

SMALL BUSINESS ADMINISTRATION**13 CFR Parts 121, 124, and 127**

RIN 3245-AH93

Small Business Size Standards: Adjustment of Monetary-Based Size Standards, Disadvantage Thresholds, and 8(a) Eligibility Thresholds for Inflation**AGENCY:** U.S. Small Business Administration.**ACTION:** Final rule and interim final rule with request for comments.

SUMMARY: This rulemaking finalizes, without change, the U.S. Small Business Administration's (SBA or Agency) 2019 interim final rule (RIN 3245-AH17) that adjusted monetary-based industry size standards (*i.e.*, receipts- and assets-based) for inflation that occurred since 2014. This rulemaking also includes three interim final actions. First, SBA adds an additional 13.65 percent inflation increase to the monetary small business size standards, which have been recently adjusted as part of the second five-year review of size standards pursuant to the Small Business Jobs Act of 2010 (Jobs Act). This concurrent additional adjustment accounts for the inflation that has occurred since 2019 that has not been adequately addressed by the Agency's previous adjustments to its small business size standards under the Jobs Act. Second, this rulemaking adjusts three program-specific monetary size standards to account for inflation: the size standards for sales or leases of government property, the size standards for stockpile purchases, and alternative size standard based on tangible net worth and net income for the Small Business Investment Company (SBIC) program. Third, SBA adjusts for inflation the economic disadvantage thresholds applicable to the 8(a) Business Development and Economically Disadvantaged Women-Owned Small Business (EDWOSB) programs, and the dollar limit for combined total 8(a) contracts.

DATES:

Effective date: This rule is effective on December 19, 2022.

Comment date: Comments on the interim final provisions of this rule must be received on or before January 17, 2023.

FOR FURTHER INFORMATION CONTACT:

Khem Sharma, Ph.D., Chief, Office of Size Standards, (202) 205-6618 or sizestandards@sba.gov. This phone number can also be reached by individuals who are deaf or hard of

hearing, or who have speech disabilities, through the Federal Communications Commission's TTY-Based Telecommunications Relay Service teletype service at 711.

SUPPLEMENTARY INFORMATION:**I. Background**

As explained in the SBA's "Size Standards Methodology" white paper available at <https://www.sba.gov/size>, SBA reviews small business size standards and makes necessary adjustments to them for three reasons: (i) changes in industry structure and Federal market conditions, (ii) inflation, and (iii) revision to the North American Industry Classification System (NAICS). In 2019, SBA published an interim final rule (IFR) adjusting for inflation all monetary-based industry size standards (84 FR 34261; July 18, 2019) ("July 2019 IFR"). Certain provisions of this rulemaking finalize, without change, the SBA's July 2019 IFR that adjusted monetary-based industry and certain program-specific size standards (*i.e.*, receipts- and assets-based) for inflation that occurred since the previous inflation adjustment in 2014 (79 FR 33647; June 12, 2014).

After the inflation adjustment in the July 2019 IFR, SBA completed the second five-year rolling review of all monetary-based industry size standards, as required by section 1344 of the Jobs Act (Pub. L. 111-240, 124 Stat. 2504 (September 27, 2010)). The second five-year review of size standards coincided with the ongoing COVID-19 pandemic. In response to the pandemic and its impact on small businesses as well as the overall economy, SBA adopted the same policy it adopted in the first five-year review of size standards (completed in 2016) of only increasing size standards when the evaluation of the industry structure and Federal market conditions warranted an increase, and to maintain the current size standards for the industries where the analytical results suggested a reduction in size standard, or a retention of the applicable size standards at their current levels.

SBA is required to assess the impact of inflation on its monetary-based size standards *at least* once every five years (67 FR 3041; January 23, 2002) and 13 CFR 121.102(c)). In this rule, SBA is assessing the impact of the current general price increases on size standards before the normal five-year review for inflation is due, which would be 2024. Because of the important policy objective of maintaining the value of size standards in inflation-adjusted terms, this rulemaking contains interim final provisions further adjusting the

size standards adopted in the recently completed second five-year comprehensive size standards review by an additional 13.65 percent, as discussed below.

The interim final provisions of this regulatory action provide assurances to the public that the Agency is monitoring inflation to determine whether to adjust size standards within a reasonable period since its last inflation adjustment and comprehensive size standards review as mandated by the Jobs Act. The inflation adjustments in this rule are separate from revisions to size standards made during the second five-year rolling reviews of size standards under the Jobs Act. The SBA's five-year size standards rolling reviews under the Jobs Act 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. In other words, SBA does not account for inflation as a factor in the five-year reviews of size standards under the Jobs Act. The 13.65 percent additional increase ensures that the recently reviewed monetary size standards under the Jobs Act are up-to-date for accurately determining small business status, and restores the eligibility of businesses that may have lost their small business status due solely to price level increases rather than from increases in business activity. Given the current developments in the U.S. economy, SBA will continue to monitor the inflation and other economic indicators and their impacts on size standards.

The monetary-based small business size standards adjusted for inflation in this rule include receipts-based size standards for 496 industries and nine subindustries (*i.e.*, "exceptions" in the SBA Table of Size Standards), as well as assets-based size standards for four industries.

Additionally, the interim final provisions of this rulemaking adjust three program-specific receipts-based size standards. These include the size standards for sales or leases of government property, the size standards for stockpile purchases, and the alternative size standard based on tangible net worth and net income for the Small Business Investment Company (SBIC) program.

Besides adjustment of industry and program-based monetary based size standards described above, the interim final provisions of this rule also adjust

other monetary thresholds primarily used in the 8(a) Business Development program (8(a) BD) and the Economically Disadvantaged Women-Owned Small Business (EDWOSB) program to determine eligibility of applicants and current participants as economically disadvantaged business concerns. These monetary thresholds have not previously been adjusted for inflation. This adjustment will permit small businesses to retain eligibility as economically disadvantaged business concerns for the 8(a) BD program and the EDWOSB, despite an increase in inflation. Several businesses may have lost small business eligibility for Federal assistance under SBA's monetary-based industry size standards or under these SBA programs, simply because of inflation-led revenue growth that has occurred since the recently finalized second five-year comprehensive review of size standards. This rule aims to reinstate those firms' small business eligibility for Federal assistance.

Updating size standards based on inflation—in addition to updating size standards based on the latest industry and Federal contracting data under the five-year rolling review—not only satisfies the Jobs Act's mandate that SBA review all size standards every five years, 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 at least one time every five years.

II. SBA's Inflation Adjustment Methodology

Adjustment to Industry Size Standards¹

For the additional inflation adjustment of monetary size standards in this interim final rule, SBA has used

the inflation adjustment methodology it describes in its "Size Standards Methodology" white paper, available at www.sba.gov/size. SBA applied the same methodology in its previous inflation adjustments, including the latest inflation adjustment in 2019. 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), available at www.bea.gov.²

2. Selecting the Base and End Periods

For this inflation adjustment, SBA selected the fourth quarter of 2018 as the base period because it was the end period for the 2019 inflation adjustment. SBA selected the second quarter of 2022 as the end period because it was the latest quarter for which GDP price index data were available when this rule was developed.

3. Calculating the Rate of Inflation

The GDP price index for the base period (*i.e.*, 4th quarter of 2018) was 111.191 and, according to the BEA GDP advance estimate released on July 28, 2022 (the latest available when this rule was prepared), the GDP price index for the end period (*i.e.*, 2nd quarter of 2022) was 126.367. Accordingly, inflation increased 13.65 percent from the fourth quarter of 2018 to the first quarter of 2022 $((126.367 \div 111.191) - 1) \times 100$ percent = 13.65 percent).

Making Adjustments to Size Standards

Adjustment to receipts-based industry size standards: All receipts-based size standards were adjusted by multiplying their current levels by 1.1365 and rounding the results to the nearest \$500,000 (except for the agricultural industries for which the results were rounded to the nearest \$250,000).

Table 1, Receipts-Based Size Standards Adjusted for Inflation (NAICS 2022), shows all receipts-based size standards by six-digit NAICS 2022 industries. The third column shows the size standards adopted based on the second five-year rolling review under the Jobs Act, and the fourth column shows the unrounded size standards based on the additional 13.65 percent inflation adjustment. Calculated values for NAICS codes under Subsectors 111 (Crop Production) and 112 (Animal Production and Aquaculture), except NAICS 112112 (Cattle Feedlots) and 112310 (Chicken Egg Production), were rounded to the nearest \$250,000. The rest of the industries (including NAICS 112112 and 112310) were rounded to the nearest \$500,000. The rounded inflation-adjusted size standards are shown in the fifth column.

TABLE 1—RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION
[NAICS 2022]

NAICS 2022 code	NAICS 2022 industry title	Current size standards (\$ million)	Inflation-adjusted size standards (unrounded) (\$ million)	Inflation-adjusted size standards (rounded) (\$ million)
111110	Soybean Farming	2.0	2.27	2.25

¹ On September 29, 2022, SBA published a final rule to adopt the Office of Management and Budget (OMB) North American Industry Classification System revision for 2022, identified as NAICS 2022, for its size standards, effective October 1, 2022 (87 FR 59240). The OMB NAICS 2022 revision created 111 new industries with employee- and monetary-based size standards by reclassifying, combining, or splitting 156 NAICS 2017 industries or their parts. The NAICS 2022 revision created 71 new industries with monetary-based size standards involving 93 NAICS 2017 unique industries and their parts.

