289	All Other Consumer Goods Rental	\$8.0	
532310	General Rental Centers	\$8.0	
532411	Commercial Air, Rail, and Water Transportation Equipment Rental and Leasing	\$35.0	
532412	Construction, Mining and Forestry Machinery and Equipment Rental and Leasing	\$35.0	
532420	Office Machinery and Equipment Rental and Leasing	\$35.0	
532490	Other Commercial and Industrial Machinery and Equipment Rental and Leasing	\$35.0	
Subsector 533—Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)			
533110	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	\$41.5	
Sector 54—Professional, Scientific and Technical Services			
Subsector 541—Professional, Scientific and Technical Services			
541110	Offices of Lawyers	\$12.0	
541191	Title Abstract and Settlement Offices	\$12.0	
541199	All Other Legal Services	\$12.0	
541211	Offices of Certified Public Accountants	\$22.0	
541213	Tax Preparation Services	\$22.0	
541214	Payroll Services	\$22.0	
541219	Other Accounting Services	\$22.0	
541310	Architectural Services	\$8.0	
541320	Landscape Architectural Services	\$8.0	
541330	Engineering Services	\$16.5	
541330 (Exception 1)	Military and Aerospace Equipment and Military Weapons	\$41.5	
541330 (Exception 2)	Contracts and Subcontracts for Engineering Services Awarded Under the National Energy Policy Act of 1992.	\$41.5	
541330 (Exception 3)	Marine Engineering and Naval Architecture	\$41.5	
541340	Drafting Services	\$8.0	
541350	Building Inspection Services	\$8.0	
541360	Geophysical Surveying and Mapping Services	\$16.5	
541370	Surveying and Mapping (except Geophysical) Services	\$16.5	
541380	Testing Laboratories	\$16.5	
541410	Interior Design Services	\$8.0	
541420	Industrial Design Services	\$8.0	
541430	Graphic Design Services	\$8.0	
541490	Other Specialized Design Services	\$8.0	
541511	Custom Computer Programming Services	\$30.0	
541512	Computer Systems Design Services	\$30.0	
541513	Computer Facilities Management Services	\$30.0	
541519	Other Computer Related Services	\$30.0	
541519 (Exception)	Information Technology Value Added Resellers ¹⁸		150 ¹⁸
541611	Administrative Management and General Management Consulting Services	\$16.5	
541612	Human Resources Consulting Services	\$16.5	
541613	Marketing Consulting Services	\$16.5	
541614	Process, Physical Distribution and Logistics Consulting Services	\$16.5	
541618	Other Management Consulting Services	\$16.5	
541620	Environmental Consulting Services	\$16.5	
541690	Other Scientific and Technical Consulting Services	\$16.5	
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541720	Research and Development in the Social Sciences and Humanities	\$22.0	
541810	Advertising Agencies ¹⁰	\$16.5 ¹⁰	
541820	Public Relations Agencies	\$16.5	
541830	Media Buying Agencies	\$16.5	
541840	Media Representatives	\$16.5	
541850	Outdoor Advertising	\$16.5	
541860	Direct Mail Advertising	\$16.5	
541870	Advertising Material Distribution Services	\$16.5	
541890	Other Services Related to Advertising	\$16.5	
541910	Marketing Research and Public Opinion Polling	\$16.5	
541921	Photography Studios, Portrait	\$8.0	
541922	Commercial Photography	\$8.0	
541930	Translation and Interpretation Services	\$8.0	
541940	Veterinary Services	\$8.0	
541990	All Other Professional, Scientific and Technical Services	\$16.5	