SBA's size standards for those 71 new industries resulted in an increase in size standards for 12 industries and 27 parts of two industries under NAICS 2017, decrease in size standards for 53 parts of two industries, change in one size standard from average annual receipts to employees, and no change in size standards for 77 industries and 6 parts of 3 industries. In this rule, SBA is using NAICS 2022 as the basis of industry definitions for adjusting monetary-based industry size standards for inflation.

² As part of the 2014 inflation adjustment (79 FR 33647 (June 12, 2014)), SBA reviewed various measures of inflation published by the Federal Government, including the GDP price index, consumer price index (CPI), producer price index (PPI), personal consumption expenditures (PCE) price index, and unit labor cost. Based on that review, SBA determined that the GDP price index is the most appropriate measure of inflation for purposes of adjusting size standards for inflation. Historically, SBA has used the GDP price index for adjusting size standards for inflation.

TABLE 1—RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION—Continued
[NAICS 2022]

NAICS 2022 code	NAICS 2022 industry title	Current size standards (\$ million)	Inflation-adjusted size standards (unrounded) (\$ million)	Inflation-adjusted size standards (rounded) (\$ million)
111120	Oilseed (except Soybean) Farming	2.0	2.27	2.25
111130	Dry Pea and Bean Farming	2.5	2.84	2.75
111140	Wheat Farming	2.0	2.27	2.25
111150	Corn Farming	2.25	2.56	2.5
111160	Rice Farming	2.25	2.56	2.5
111191	Oilseed and Grain Combination Farming	2.0	2.27	2.25
111199	All Other Grain Farming	2.0	2.27	2.25
111211	Potato Farming	3.75	4.26	4.25
111219	Other Vegetable (except Potato) and Melon Farming	3.25	3.69	3.75
111310	Orange Groves	3.5	3.98	4.0
111320	Citrus (except Orange) Groves	3.75	4.26	4.25
111331	Apple Orchards	4.0	4.55	4.5
111332	Grape Vineyards	3.5	3.98	4.0
111333	Strawberry Farming	4.75	5.40	5.5
111334	Berry (except Strawberry) Farming	3.25	3.69	3.75
111335	Tree Nut Farming	3.25	3.69	3.75
111336	Fruit and Tree Nut Combination Farming	4.5	5.11	5.0
111339	Other Noncitrus Fruit Farming	3.0	3.41	3.5
111411	Mushroom Production	4.0	4.55	4.5
111419	Other Food Crops Grown Under Cover	4.0	4.55	4.5
111421	Nursery and Tree Production	2.75	3.13	3.25
111422	Floriculture Production	3.25	3.69	3.75
111910	Tobacco Farming	2.25	2.56	2.5
111920	Cotton Farming	2.75	3.13	3.25
111930	Sugarcane Farming	4.5	5.11	5.0
111940	Hay Farming	2.25	2.56	2.5
111991	Sugar Beet Farming	2.25	2.56	2.5
111992	Peanut Farming	2.25	2.56	2.5
111998	All Other Miscellaneous Crop Farming	2.25	2.56	2.5
112111	Beef Cattle Ranching and Farming	2.25	2.56	2.5
112112	Cattle Feedlots	19.5	22.16	22.0
112120	Dairy Cattle and Milk Production	3.25	3.69	3.75
112210	Hog and Pig Farming	3.5	3.98	4.0
112310	Chicken Egg Production	16.5	18.75	19.0
112320	Broilers and Other Meat Type Chicken Production	3.0	3.41	3.5
112330	Turkey Production	3.25	3.69	3.75
112340	Poultry Hatcheries	3.5	3.98	4.0
112390	Other Poultry Production	3.25	3.69	3.75
112410	Sheep Farming	3.0	3.41	3.5
112420	Goat Farming	2.25	2.56	2.5
112511	Finfish Farming and Fish Hatcheries	3.25	3.69	3.75
112512	Shellfish Farming	3.25	3.69	3.75
112519	Other Aquaculture	3.25	3.69	3.75
112910	Apiculture	2.75	3.13	3.25
112920	Horses and Other Equine Production	2.5	2.84	2.75
112930	Fur-Bearing Animal and Rabbit Production	3.25	3.69	3.75
112990	All Other Animal Production	2.5	2.84	2.75
113110	Timber Tract Operations	16.5	18.75	19.0
113210	Forest Nurseries and Gathering of Forest Products	18.0	20.46	20.5
114111	Finfish Fishing	22.0	25.0	25.0
114112	Shellfish Fishing	12.5	14.21	14.0
114119	Other Marine Fishing	10.0	11.36	11.5
114210	Hunting and Trapping	7.5	8.52	8.5
115111	Cotton Ginning	14.0	15.91	16.0
115112	Soil Preparation, Planting, and Cultivating	8.5	9.66	9.5
115113	Crop Harvesting, Primarily by Machine	12.0	13.64	13.5
115114	Postharvest Crop Activities (except Cotton Ginning)	30.0	34.09	34.0
115115	Farm Labor Contractors and Crew Leaders	16.5	18.75	19.0
115116	Farm Management Services	13.5	15.34	15.5
115210	Support Activities for Animal Production	9.5	10.80	11.0
115310	Support Activities for Forestry	10.0	11.36	11.5
115310 (Exception 1)	Forest Fire Suppression	30.0	34.09	34.0
115310 (Exception 2)	Fuels Management Services	30.0	34.09	34.0
213112	Support Activities for Oil and Gas Operations	41.5	47.16	47.0
213113	Support Activities for Coal Mining	24.0	27.28	27.5
213114	Support Activities for Metal Mining	36.0	40.91	41.0
213115	Support Activities for Nonmetallic Minerals (except Fuels) ...	18.0	20.46	20.5

TABLE 1—RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION—Continued
[NAICS 2022]

NAICS 2022 code	NAICS 2022 industry title	Current size standards (\$ million)	Inflation-adjusted size standards (unrounded) (\$ million)	Inflation-adjusted size standards (rounded) (\$ million)
221310	Water Supply and Irrigation Systems	36.0	40.91	41.0
221320	Sewage Treatment Facilities	31.0	35.23	35.0
221330	Steam and Air-Conditioning Supply	26.5	30.12	30.0
236115	New Single-family Housing Construction (Except For-Sale Builders).	39.5	44.89	45.0
236116	New Multifamily Housing Construction (except For-Sale Builders).	39.5	44.89	45.0
236117	New Housing For-Sale Builders	39.5	44.89	45.0
236118	Residential Remodelers	39.5	44.89	45.0
236210	Industrial Building Construction	39.5	44.89	45.0
236220	Commercial and Institutional Building Construction	39.5	44.89	45.0
237110	Water and Sewer Line and Related Structures Construction	39.5	44.89	45.0
237120	Oil and Gas Pipeline and Related Structures Construction	39.5	44.89	45.0
237130	Power and Communication Line and Related Structures Construction.	39.5	44.89	45.0
237210	Land Subdivision	30.0	34.09	34.0
237310	Highway, Street, and Bridge Construction	39.5	44.89	45.0
237990	Other Heavy and Civil Engineering Construction	39.5	44.89	45.0
237990 (Exception)	Dredging and Surface Cleanup Activities	32.5	36.94	37.0
238110	Poured Concrete Foundation and Structure Contractors	16.5	18.75	19.0
238120	Structural Steel and Precast Concrete Contractors	16.5	18.75	19.0
238130	Framing Contractors	16.5	18.75	19.0
238140	Masonry Contractors	16.5	18.75	19.0
238150	Glass and Glazing Contractors	16.5	18.75	19.0
238160	Roofing Contractors	16.5	18.75	19.0
238170	Siding Contractors	16.5	18.75	19.0
238190	Other Foundation, Structure, and Building Exterior Contractors.	16.5	18.75	19.0
238210	Electrical Contractors and Other Wiring Installation Contractors.	16.5	18.75	19.0
238220	Plumbing, Heating, and Air Conditioning Contractors	16.5	18.75	19.0
238290	Other Building Equipment Contractors	19.5	22.16	22.0
238310	Drywall and Insulation Contractors	16.5	18.75	19.0
238320	Painting and Wall Covering Contractors	16.5	18.75	19.0
238330	Flooring Contractors	16.5	18.75	19.0
238340	Tile and Terrazzo Contractors	16.5	18.75	19.0
238350	Finish Carpentry Contractors	16.5	18.75	19.0
238390	Other Building Finishing Contractors	16.5	18.75	19.0
238910	Site Preparation Contractors	16.5	18.75	19.0
238990	All Other Specialty Trade Contractors	16.5	18.75	19.0
238990 (Exception)	Building and Property Specialty Trade Services	16.5	18.75	19.0
441120	Used Car Dealers	27.0	30.69	30.5
441210	Recreational Vehicle Dealers	35.0	39.78	40.0
441222	Boat Dealers	35.0	39.78	40.0
441227	Motorcycle, ATV, and All Other Motor Vehicle Dealers	35.0	39.78	40.0
441330	Automotive Parts and Accessories Retailers	25.0	28.41	28.5
441340	Tire Dealers	22.5	25.57	25.5
444110	Home Centers	41.5	47.16	47.0
444120	Paint and Wallpaper Retailers	30.0	34.09	34.0
444140	Hardware Retailers	14.5	16.48	16.5
444180	Other Building Material Dealers	22.0	25.0	25.0
444230	Outdoor Power Equipment Retailers	8.5	9.66	9.5
444240	Nursery, Garden Center, and Farm Supply Retailers	19.0	21.59	21.5
445110	Supermarkets and Other Grocery Retailers (except Convenience Retailers).	35.0	39.78	40.0
445131	Convenience Retailers	32.0	36.37	36.5
445132	Vending Machine Operators	18.5	21.02	21.0
445230	Fruit and Vegetable Retailers	8.0	9.09	9.0
445240	Meat Retailers	8.0	9.09	9.0
445250	Fish and Seafood Retailers	8.0	9.09	9.0
445291	Baked Goods Retailers	14.0	15.91	16.0
445292	Confectionery and Nut Retailers	17.0	19.32	19.5
445298	All Other Specialty Food Retailers	9.0	10.23	10.0
445320	Beer, Wine, and Liquor Retailers	9.0	10.23	10.0
449110	Furniture Retailers	22.0	25.0	25.0
449121	Floor Covering Retailers	8.0	9.09	9.0
449122	Window Treatment Retailers	10.0	11.36	11.5

TABLE 1—RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION—Continued
[NAICS 2022]

NAICS 2022 code	NAICS 2022 industry title	Current size standards (\$ million)	Inflation-adjusted size standards (unrounded) (\$ million)	Inflation-adjusted size standards (rounded) (\$ million)
449129	All Other Home Furnishings Retailers	29.5	33.53	33.5
449210	Electronics and Appliance Retailers	35.0	39.78	40.0
455110	Department Stores	35.0	39.78	40.0
455211	Warehouse Clubs and Supercenters	41.5	47.16	47.0
455219	All Other General Merchandise Retailers	35.0	39.78	40.0
456110	Pharmacies and Drug Retailers	33.0	37.50	37.5
456120	Cosmetics, Beauty Supplies, and Perfume Retailers	30.0	34.09	34.0
456130	Optical Goods Retailers	26.0	29.55	29.5
456191	Food (Health) Supplement Retailers	20.0	22.73	22.5
456199	All Other Health and Personal Care Retailers	8.5	9.66	9.5
457110	Gasoline Stations with Convenience Stores	32.0	36.37	36.5
457120	Other Gasoline Stations	29.5	33.53	33.5
458110	Clothing and Clothing Accessories Retailers	41.5	47.16	47.0
458210	Shoe Retailers	30.0	34.09	34.0
458310	Jewelry Retailers	18.0	20.46	20.5
458320	Luggage and Leather Goods Retailers	33.5	38.07	38.0
459110	Sporting Goods Retailers	23.5	26.71	26.5
459120	Hobby, Toy, and Game Retailers	31.0	35.23	35.0
459130	Sewing, Needlework, and Piece Goods Retailers	30.0	34.09	34.0
459140	Musical Instrument and Supplies Retailers	20.0	22.73	22.5
459210	Book Retailers and News Dealers	31.5	35.80	36.0
459310	Florists	8.0	9.09	9.0
459410	Office Supplies and Stationery Retailers	35.0	39.78	40.0
459420	Gift, Novelty, and Souvenir Retailers	12.0	13.64	13.5
459510	Used Merchandise Retailers	12.5	14.21	14.0
459910	Pet and Pet Supplies Retailers	28.0	31.82	32.0
459920	Art Dealers	14.5	16.48	16.5
459930	Manufactured (Mobile) Home Dealers	16.5	18.75	19.0
459991	Tobacco, Electronic Cigarette, and Other Smoking Supplies Retailers.	10.0	11.36	11.5
459999	All Other Miscellaneous Retailers	10.0	11.36	11.5
481219	Other Nonscheduled Air Transportation	22.0	25.0	25.0
484110	General Freight Trucking, Local	30.0	34.09	34.0
484121	General Freight Trucking, Long Distance, Truckload	30.0	34.09	34.0
484122	General Freight Trucking, Long Distance, Less Than Truck-load.	38.0	43.19	43.0
484210	Used Household and Office Goods Moving	30.0	34.09	34.0
484220	Specialized Freight (except Used Goods) Trucking, Local	30.0	34.09	34.0
484230	Specialized Freight (except Used Goods) Trucking, Long Distance.	30.0	34.09	34.0
485111	Mixed Mode Transit Systems	25.5	28.98	29.0
485112	Commuter Rail Systems	41.5	47.16	47.0
485113	Bus and Other Motor Vehicle Transit Systems	28.5	32.39	32.5
485119	Other Urban Transit Systems	33.0	37.50	37.5
485210	Interurban and Rural Bus Transportation	28.0	31.82	32.0
485310	Taxi and Ridesharing Services	16.5	18.75	19.0
485320	Limousine Service	16.5	18.75	19.0
485410	School and Employee Bus Transportation	26.5	30.12	30.0
485510	Charter Bus Industry	16.5	18.75	19.0
485991	Special Needs Transportation	16.5	18.75	19.0
485999	All Other Transit and Ground Passenger Transportation	16.5	18.75	19.0
486210	Pipeline Transportation of Natural Gas	36.5	41.48	41.5
486990	All Other Pipeline Transportation	40.5	46.03	46.0
487110	Scenic and Sightseeing Transportation, Land	18.0	20.46	20.5
487210	Scenic and Sightseeing Transportation, Water	12.5	14.21	14.0
487990	Scenic and Sightseeing Transportation, Other	22.0	25.0	25.0
488111	Air Traffic Control	35.0	39.78	40.0
488119	Other Airport Operations	35.0	39.78	40.0
488190	Other Support Activities for Air Transportation	35.0	39.78	40.0
488210	Support Activities for Rail Transportation	30.0	34.09	34.0
488310	Port and Harbor Operations	41.5	47.16	47.0
488320	Marine Cargo Handling	41.5	47.16	47.0
488330	Navigational Services to Shipping	41.5	47.16	47.0
488390	Other Support Activities for Water Transportation	41.5	47.16	47.0
488410	Motor Vehicle Towing	8.0	9.09	9.0
488490	Other Support Activities for Road Transportation	16.0	18.18	18.0
488510	Freight Transportation Arrangement	17.5	19.89	20.0

TABLE 1—RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION—Continued
[NAICS 2022]

NAICS 2022 code	NAICS 2022 industry title	Current size standards (\$ million)	Inflation-adjusted size standards (unrounded) (\$ million)	Inflation-adjusted size standards (rounded) (\$ million)
488510 (Exception)	Non Vessel Owning Common Carriers and Household Goods Forwarders.	30.0	34.09	34.0
488991	Packing and Crating	30.0	34.09	34.0
488999	All Other Support Activities for Transportation	22.0	25.0	25.0
491110	Postal Service	8.0	9.09	9.0
492210	Local Messengers and Local Delivery	30.0	34.09	34.0
493110	General Warehousing and Storage	30.0	34.09	34.0
493120	Refrigerated Warehousing and Storage	32.0	36.37	36.5
493130	Farm Product Warehousing and Storage	30.0	34.09	34.0
493190	Other Warehousing and Storage	32.0	36.37	36.5
512110	Motion Picture and Video Production	35.0	39.78	40.0
512120	Motion Picture and Video Distribution	34.5	39.21	39.0
512131	Motion Picture Theaters (except Drive Ins)	41.5	47.16	47.0
512132	Drive In Motion Picture Theaters	11.0	12.50	12.5
512191	Teleproduction and Other Postproduction Services	34.5	39.21	39.0
512199	Other Motion Picture and Video Industries	25.0	28.41	28.5
512240	Sound Recording Studios	9.5	10.80	11.0
512290	Other Sound Recording Industries	20.0	22.73	22.5
513210	Software Publishers	41.5	47.16	47.0
516110	Radio Broadcasting Stations	41.5	47.16	47.0
516120	Television Broadcasting Stations	41.5	47.16	47.0
516210	Media Streaming Distribution Services, Social Networks, and Other Media Networks and Content Providers.	41.5	47.16	47.0
517410	Satellite Telecommunications	38.5	43.75	44.0
517810	All Other Telecommunications	35.0	39.78	40.0
518210	Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services.	35.0	39.78	40.0
519210	Libraries and Archives	18.5	21.02	21.0
522220	Sales Financing	41.5	47.16	47.0
522291	Consumer Lending	41.5	47.16	47.0
522292	Real Estate Credit	41.5	47.16	47.0
522299	International, Secondary Market, and All Other Nondepository Credit Intermediation.	41.5	47.16	47.0
522310	Mortgage and Nonmortgage Loan Brokers	13.0	14.77	15.0
522320	Financial Transactions Processing, Reserve, and Clearing-house Activities.	41.5	47.16	47.0
522390	Other Activities Related to Credit Intermediation	25.0	28.41	28.5
523150	Investment Banking and Securities Intermediation	41.5	47.16	47.0
523160	Commodity Contracts Intermediation	41.5	47.16	47.0
523210	Securities and Commodity Exchanges	41.5	47.16	47.0
523910	Miscellaneous Intermediation	41.5	47.16	47.0
523940	Portfolio Management and Investment Advice	41.5	47.16	47.0
523991	Trust, Fiduciary and Custody Activities	41.5	47.16	47.0
523999	Miscellaneous Financial Investment Activities	41.5	47.16	47.0
524113	Direct Life Insurance Carriers	41.5	47.16	47.0
524114	Direct Health and Medical Insurance Carriers	41.5	47.16	47.0
524127	Direct Title Insurance Carriers	41.5	47.16	47.0
524128	Other Direct Insurance (except Life, Health and Medical) Carriers.	41.5	47.16	47.0
524130	Reinsurance Carriers	41.5	47.16	47.0
524210	Insurance Agencies and Brokerages	13.0	14.77	15.0
524291	Claims Adjusting	22.0	25.0	25.0
524292	Pharmacy Benefit Management and Other Third Party Administration of Insurance and Pension Funds.	40.0	45.46	45.5
524298	All Other Insurance Related Activities	27.0	30.69	30.5
525110	Pension Funds	35.0	39.78	40.0
525120	Health and Welfare Funds	35.0	39.78	40.0
525190	Other Insurance Funds	35.0	39.78	40.0
525910	Open End Investment Funds	35.0	39.78	40.0
525920	Trusts, Estates, and Agency Accounts	35.0	39.78	40.0
525990	Other Financial Vehicles	35.0	39.78	40.0
531110	Lessors of Residential Buildings and Dwellings	30.0	34.09	34.0
531120	Lessors of Nonresidential Buildings (except Miniwarehouses).	30.0	34.09	34.0
531130	Lessors of Miniwarehouses and Self Storage Units	30.0	34.09	34.0
531190	Lessors of Other Real Estate Property	30.0	34.09	34.0
531210	Offices of Real Estate Agents and Brokers	13.0	14.77	15.0