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 55—Management of Companies and Enterprises			
Subsector 551—Management of Companies and Enterprises			
551111	Offices of Bank Holding Companies	\$22.0	
551112	Offices of Other Holding Companies	\$22.0	
Sector 56—Administrative and Support, Waste Management and Remediation Services			
Subsector 561—Administrative and Support Services			
561110	Office Administrative Services	\$8.0	
561210	Facilities Support Services ¹²	\$41.5 ¹²	
561311	Employment Placement Agencies	\$30.0	
561312	Executive Search Services	\$30.0	
561320	Temporary Help Services	\$30.0	
561330	Professional Employer Organizations	\$30.0	
561410	Document Preparation Services	\$16.5	
561421	Telephone Answering Services	\$16.5	
561422	Telemarketing Bureaus and Other Contact Centers	\$16.5	
561431	Private Mail Centers	\$16.5	
561439	Other Business Service Centers (including Copy Shops)	\$16.5	
561440	Collection Agencies	\$16.5	
561450	Credit Bureaus	\$16.5	
561491	Repossession Services	\$16.5	
561492	Court Reporting and Stenotype Services	\$16.5	
561499	All Other Business Support Services	\$16.5	
561510	Travel Agencies ¹⁰	\$22.0 ¹⁰	
561520	Tour Operators ¹⁰	\$22.0 ¹⁰	
561591	Convention and Visitors Bureaus	\$22.0	
561599	All Other Travel Arrangement and Reservation Services	\$22.0	
561611	Investigation Services	\$22.0	
561612	Security Guards and Patrol Services	\$22.0	
561613	Armored Car Services	\$22.0	
561621	Security Systems Services (except Locksmiths)	\$22.0	
561622	Locksmiths	\$22.0	
561710	Exterminating and Pest Control Services	\$12.0	
561720	Janitorial Services	\$19.5	
561730	Landscaping Services	\$8.0	
561740	Carpet and Upholstery Cleaning Services	\$6.0	
561790	Other Services to Buildings and Dwellings	\$8.0	
561910	Packaging and Labeling Services	\$12.0	
561920	Convention and Trade Show Organizers ¹⁰	\$12.0 ¹⁰	
561990	All Other Support Services	\$12.0	
Subsector 562—Waste Management and Remediation Services			
562111	Solid Waste Collection	\$41.5	
562112	Hazardous Waste Collection	\$41.5	
562119	Other Waste Collection	\$41.5	
562211	Hazardous Waste Treatment and Disposal	\$41.5	
562212	Solid Waste Landfill	\$41.5	
562213	Solid Waste Combustors and Incinerators	\$41.5	
562219	Other Nonhazardous Waste Treatment and Disposal	\$41.5	
562910	Remediation Services	\$22.0	
562910 (Exception)	Environmental Remediation Services ¹⁴		750 ¹⁴
562920	Materials Recovery Facilities	\$22.0	
562991	Septic Tank and Related Services	\$8.0	
562998	All Other Miscellaneous Waste Management Services	\$8.0	
Sector 61—Educational Services			
Subsector 611—Educational Services			
611110	Elementary and Secondary Schools	\$12.0	
611210	Junior Colleges	\$22.0	
611310	Colleges, Universities and Professional Schools	\$30.0	
611410	Business and Secretarial Schools	\$8.0	
611420	Computer Training	\$12.0	
611430	Professional and Management Development Training	\$12.0	
611511	Cosmetology and Barber Schools	\$8.0	
611512	Flight Training	\$30.0	
611513	Apprenticeship Training	\$8.0	
611519	Other Technical and Trade Schools	\$16.5	

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
611519 (Exception) ...	Job Corps Centers ¹⁶	\$41.5 ¹⁶ .....	.....
611610	Fine Arts Schools	\$8.0 .....	.....
611620	Sports and Recreation Instruction	\$8.0 .....	.....
611630	Language Schools	\$12.0 .....	.....
611691	Exam Preparation and Tutoring	\$8.0 .....	.....
611692	Automobile Driving Schools	\$8.0 .....	.....
611699	All Other Miscellaneous Schools and Instruction	\$12.0 .....	.....
611710	Educational Support Services	\$16.5 .....	.....