TABLE 1—RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION—Continued
[NAICS 2022]

NAICS 2022 code	NAICS 2022 industry title	Current size standards (\$ million)	Inflation-adjusted size standards (unrounded) (\$ million)	Inflation-adjusted size standards (rounded) (\$ million)
531311	Residential Property Managers	11.0	12.50	12.5
531312	Nonresidential Property Managers	17.0	19.32	19.5
531320	Offices of Real Estate Appraisers	8.5	9.66	9.5
531390	Other Activities Related to Real Estate	17.0	19.32	19.5
532111	Passenger Car Rental	41.5	47.16	47.0
532112	Passenger Car Leasing	41.5	47.16	47.0
532120	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing.	41.5	47.16	47.0
532210	Consumer Electronics and Appliances Rental	41.5	47.16	47.0
532281	Formal Wear and Costume Rental	22.0	25.0	25.0
532282	Video Tape and Disc Rental	31.0	35.23	35.0
532283	Home Health Equipment Rental	36.0	40.91	41.0
532284	Recreational Goods Rental	8.0	9.09	9.0
532289	All Other Consumer Goods Rental	11.0	12.50	12.5
532310	General Rental Centers	8.0	9.09	9.0
532411	Commercial Air, Rail, and Water Transportation Equipment Rental and Leasing.	40.0	45.46	45.5
532412	Construction, Mining and Forestry Machinery and Equipment Rental and Leasing.	35.0	39.78	40.0
532420	Office Machinery and Equipment Rental and Leasing	35.0	39.78	40.0
532490	Other Commercial and Industrial Machinery and Equipment Rental and Leasing.	35.0	39.78	40.0
533110	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works).	41.5	47.16	47.0
541110	Offices of Lawyers	13.5	15.34	15.5
541191	Title Abstract and Settlement Offices	17.0	19.32	19.5
541199	All Other Legal Services	18.0	20.46	20.5
541211	Offices of Certified Public Accountants	23.5	26.71	26.5
541213	Tax Preparation Services	22.0	25.0	25.0
541214	Payroll Services	34.5	39.21	39.0
541219	Other Accounting Services	22.0	25.0	25.0
541310	Architectural Services	11.0	12.50	12.5
541320	Landscape Architectural Services	8.0	9.09	9.0
541330	Engineering Services	22.5	25.57	25.5
541330 (Exception 1)	Military and Aerospace Equipment and Military Weapons	41.5	47.16	47.0
541330 (Exception 2)	Contracts and Subcontracts for Engineering Services Awarded Under the National Energy Policy Act of 1992.	41.5	47.16	47.0
541330 (Exception 3)	Marine Engineering and Naval Architecture	41.5	47.16	47.0
541340	Drafting Services	8.0	9.09	9.0
541350	Building Inspection Services	10.0	11.36	11.5
541360	Geophysical Surveying and Mapping Services	25.0	28.41	28.5
541370	Surveying and Mapping (except Geophysical) Services	16.5	18.75	19.0
541380	Testing Laboratories and Services	16.5	18.75	19.0
541410	Interior Design Services	8.0	9.09	9.0
541420	Industrial Design Services	15.0	17.05	17.0
541430	Graphic Design Services	8.0	9.09	9.0
541490	Other Specialized Design Services	12.0	13.64	13.5
541511	Custom Computer Programming Services	30.0	34.09	34.0
541512	Computer Systems Design Services	30.0	34.09	34.0
541513	Computer Facilities Management Services	32.5	36.94	37.0
541519	Other Computer Related Services	30.0	34.09	34.0
541611	Administrative Management and General Management Consulting Services.	21.5	24.43	24.5
541612	Human Resources Consulting Services	25.5	28.98	29.0
541613	Marketing Consulting Services	16.5	18.75	19.0
541614	Process, Physical Distribution and Logistics Consulting Services.	17.5	19.89	20.0
541618	Other Management Consulting Services	16.5	18.75	19.0
541620	Environmental Consulting Services	16.5	18.75	19.0
541690	Other Scientific and Technical Consulting Services	16.5	18.75	19.0
541720	Research and Development in the Social Sciences and Humanities.	24.5	27.84	28.0
541810	Advertising Agencies	22.5	25.57	25.5
541820	Public Relations Agencies	16.5	18.75	19.0
541830	Media Buying Agencies	28.5	32.39	32.5
541840	Media Representatives	18.5	21.02	21.0
541850	Indoor and Outdoor Display Advertising	30.5	34.66	34.5

TABLE 1—RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION—Continued
[NAICS 2022]

NAICS 2022 code	NAICS 2022 industry title	Current size standards (\$ million)	Inflation-adjusted size standards (unrounded) (\$ million)	Inflation-adjusted size standards (rounded) (\$ million)
541860	Direct Mail Advertising	19.5	22.16	22.0
541870	Advertising Material Distribution Services	25.0	28.41	28.5
541890	Other Services Related to Advertising	16.5	18.75	19.0
541910	Marketing Research and Public Opinion Polling	20.0	22.73	22.5
541921	Photography Studios, Portrait	14.0	15.91	16.0
541922	Commercial Photography	8.0	9.09	9.0
541930	Translation and Interpretation Services	20.0	22.73	22.5
541940	Veterinary Services	9.0	10.23	10.0
541990	All Other Professional, Scientific and Technical Services	17.0	19.32	19.5
551111	Offices of Bank Holding Companies	34.0	38.64	38.5
551112	Offices of Other Holding Companies	40.0	45.46	45.5
561110	Office Administrative Services	11.0	12.50	12.5
561210	Facilities Support Services	41.5	47.16	47.0
561311	Employment Placement Agencies	30.0	34.09	34.0
561312	Executive Search Services	30.0	34.09	34.0
561320	Temporary Help Services	30.0	34.09	34.0
561330	Professional Employer Organizations	36.5	41.48	41.5
561410	Document Preparation Services	16.5	18.75	19.0
561421	Telephone Answering Services	16.5	18.75	19.0
561422	Telemarketing Bureaus and Other contact Centers	22.5	25.57	25.5
561431	Private Mail Centers	16.5	18.75	19.0
561439	Other Business Service Centers (including Copy Shops)	23.5	26.71	26.5
561440	Collection Agencies	17.0	19.32	19.5
561450	Credit Bureaus	36.0	40.91	41.0
561491	Repossession Services	16.5	18.75	19.0
561492	Court Reporting and Stenotype Services	16.5	18.75	19.0
561499	All Other Business Support Services	19.0	21.59	21.5
561510	Travel Agencies	22.0	25.0	25.0
561520	Tour Operators	22.0	25.0	25.0
561591	Convention and Visitors Bureaus	22.0	25.0	25.0
561599	All Other Travel Arrangement and Reservation Services	28.5	32.39	32.5
561611	Investigation and Personal Background Check Services	22.0	25.0	25.0
561612	Security Guards and Patrol Services	25.5	28.98	29.0
561613	Armored Car Services	38.0	43.19	43.0
561621	Security Systems Services (except Locksmiths)	22.0	25.0	25.0
561622	Locksmiths	22.0	25.0	25.0
561710	Exterminating and Pest Control Services	15.5	17.62	17.5
561720	Janitorial Services	19.5	22.16	22.0
561730	Landscape Services	8.5	9.66	9.5
561740	Carpet and Upholstery Cleaning Services	7.5	8.52	8.5
561790	Other Services to Buildings and Dwellings	8.0	9.09	9.0
561910	Packaging and Labeling Services	17.0	19.32	19.5
561920	Convention and Trade Show Organizers	17.5	19.89	20.0
561990	All Other Support Services	14.5	16.48	16.5
562111	Solid Waste Collection	41.5	47.16	47.0
562112	Hazardous Waste Collection	41.5	47.16	47.0
562119	Other Waste Collection	41.5	47.16	47.0
562211	Hazardous Waste Treatment and Disposal	41.5	47.16	47.0
562212	Solid Waste Landfill	41.5	47.16	47.0
562213	Solid Waste Combustors and Incinerators	41.5	47.16	47.0
562219	Other Nonhazardous Waste Treatment and Disposal	41.5	47.16	47.0
562910	Remediation Services	22.0	25.0	25.0
562920	Materials Recovery Facilities	22.0	25.0	25.0
562991	Septic Tank and Related Services	8.0	9.09	9.0
562998	All Other Miscellaneous Waste Management Services	14.5	16.48	16.5
611110	Elementary and Secondary Schools	17.5	19.89	20.0
611210	Junior Colleges	28.5	32.39	32.5
611310	Colleges, Universities and Professional Schools	30.5	34.66	34.5
611410	Business and Secretarial Schools	18.0	20.46	20.5
611420	Computer Training	14.0	15.91	16.0
611430	Professional and Management Development Training	13.0	14.77	15.0
611511	Cosmetology and Barber Schools	11.5	13.07	13.0
611512	Flight Training	30.0	34.09	34.0
611513	Apprenticeship Training	10.0	11.36	11.5
611519	Other Technical and Trade Schools	18.5	21.02	21.0
611519 (Exception)	Job Corps Centers	41.5	47.16	47.0
611610	Fine Arts Schools	8.0	9.09	9.0