Sector 62—Health Care and Social Assistance
Subsector 621—Ambulatory Health Care Services

621111	Offices of Physicians (except Mental Health Specialists)	\$12.0 .....	.....
621112	Offices of Physicians, Mental Health Specialists	\$12.0 .....	.....
621210	Offices of Dentists	\$8.0 .....	.....
621310	Offices of Chiropractors	\$8.0 .....	.....
621320	Offices of Optometrists	\$8.0 .....	.....
621330	Offices of Mental Health Practitioners (except Physicians)	\$8.0 .....	.....
621340	Offices of Physical, Occupational and Speech Therapists and Audiologists	\$8.0 .....	.....
621391	Offices of Podiatrists	\$8.0 .....	.....
621399	Offices of All Other Miscellaneous Health Practitioners	\$8.0 .....	.....
621410	Family Planning Centers	\$12.0 .....	.....
621420	Outpatient Mental Health and Substance Abuse Centers	\$16.5 .....	.....
621491	HMO Medical Centers	\$35.0 .....	.....
621492	Kidney Dialysis Centers	\$41.5 .....	.....
621493	Freestanding Ambulatory Surgical and Emergency Centers	\$16.5 .....	.....
621498	All Other Outpatient Care Centers	\$22.0 .....	.....
621511	Medical Laboratories	\$35.0 .....	.....
621512	Diagnostic Imaging Centers	\$16.5 .....	.....
621610	Home Health Care Services	\$16.5 .....	.....
621910	Ambulance Services	\$16.5 .....	.....
621991	Blood and Organ Banks	\$35.0 .....	.....
621999	All Other Miscellaneous Ambulatory Health Care Services	\$16.5 .....	.....

Subsector 622—Hospitals

622110	General Medical and Surgical Hospitals	\$41.5 .....	.....
622210	Psychiatric and Substance Abuse Hospitals	\$41.5 .....	.....
622310	Specialty (except Psychiatric and Substance Abuse) Hospitals	\$41.5 .....	.....

Subsector 623—Nursing and Residential Care Facilities

623110	Nursing Care Facilities (Skilled Nursing Facilities)	\$30.0 .....	.....
623210	Residential Intellectual and Developmental Disability Facilities	\$16.5 .....	.....
623220	Residential Mental Health and Substance Abuse Facilities	\$16.5 .....	.....
623311	Continuing Care Retirement Communities	\$30.0 .....	.....
623312	Assisted Living Facilities for the Elderly	\$12.0 .....	.....
623990	Other Residential Care Facilities	\$12.0 .....	.....

Subsector 624—Social Assistance

624110	Child and Youth Services	\$12.0 .....	.....
624120	Services for the Elderly and Persons with Disabilities	\$12.0 .....	.....
624190	Other Individual and Family Services	\$12.0 .....	.....
624210	Community Food Services	\$12.0 .....	.....
624221	Temporary Shelters	\$12.0 .....	.....
624229	Other Community Housing Services	\$16.5 .....	.....
624230	Emergency and Other Relief Services	\$35.0 .....	.....
624310	Vocational Rehabilitation Services	\$12.0 .....	.....
624410	Child Day Care Services	\$8.0 .....	.....

Sector 71—Arts, Entertainment and Recreation
Subsector 711—Performing Arts, Spectator Sports and Related Industries

711110	Theater Companies and Dinner Theaters	\$22.0 .....	.....
711120	Dance Companies	\$12.0 .....	.....
711130	Musical Groups and Artists	\$12.0 .....	.....
711190	Other Performing Arts Companies	\$30.0 .....	.....
711211	Sports Teams and Clubs	\$41.5 .....	.....
711212	Racetracks	\$41.5 .....	.....
711219	Other Spectator Sports	\$12.0 .....	.....

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
711310	Promoters of Performing Arts, Sports and Similar Events with Facilities	\$35.0	
711320	Promoters of Performing Arts, Sports and Similar Events without Facilities	\$16.5	
711410	Agents and Managers for Artists, Athletes, Entertainers and Other Public Figures	\$12.0	
711510	Independent Artists, Writers, and Performers	\$8.0	
Subsector 712—Museums, Historical Sites and Similar Institutions			
712110	Museums	\$30.0	
712120	Historical Sites	\$8.0	
712130	Zoos and Botanical Gardens	\$30.0	
712190	Nature Parks and Other Similar Institutions	\$8.0	
Subsector 713—Amusement, Gambling and Recreation Industries			
713110	Amusement and Theme Parks	\$41.5	
713120	Amusement Arcades	\$8.0	
713210	Casinos (except Casino Hotels)	\$30.0	
713290	Other Gambling Industries	\$35.0	
713910	Golf Courses and Country Clubs	\$16.5	
713920	Skiing Facilities	\$30.0	
713930	Marinas	\$8.0	
713940	Fitness and Recreational Sports Centers	\$8.0	
713950	Bowling Centers	\$8.0	
713990	All Other Amusement and Recreation Industries	\$8.0	
Sector 72—Accommodation and Food Services			
Subsector 721—Accommodation			
721110	Hotels (except Casino Hotels) and Motels	\$35.0	
721120	Casino Hotels	\$35.0	
721191	Bed-and-Breakfast Inns	\$8.0	
721199	All Other Traveler Accommodation	\$8.0	
721211	RV (Recreational Vehicle) Parks and Campgrounds	\$8.0	
721214	Recreational and Vacation Camps (except Campgrounds)	\$8.0	
721310	Rooming and Boarding Houses, Dormitories, and Workers' Camps	\$8.0	
Subsector 722—Food Services and Drinking Places			
722310	Food Service Contractors	\$41.5	
722320	Caterers	\$8.0	
722330	Mobile Food Services	\$8.0	
722410	Drinking Places (Alcoholic Beverages)	\$8.0	
722511	Full-Service Restaurants	\$8.0	
722513	Limited-Service Restaurants	\$12.0	
722514	Cafeterias, Grill Buffets, and Buffets	\$30.0	
722515	Snack and Nonalcoholic Beverage Bars	\$8.0	
Sector 81—Other Services (Except Public Administration)			
Subsector 811—Repair and Maintenance			
811111	General Automotive Repair	\$8.0	
811112	Automotive Exhaust System Repair	\$8.0	
811113	Automotive Transmission Repair	\$8.0	
811118	Other Automotive Mechanical and Electrical Repair and Maintenance	\$8.0	
811121	Automotive Body, Paint and Interior Repair and Maintenance	\$8.0	
811122	Automotive Glass Replacement Shops	\$12.0	
811191	Automotive Oil Change and Lubrication Shops	\$8.0	
811192	Car Washes	\$8.0	
811198	All Other Automotive Repair and Maintenance	\$8.0	
811211	Consumer Electronics Repair and Maintenance	\$8.0	
811212	Computer and Office Machine Repair and Maintenance	\$30.0	
811213	Communication Equipment Repair and Maintenance	\$12.0	
811219	Other Electronic and Precision Equipment Repair and Maintenance	\$22.0	
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	\$8.0	
811411	Home and Garden Equipment Repair and Maintenance	\$8.0	
811412	Appliance Repair and Maintenance	\$16.5	
811420	Reupholstery and Furniture Repair	\$8.0	
811430	Footwear and Leather Goods Repair	\$8.0	
811490	Other Personal and Household Goods Repair and Maintenance	\$8.0	