TABLE 1—RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION—Continued
[NAICS 2022]

NAICS 2022 code	NAICS 2022 industry title	Current size standards (\$ million)	Inflation-adjusted size standards (unrounded) (\$ million)	Inflation-adjusted size standards (rounded) (\$ million)
611620	Sports and Recreation Instruction	8.0	9.09	9.0
611630	Language Schools	18.0	20.46	20.5
611691	Exam Preparation and Tutoring	11.0	12.50	12.5
611692	Automobile Driving Schools	9.0	10.23	10.0
611699	All Other Miscellaneous Schools and Instruction	14.5	16.48	16.5
611710	Educational Support Services	21.0	23.87	24.0
621111	Offices of Physicians (except Mental Health Specialists)	14.0	15.91	16.0
621112	Offices of Physicians, Mental Health Specialists	12.0	13.64	13.5
621210	Offices of Dentists	8.0	9.09	9.0
621310	Offices of Chiropractors	8.0	9.09	9.0
621320	Offices of Optometrists	8.0	9.09	9.0
621330	Offices of Mental Health Practitioners (except Physicians)	8.0	9.09	9.0
621340	Offices of Physical, Occupational and Speech Therapists and Audiologists.	11.0	12.50	12.5
621391	Offices of Podiatrists	8.0	9.09	9.0
621399	Offices of All Other Miscellaneous Health Practitioners	9.0	10.23	10.0
621410	Family Planning Centers	16.5	18.75	19.0
621420	Outpatient Mental Health and Substance Abuse Centers	16.5	18.75	19.0
621491	HMO Medical Centers	39.0	44.32	44.5
621492	Kidney Dialysis Centers	41.5	47.16	47.0
621493	Freestanding Ambulatory Surgical and Emergency Centers	16.5	18.75	19.0
621498	All Other Outpatient Care Centers	22.5	25.57	25.5
621511	Medical Laboratories	36.5	41.48	41.5
621512	Diagnostic Imaging Centers	16.5	18.75	19.0
621610	Home Health Care Services	16.5	18.75	19.0
621910	Ambulance Services	20.0	22.73	22.5
621991	Blood and Organ Banks	35.0	39.78	40.0
621999	All Other Miscellaneous Ambulatory Health Care Services	18.0	20.46	20.5
622110	General Medical and Surgical Hospitals	41.5	47.16	47.0
622210	Psychiatric and Substance Abuse Hospitals	41.5	47.16	47.0
622310	Specialty (except Psychiatric and Substance Abuse) Hospitals	41.5	47.16	47.0
623110	Nursing Care Facilities (Skilled Nursing Facilities)	30.0	34.09	34.0
623210	Residential Intellectual and Developmental Disability Facilities	16.5	18.75	19.0
623220	Residential Mental Health and Substance Abuse Facilities	16.5	18.75	19.0
623311	Continuing Care Retirement Communities	30.0	34.09	34.0
623312	Assisted Living Facilities for the Elderly	20.5	23.30	23.5
623990	Other Residential Care Facilities	14.0	15.91	16.0
624110	Child and Youth Services	13.5	15.34	15.5
624120	Services for the Elderly and Persons with Disabilities	13.0	14.77	15.0
624190	Other Individual and Family Services	14.0	15.91	16.0
624210	Community Food Services	17.0	19.32	19.5
624221	Temporary Shelters	12.0	13.64	13.5
624229	Other Community Housing Services	16.5	18.75	19.0
624230	Emergency and Other Relief Services	36.5	41.48	41.5
624310	Vocational Rehabilitation Services	13.0	14.77	15.0
624410	Child Care Services	8.5	9.66	9.5
711110	Theater Companies and Dinner Theaters	22.0	25.0	25.0
711120	Dance Companies	16.0	18.18	18.0
711130	Musical Groups and Artists	13.0	14.77	15.0
711190	Other Performing Arts Companies	30.0	34.09	34.0
711211	Sports Teams and Clubs	41.5	47.16	47.0
711212	Race Tracks	41.5	47.16	47.0
711219	Other Spectator Sports	14.5	16.48	16.5
711310	Promoters of Performing Arts, Sports and Similar Events with Facilities	35.0	39.78	40.0
711320	Promoters of Performing Arts, Sports and Similar Events without Facilities	19.5	22.16	22.0
711410	Agents and Managers for Artists, Athletes, Entertainers and Other Public Figures	15.5	17.62	17.5
711510	Independent Artists, Writers, and Performers	8.0	9.09	9.0
712110	Museums	30.0	34.09	34.0
712120	Historical Sites	11.5	13.07	13.0
712130	Zoos and Botanical Gardens	30.0	34.09	34.0
712190	Nature Parks and Other Similar Institutions	17.0	19.32	19.5
713110	Amusement and Theme Parks	41.5	47.16	47.0

TABLE 1—RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION—Continued
[NAICS 2022]

NAICS 2022 code	NAICS 2022 industry title	Current size standards (\$ million)	Inflation-adjusted size standards (unrounded) (\$ million)	Inflation-adjusted size standards (rounded) (\$ million)
713120	Amusement Arcades	8.0	9.09	9.0
713210	Casinos (except Casino Hotels)	30.0	34.09	34.0
713290	Other Gambling Industries	35.0	39.78	40.0
713910	Golf Courses and Country Clubs	16.5	18.75	19.0
713920	Skiing Facilities	31.0	35.23	35.0
713930	Marinas	9.5	10.80	11.0
713940	Fitness and Recreational Sports Centers	15.5	17.62	17.5
713950	Bowling Centers	11.0	12.50	12.5
713990	All Other Amusement and Recreation Industries	8.0	9.09	9.0
721110	Hotels (except Casino Hotels) and Motels	35.0	39.78	40.0
721120	Casino Hotels	35.0	39.78	40.0
721191	Bed and Breakfast Inns	8.0	9.09	9.0
721199	All Other Traveler Accommodation	8.0	9.09	9.0
721211	RV (Recreational Vehicle) Parks and Campgrounds	9.0	10.23	10.0
721214	Recreational and Vacation Camps (except Campgrounds) ..	8.0	9.09	9.0
721310	Rooming and Boarding Houses, Dormitories, and Workers' Camps.	12.5	14.21	14.0
722310	Food Service Contractors	41.5	47.16	47.0
722320	Caterers	8.0	9.09	9.0
722330	Mobile Food Services	8.0	9.09	9.0
722410	Drinking Places (Alcoholic Beverages)	8.0	9.09	9.0
722511	Full-Service Restaurants	10.0	11.36	11.5
722513	Limited-Service Restaurants	12.0	13.64	13.5
722514	Cafeterias, Grill Buffets, and Buffets	30.0	34.09	34.0
722515	Snack and Nonalcoholic Beverage Bars	20.0	22.73	22.5
811111	General Automotive Repair	8.0	9.09	9.0
811114	Specialized Automotive Repair	8.0	9.09	9.0
811121	Automotive Body, Paint and Interior Repair and Maintenance.	8.0	9.09	9.0
811122	Automotive Glass Replacement Shops	15.5	17.62	17.5
811191	Automotive Oil Change and Lubrication Shops	9.5	10.80	11.0
811192	Car Washes	8.0	9.09	9.0
811198	All Other Automotive Repair and Maintenance	9.0	10.23	10.0
811210	Electronic and Precision Equipment Repair and Maintenance.	30.0	34.09	34.0
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance.	11.0	12.50	12.5
811411	Home and Garden Equipment Repair and Maintenance	8.0	9.09	9.0
811412	Appliance Repair and Maintenance	16.5	18.75	19.0
811420	Reupholstery and Furniture Repair	8.0	9.09	9.0
811430	Footwear and Leather Goods Repair	8.0	9.09	9.0
811490	Other Personal and Household Goods Repair and Maintenance.	8.0	9.09	9.0
812111	Barber Shops	8.5	9.66	9.5
812112	Beauty Salons	8.5	9.66	9.5
812113	Nail Salons	8.0	9.09	9.0
812191	Diet and Weight Reducing Centers	24.0	27.28	27.5
812199	Other Personal Care Services	8.0	9.09	9.0
812210	Funeral Homes and Funeral Services	11.0	12.50	12.5
812220	Cemeteries and Crematories	22.0	25.0	25.0
812310	Coin Operated Laundries and Drycleaners	11.5	13.07	13.0
812320	Drycleaning and Laundry Services (except Coin Operated)	7.0	7.96	8.0
812331	Linen Supply	35.0	39.78	40.0
812332	Industrial Launderers	41.5	47.16	47.0
812910	Pet Care (except Veterinary) Services	8.0	9.09	9.0
812921	Photofinishing Laboratories (except One Hour)	26.0	29.55	29.5
812922	One Hour Photofinishing	16.5	18.75	19.0
812930	Parking Lots and Garages	41.5	47.16	47.0
812990	All Other Personal Services	13.0	14.77	15.0
813110	Religious Organizations	11.5	13.07	13.0
813211	Grantmaking Foundations	35.0	39.78	40.0
813212	Voluntary Health Organizations	30.0	34.09	34.0
813219	Other Grantmaking and Giving Services	41.5	47.16	47.0
813311	Human Rights Organizations	30.0	34.09	34.0
813312	Environment, Conservation and Wildlife Organizations	17.0	19.32	19.5
813319	Other Social Advocacy Organizations	16.0	18.18	18.0
813410	Civic and Social Organizations	8.5	9.66	9.5