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
Subsector 812—Personal and Laundry Services			
812111	Barber Shops	\$8.0	
812112	Beauty Salons	\$8.0	
812113	Nail Salons	\$8.0	
812191	Diet and Weight Reducing Centers	\$22.0	
812199	Other Personal Care Services	\$8.0	
812210	Funeral Homes and Funeral Services	\$8.0	
812220	Cemeteries and Crematories	\$22.0	
812310	Coin-Operated Laundries and Drycleaners	\$8.0	
812320	Drycleaning and Laundry Services (except Coin-Operated)	\$6.0	
812331	Linen Supply	\$35.0	
812332	Industrial Launderers	\$41.5	
812910	Pet Care (except Veterinary) Services	\$8.0	
812921	Photofinishing Laboratories (except One-Hour)	\$22.0	
812922	One-Hour Photofinishing	\$16.5	
812930	Parking Lots and Garages	\$41.5	
812990	All Other Personal Services	\$8.0	
Subsector 813—Religious, Grantmaking, Civic, Professional and Similar Organizations			
813110	Religious Organizations	\$8.0	
813211	Grantmaking Foundations	\$35.0	
813212	Voluntary Health Organizations	\$30.0	
813219	Other Grantmaking and Giving Services	\$41.5	
813311	Human Rights Organizations	\$30.0	
813312	Environment, Conservation and Wildlife Organizations	\$16.5	
813319	Other Social Advocacy Organizations	\$8.0	
813410	Civic and Social Organizations	\$8.0	
813910	Business Associations	\$8.0	
813920	Professional Organizations	\$16.5	
813930	Labor Unions and Similar Labor Organizations	\$8.0	
813940	Political Organizations	\$8.0	
813990	Other Similar Organizations (except Business, Professional, Labor, and Political Organizations).	\$8.0	

Footnotes

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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.

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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 \$41.5 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 revenues.

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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 percent 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 percent 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 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, storage 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 sub-components of NAICS codes with separate, distinct size standards. These activities may include, but are not limited to, separate activities in industries such as: Heavy Construction; Specialty Trade Contractors; Engineering Services; Architectural Services; Management Consulting Services; Hazardous and Other Waste 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.

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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 (ITVAR)* provides a total solution to information technology acquisitions by providing multi-vendor hardware and software along with significant value added 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 exception and 150-employee size standard must consist of at least 15% and not more than 50% of value added services, as measured by the total contract price. In addition, the offeror must comply with the manufacturing performance requirements, or comply with the non-manufacturer rule by supplying the products of small business concerns, unless SBA has issued a class or contract specific waiver of the non-manufacturer rule. 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.

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20. *NAICS code 511210—For purposes of Government procurement, the purchase of software subject to potential waiver of the nonmanufacturer rule pursuant to § 121.1203(d) should be classified under this NAICS code.*

■ 3. 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 \$8 million.

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■ 4. 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 \$67.5 million.

Christopher M. Pilkerton,
Acting Administrator.

[FR Doc. 2019-14980 Filed 7-17-19; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 91

[Docket No.: FAA-2019-0562; Amdt. No. 91-355]

RIN 2120-AL16

Revision to Automatic Dependent Surveillance-Broadcast (ADS-B) Out Equipment and Use Requirements

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Interim final rule.

SUMMARY: This interim final rule modifies the requirement that all aircraft equipped with Automatic Dependent Surveillance-Broadcast Out (ADS-B Out) must transmit at all times. This rulemaking provides an exception to ADS-B requirements, removing the transmission requirement for sensitive operations conducted by Federal, State and local government entities in matters of national defense, homeland security, intelligence and law enforcement. The changes provide relief to those Federal, State and local government agencies that operate aircraft equipped with ADS-B Out but need the ability to terminate the transmission signal when conducting sensitive national defense, homeland security, intelligence and law enforcement missions that could be compromised by transmitting real time identification and positional flight information over ADS-B. This rulemaking also allows the FAA to except certain aircraft from operating a transponder or transmitting ADS-B Out, when doing so would jeopardize Air Traffic Control (ATC) functions.

DATES: This rule is effective on July 18, 2019.

Comments must be received on or before September 16, 2019.

ADDRESSES: Send comments identified by docket number FAA-2019-0562 using any of the following methods:

- *Federal eRulemaking 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