TABLE 1—RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION—Continued
 [NAICS 2022]

NAICS 2022 code	NAICS 2022 industry title	Current size standards (\$ million)	Inflation-adjusted size standards (unrounded) (\$ million)	Inflation-adjusted size standards (rounded) (\$ million)
813910	Business Associations	13.5	15.34	15.5
813920	Professional Organizations	20.5	23.30	23.5
813930	Labor Unions and Similar Labor Organizations	14.5	16.48	16.5
813940	Political Organizations	12.5	14.21	14.0
813990	Other Similar Organizations (except Business, Professional, Labor, and Political Organizations).	12.0	13.64	13.5

Adjustment to the assets-based size standards:

Currently, five industries in NAICS Sector 52, Finance and Insurance, have the size standard of \$750 million in

average assets. Following the inflation adjustment methodology described above, the assets-based size standard was adjusted by multiplying the current value of \$750 million by 1.1365. The

result was \$852.4 million, which SBA rounded to \$850 million. Table 2, Inflation Adjustment to Assets-Based Size Standards, shows the four industries with assets-based standards.

TABLE 2—INFLATION ADJUSTMENTS TO ASSETS-BASED SIZE STANDARDS

NAICS 2022 code	NAICS 2022 industry title	Current assets-based size standard (\$ million)	Inflation-adjusted assets-based size standard (unrounded) (\$ million)	Inflation-adjusted assets-based size standard (rounded) (\$ million)
522110	Commercial Banking	\$750.0	\$852.4	\$850.0
522130	Credit Unions	750.0	852.4	850.0
522180	Savings Institution and Other Depository Credit Intermediation.	750.0	852.4	850.0
522210	Credit Card Issuing	750.0	852.4	850.0

Adjustment to Program-Based Size Standards

Most SBA and other Federal programs apply size standards established for industries, as defined by the NAICS. SBA has also established a few size standards on a program basis rather than on an industry basis. These include the size standards for sales or leases of government property, the size standards for stockpile purchases, and the alternative size standard based on tangible net worth and net income for the Small Business Investment Company (SBIC) program. Size standards for sales or leases of government property and stockpile purchases were adjusted for inflation in

the same manner as the industry-based monetary size standards. These results are presented in Table 3, Inflation Adjustment to Program-Based Size Standards, which shows the program-based size standards and their corresponding inflation-adjusted values. The alternative size standard for the SBIC program was not adjusted in the 2019 inflation adjustment but it was adjusted in the 2014 inflation adjustment. Thus, the base period for adjusting the SBIC alternative size standard is the fourth quarter of 2013, the end period for the 2014 inflation adjustment of that size standard. The end period is the second quarter of 2022. As shown in Table 3, the inflation

between the base period and end period for the adjustment of SBIC alternative size standard is 23.22 percent. Thus, following the inflation adjustment methodology described above, the SBIC alternative size standard was adjusted by multiplying the current tangible net worth value of \$19.5 million and net income value of \$6.5 million by 1.2063. The results were \$24.029 million in tangible net worth and \$8.010 million in net income, which were rounded to \$24 million and \$8 million, respectively. These results are shown in Table 3, below. The size standard for "smaller enterprises" under the SBIC program is set by statute (*see* 13 CFR 107.710(a)) and, therefore, it is not adjusted.

TABLE 3—INFLATION ADJUSTMENT TO PROGRAM-BASED SIZE STANDARDS

TABLE 3—INFLATION ADJUSTMENT TO PROGRAM-BASED SIZE STANDARDS—Continued

Threshold name and value (CFR citation)		Base period and GDP price index		End period and GDP price index		Inflation (%)	Adjusted threshold (not rounded)	Adjusted threshold (rounded) ¹
		Base period	GDP price index	End period	GDP price index			
Net worth (13 CFR 121.301(c)).	\$19,500,000	Fourth quarter of 2013.	102.550	Second quarter of 2022.	126.367	23.22	\$24,028,830	\$24,000,000
Net income (13 CFR 121.301(c)).	\$6,500,000	Fourth quarter of 2013.	102.550	Second quarter of 2022.	126.367	23.22	\$8,009,610	\$8,000,000

¹ If value < 1,000,000, then it was rounded to the nearest 50,000.
If value >= 1,000,000, then it was rounded to the nearest 500,000.

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 \$41.5 million was multiplied by 1.1365 to obtain an adjusted size standard of \$47 million after rounding. This size standard exception applies to all four industries in NAICS Industry Group 5311, Lessors of Real Estate.

Alternative Size Standard for 7(a) and 504 Loan Programs: Effective September 27, 2010, the Jobs Act established a new temporary alternative size standard of tangible net worth of not more than \$15 million and net income of not more than \$5 million for SBA's 7(a) and 504 Loan Programs. On September 29, 2010, SBA issued Notice 5000-1175 advising lenders and the public that, effective September 27, 2010, the new statutory alternative size standard will apply for its 7(a) and 504 Loan Programs, thereby replacing the existing alternative size standard 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 CDC/504 Loan Programs until the SBA's Administrator has established a different size standard through rulemaking. For this reason, in this rule, SBA is not adjusting the new alternative size standard for its 7(a) and 504 Loan programs for inflation. SBA will issue a different rule to establish a permanent alternative size standard for those programs.

Adjustment of Certain Procurement Thresholds for Inflation

Besides adjustment of industry-based and certain program-based monetary based size standards described above, in this rule, SBA is also adjusting certain monetary thresholds in its regulations that are otherwise not adjusted for inflation under FAR 1.109. These thresholds primarily are those used in the 8(a) Business Development (8(a) BD) and economically disadvantaged

women-owned small business (EDWOSB) programs to determine economic disadvantage. Others are used to maintain eligibility for the 8(a) BD program. This action will permit small businesses to retain eligibility as economically disadvantaged and eligible for the 8(a) BD program and the EDWOSB program, despite an increase in inflation.

Economic Disadvantage for 8(a) Business Development

Net worth: Under the current regulations, the net worth of an individual claiming economic disadvantage must be less than \$750,000 (13 CFR 124.104(c)(2)). This was implemented in 2020 (85 FR 27650 (May 11, 2020)), when SBA adopted a common definition for an economically disadvantaged individual under the 8(a) BD program as well as under the EDWOSB program. Inflation, as measured by change in the GDP price index, since then has increased 11.86 percent. These results are presented in Table 4, Inflation Adjustments of Certain Procurement Thresholds, below. The adjustment of \$750,000 by that amount would translate to \$838,942, rounded to \$850,000.

Aggregate Gross Income (AGI): Currently, SBA presumes that an individual is not economically disadvantaged if his or her adjusted gross income (AGI) averaged over the three preceding years exceeds \$350,000 (13 CFR 124.104(c)(3)(i)). This was implemented in 2020 (85 FR 27650 (May 11, 2020)). Inflation, as measured by change in the GDP price index, since then has increased 11.86 percent (see Table 4 below). The adjustment of \$350,000 by that amount would translate to \$391,506, which is rounded to \$400,000.

Total assets: Currently, an individual is generally not considered economically disadvantaged if the fair market value of all his or her assets (including his or her primary residence and the value of the applicant/participant firm) exceeds \$6,000,000 (13 CFR 124.104(c)(4)). This was implemented in 2020 (85 FR 27650 (May 11, 2020)). Inflation, as measured by change in the GDP price index, since then has increased 11.86 percent. Adjusting \$6,000,000 with that amount translates to \$6,500,000 (rounded). These results are shown in Table 4.

(May 11, 2020)). Inflation, as measured by change in the GDP price index, since then has increased 11.86 percent (see Table 4 below). The adjustment of \$6,000,000 by that amount would translate to \$6,711,534, which is rounded to \$6,500,000.

Economic Disadvantage Thresholds for EDWOSB Program

Net worth: In order to be considered economically disadvantaged, the woman's personal net worth must be less than \$750,000, excluding her ownership interest in the concern and her equity interest in her primary personal residence (13 CFR 127.203(b)(1)). SBA implemented this threshold in 2020, when the final rule implementing the WOSB and EDWOSB certification program was published (85 FR 27650 (May 11, 2020)). Inflation, as measured by change in the GDP price index, since then has increased 11.86 percent. Adjusting \$750,000 with that amount translates to \$850,000 (rounded). These results are provided in Table 4, below.

Income: When considering a woman's personal income, if the adjusted gross yearly income averaged over the three years preceding the certification exceeds \$350,000, SBA will presume that she is not economically disadvantaged (13 CFR 127.203(c)(3)(i)). This threshold was implemented in 2020 (85 FR 27650 (May 11, 2020)). Inflation, as measured by change in the GDP price index, since then has increased 11.86 percent. Adjusting \$350,000 with that amount translates to \$400,000 (rounded). These results are shown in Table 4, below.

Total Assets: A woman will generally not be considered economically disadvantaged if the fair market value of all her assets (including her primary residence and the value of the business concern) exceeds \$6,000,000 (13 CFR 127.203(c)(4)). This threshold was implemented in 2020 (85 FR 27650 (May 11, 2020)). Inflation, as measured by change in the GDP price index, since then has increased 11.86 percent. Adjusting \$6,000,000 with that amount translates to \$6,500,000 (rounded). These results are shown in Table 4.

Dollar Limits for Total 8(a) Contracts

8(a) BD participants (other than one owned by an Indian Tribe, ANC, NHO, or CDC) may not receive sole source 8(a) contract awards where the participant has received a combined total of

competitive and sole source 8(a) contracts in excess of \$100,000,000 during its participation in the 8(a) BD program (13 CFR 124.519). This threshold was implemented in 1998 (63 FR 35739 (June 30, 1998)). This has never been adjusted for inflation.

Inflation, as measured by change in the GDP price index, since then has increased 68.33 percent (see table below). Adjusting \$100,000,000 with that amount translated to \$168,500,000 (rounded). These results are provided in Table 4, below.

TABLE 4—INFLATION ADJUSTMENTS OF CERTAIN PROCUREMENT THRESHOLDS

Threshold name and value (CFR citation)		Federal Register citation (date)	Base period and GDP price index		End period and GDP price index		Inflation (%)	Adjusted threshold (not rounded)	Adjusted threshold (rounded) ¹
Name	Value		Base period	GDP price index	End period	GDP price index			
8(a) Business Development Economic Disadvantage Thresholds:									
Net worth (13 CFR 124.104(c)(2)).	\$750,000	85 FR 27650 (May 11, 2020).	Second quarter of 2020.	112.97	Second quarter of 2022.	126.367	11.86	\$838,942	\$850,000
Income (AGI) (13 CFR 124.104(c)(3)).	350,000	85 FR 27650 (May 11, 2020).	Second quarter of 2020.	112.97	Second quarter of 2022.	126.367	11.86	391,506	400,000
Total assets (13 CFR 124.104(c)(4)).	6,000,000	85 FR 27650 (May 11, 2020).	Second quarter of 2020.	112.97	Second quarter of 2022.	126.367	11.86	6,711,534	6,500,000
EDWOSB Thresholds:									
Net worth (13 CFR 127.203(b)(1)).	750,000	85 FR 27650 (May 11, 2020).	Second quarter of 2020.	112.97	Second quarter of 2022.	126.367	11.86	838,942	850,000
Income (13 CFR 127.203(c)(3) (i)).	350,000	85 FR 27650 (May 11, 2020).	Second quarter of 2020.	112.97	Second quarter of 2022.	126.367	11.86	391,506	400,000
Total assets (13 CFR 127.203(c)(4)).	6,000,000	85 FR 27650 (May 11, 2020).	Second quarter of 2020.	112.97	Second quarter of 2022.	126.367	11.86	6,711,534	6,500,000
Dollar Limits for Sole Source 8(a) (13 CFR 124.519).	100,000,000	63 FR 35739 (Jun. 30, 1998).	Second Quarter 1998.	75.07	Second quarter of 2022.	126.367	68.33	168,332,223	168,500,000

¹ If value <1,000,000, then it is rounded to the nearest 50,000.
If value >=1,000,000, then it is rounded to the nearest 500,000.

III. Summary and Discussion of Public Comments on the July 18, 2019, IFR

As discussed above, in this rule, SBA is finalizing the changes to size standards contained in the July 2019 IFR. As such, SBA's adoption of the changes contained in the July 2019 IFR do not supersede the changes recently adopted by SBA as part of the second five-year review of size standards under the Jobs Act, nor do they supersede the adoption of size standards contained in this IFR which adjust SBA's monetary-based size standards for inflation that has occurred since the issuance of the July 2019 IFR. The instant rulemaking comprises a concurrent interim final rule further adjusting its current monetary-based size standards by 13.65 percent for additional inflation that has occurred since issuing the July 2019 IFR.

This final rulemaking finalizes, without change, SBA's July 2019 IFR that adjusted monetary-based industry size standards for inflation that occurred since 2014. The July 2019 IFR requested comments from the public on SBA's methodology of using the GDP price index for adjusting size standards and

suggestions for alternative measures of inflation, on whether SBA should adjust employee-based size standards for labor productivity growth and technical changes similar to adjusting monetary-based size standards for inflation, and on changes to program-specific size standards. Below is a discussion of those comments and SBA's responses.

SBA received 11 comments on the July 2019 IFR, of which seven supported SBA's inflation-adjusted changes to size standards, two opposed the changes, and two discussed issues outside the scope of the IFR or did not state a clear position. All comments are available at the Federal Rulemaking Portal, www.regulations.gov, and are summarized and discussed by topic below.

Comment on the Effective Date of the July 2019 IFR

One commenter argued that the August 19, 2019, effective date adopted in the July 2019 IFR, which would fall in the middle of the fourth quarter of fiscal year 2019, would negatively impact procurement actions and recommended postponing the effective date until October 1, 2019, to minimize

the disruptions. The commenter added that the procurement actions about to be issued based on market research conducted under the old size standards will also be impacted. Finally, the commenter contended that contractors would overwhelm the System for Award Management (SAM) system as they attempt to update their status in order to bid on previously unavailable actions, which will degrade the ability of the contracting officers to review the small business status of bidders in SAM before making an award.

SBA Response

SBA disagrees with the commenter that the effective date of the IFR will negatively impact procurement actions. SBA believes that the effective date for the IFR, which is 30 days from the date of publication in the **Federal Register**, provides businesses and contracting professionals adequate time to adjust to the changes contained in the rule without causing significant disruptions to the procurement process. SBA has a long history of effectuating size standards on dates other than the beginning of a new fiscal year with few comments opposing the effective dates

proposed by SBA. This history includes numerous inflation adjustments to size standards as far back as February 1984 where the effective dates for the adopted changes do not fall on the start of a new fiscal year (49 FR 5025 (February 9, 1984)).³ Typically, as is the case with the July 2019 IFR, SBA's changes to size standards become effective 30 days after publication of the corresponding final or interim final rule.

Moreover, the procedures for incorporating SBA's changes to size standards into ongoing procurement actions are codified under small business size regulations and are generally well-understood by contracting officers. When contracting officers plan their procurements, they explore the possibility of setting aside their solicitations for small business programs based upon the number of small businesses, at that time, able to submit an acceptable proposal or bid. However, in accordance with 48 CFR 19.102(c), it is the contracting officer's decision whether to amend a solicitation to incorporate the new size standards if SBA amends the size standard and it becomes effective before the due date for receipt of initial offers. In the nearly three years since SBA published the interim final rule with the August 2019 effective date, SBA has not received comments that the timing of the size standards changes has caused significant disruptions to contracting activity or a substantial increase in the number of firms accessing SAM to update their size status, thereby curtailing the ability of contracting officers to use SAM. Thus, SBA believes that its August 19, 2019, effective date is appropriate and therefore, SBA is not adopting the changes suggested by the commenter.

Comments on the Impacts of Increased Labor Costs

Two commenters petitioned SBA to give more consideration to the impact of increased labor costs when determining

³ See also 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 (81 FR 3949 (January 25, 2016))); SBA Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards (73 FR 41237 (July 18, 2008)); SBA Interim Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards; Business Loan Program; Disaster Assistance Loan Program (70 FR 72577 (December 6, 2005)); SBA Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards (67 FR 65285 (October 24, 2002)); SBA Interim Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards (67 FR 3041 (January 23, 2002)); SBA Final Rule: Small Business Size Standards; Inflation Adjustment to Size Standards (59 FR 616513 (April 7, 1994)))

the level of inflation for a given industry, either by using a different measure of inflation which better reflects increases to labor costs or by reviewing factors other than inflation that may capture the impact of increased labor costs more directly. One commenter, expressing overall support for the rule, believed that the majority of firms serving the Federal Government would welcome the adjustment of size standards to reflect the impacts of inflation but questioned whether the inflation measure applied to the rule accurately reflects the day-to-day realities of business conditions. The commenter recommended either using a different inflation measure or blending many existing measures to come up with an inflation factor which accurately reflects the actual changes in the labor costs, which according to the commenter, have increased by 12 percent to 15 percent over the last five years. Another commenter maintained that SBA should consider the availability of personnel with top secret clearances in certain NAICS codes that provide services to the Federal Government that require high-level clearances for administrative, professional and management personnel. The commenter added that salaries and benefits of these personnel are increasing at a rate much greater than inflation and this factor should be considered in addition to inflation when evaluating size standards for those NAICS codes.

SBA Response

SBA establishes small business size standards to determine eligibility of businesses for a wide variety of SBA's and other Federal programs. The majority of businesses participating in those programs are engaged in multiple industries producing a wide range of goods and services. Therefore, it is important that SBA 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 Bureau of Economic Analysis (BEA) within the U.S. Department of Commerce on a quarterly basis as part of its National Income and Product Accounts (NIPA).

In the July 2019 IFR as well as the 2014 IFR (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 to capture movements in the general price level in the economy and consequently the most appropriate measure of inflation for adjusting SBA's size standards. Thus, as in the previous inflation adjustments, SBA decided to use the GDP price index to adjust monetary-based size standards for the July 2019 inflation adjustment.

Comments on SBA's Chosen Measure of Inflation

One commenter maintained that inflation adjustment should be considered if the results of the calculations result in revenue thresholds that show trends in the industry prices after removing the effect of general inflation. The commenter stated that GDP price index is a proven measure of inflation, but SBA should continue to review whether this is the correct measure to use in today's economy, possibly even more frequently than five-year intervals. The commenter noted that SBA should always verify results to ensure that there are no biases or improper use of algorithms in determining inflation adjustment and that SBA should approve the proposal as it is beneficial to small business entities.

SBA Response

SBA agrees with the commenter that it is necessary for SBA to continually assess whether its selected measure of inflation is the most appropriate measure for adjusting its size standards. As described in SBA's response to the previous comment, SBA establishes small business size standards to determine eligibility of businesses for a wide variety of SBA's and other Federal programs where the majority of businesses participating in those programs are engaged in multiple industries producing a wide range of goods and services. Therefore, SBA uses the GDP price index to adjust its size standards because it is an appropriately broad measure of inflation that reflects the characteristics of the firms to which it pertains.

Moreover, SBA agrees with the commenter that SBA should continually assess the timing of its adjustments to size standards and consider adjustments even more frequently than five-year intervals based on the prevailing economic situation conditions. Accordingly, SBA is issuing this IFR to adjust monetary-based size standards for

inflation that has occurred since the July 2019 IFR.

As stated above, in the July 2019 IFR as well as the 2014 IFR (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 to capture movements in the general price level in the economy and consequently the most appropriate measure of inflation for adjusting SBA's size standards. Thus, as in the previous inflation adjustments, SBA decided to use the GDP price index to adjust monetary-based size standards for the August 2019 inflation adjustment.

Comments on the Size Standard for NAICS 562910 (Remediation Services)

SBA received one comment from a Service-Disabled Veteran Owned Small Business (SDVOSB) concern, operating under NAICS 562910 (Remediation Services). The commenter petitioned SBA to make certain changes to footnote 14 to the SBA's Table of Size Standards, applicable to the Environmental Remediation Services (ERS) exception to NAICS 562910 (Remediation Services), to make it easier for small firms to compete under the ERS exception's 750-employee size standard. The commenter expressed that, in an effort to work with larger businesses, contracting officers may be overusing the ERS exception, classifying procurements under the 750-employee size standard applicable to the exception rather than the \$22 million size standard applicable to the general NAICS 562910, even when it may be more appropriate for contracting officers to classify a given solicitation under the general NAICS. Thus, the commenter petitioned SBA to revise footnote 14 by making the requirements more restrictive so that contracting officers have less discretion to forgo classifying solicitations under the general NAICS 562910 in favor of using the exception.

SBA Response

SBA's regulations require contracting officers to designate the proper NAICS code for a solicitation based on the principal purpose of the product or service being acquired (13 CFR 121.402(b)). SBA's regulations at 13 CFR 121.1101 allow affected parties to appeal with the SBA's Office of

Hearings and Appeals (OHA) a NAICS code designation made by a contracting officer. SBA encourages impacted firms to follow the procedures outlined in SBA's regulations when they believe that a contracting officer has categorized a solicitation under an improper NAICS code. Moreover, in this final rule, SBA is finalizing the changes to the July 2019 IFR which adjusted SBA's monetary-based size standards for inflation. Thus, SBA considers changes to industry definitions as outside the scope of this rule.

Comments on the Size Standard for NAICS 541330 (Engineering Services)

SBA received a comment from an engineering firm supporting the SBA's adjustment of its size standards for inflation, specifically an increase in the size standard for Engineering Services to \$16.5 million. The commenter maintained that the transition from "small" to "other than small" status requires significant investments in IT processes and equipment, and business capabilities to be able to compete with much larger firms. The commenter added that adjusting size standards for inflation allows firms necessary time to implement such processes and build capabilities before exceeding the size standard. SBA received another comment that favored the inflationary adjustments to the size standards but expressed concerns that the general inflation measure that SBA applied does not sufficiently capture the recent business trends and Government buying patterns in NAICS Industry 541330 (Engineering Services) and NAICS Industry Group 5415 (Computer Systems Design and Related Services).

The commenter maintained that the growing complexity of services in NAICS 5415, recent bundling of these services by the Federal Government, and use of these NAICS codes for new cybersecurity services are not adequately captured by the adjustment for inflation alone. The commenter recommended conducting a full review of IT/computer/cybersecurity industry and contracts that have been awarded under this industry to ensure that size standards are appropriate. The commenter believed that more appropriate size standards for industries under NAICS 5415 should be in the \$50 million range. Another area of concern the commenter expressed related to increasing complexity of engineering services provided to military under general NAICS 541330 and each of the three exceptions and to the number of small businesses needed to maintain the healthy defense industrial base. The commenter recommended conducting a

thorough review of NAICS 541330 and how this NAICS code is being used by the Government to purchase engineering services to establish a more appropriate size standard, which could be two or three times more than the current size standard.

SBA Response

SBA agrees with the comment that the adjustments to size standards for inflation will help small businesses by expanding access to SBA programs, thereby allowing small firms within Engineering Services to continue building capabilities and experience before exceeding the size standard. SBA believes that adjusting size standards for inflation is an important tool in ensuring that small businesses can successfully compete for Federal contracting opportunities.

SBA does not agree with comments suggesting that SBA should choose different inflation measures for select industries or use industry-specific methodologies to evaluate size standards for changes due to inflation. As explained previously in this final rule, SBA establishes small business size standards to determine eligibility of businesses for a wide variety of SBA's and other Federal programs. The majority of businesses participating in those programs are engaged in multiple industries producing a wide range of goods and services. Therefore, it is important that SBA use a broad, comprehensive measure of inflation to adjust its size standards.

Moreover, SBA does not agree with comments that SBA should conduct a full review of NAICS 541330, or the IT/computer/cybersecurity industry using industry specific factors as part of this regulatory action. In this final rule, SBA is finalizing the changes to the July 2019 IFR, which adjusted SBA's monetary-based size standards for inflation. Thus, SBA considers the evaluation of size standards for specific industries based on industry-specific factors other than inflation as outside the scope of this rule. SBA considers industry-specific characteristics and other non-inflation related factors as part of review of size standards under the Jobs Act.

As discussed earlier in this rule, SBA recently published a series of five final rules, after an appropriate notice and comment period, evaluating all monetary-based size standards (receipts-based and assets-based) and employee-based size standards under Wholesale Trade and Retail Trade as part of SBA's second five-year size standards review

as mandated by the Jobs Act.⁴ Revisions to monetary-based size standards in those five final rules were in addition to inflationary adjustments to size standards adopted in the July 2019 IFR.

SBA believes that its five-year comprehensive review of size standards under the Jobs Act is the most appropriate regulatory venue to evaluate and address industry specific economic characteristics and recent Federal contracting trends that may support a size standard different from SBA's current size standard. As part of its review of size standards, SBA must ensure that small business definitions vary from industry to industry to reflect industry differences as required by the Small Business Act (15 U.S.C. 632(a)) (Act). To that end, as part of the comprehensive review of size standards, SBA evaluates characteristics of industry structure at the six-digit NAICS level, such as average firm size, startup costs and entry barriers, industry concentration, and distribution of firms by business size. SBA also evaluates 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 (*i.e.*, industries averaging \$20 million or more in Federal contracts annually). Based on its analysis of the above industry and Federal contracting factors, and after considering all comments submitted to SBA during the proposed rule stage, on March 31, 2022, SBA adopted an increase to the size standard for NAICS 541330 from \$16.5 million to \$22.5 million (87 FR 18665 (March 31, 2022)). Similarly, using the same methodology, as part of the second five-year comprehensive review of size standards, SBA evaluated the size standards for all industries with a receipt-based size standard in the IT/computer/cybersecurity industries. Thus, while SBA is not including a comprehensive review of industry factors in this final rule, SBA believes

⁴ See Small Business Size Standards: Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; Utilities; Construction (87 FR 18607; March 31, 2022), Small Business Size Standards: Transportation and Warehousing; Information; Finance and Insurance; Real Estate and Rental and Leasing (87 FR 18627; March 31, 2022), Small Business Size Standards: Professional, Scientific and Technical Services; Management of Companies and Enterprises; Administrative and Support and Waste Management and Remediation Services (87 FR 18665; March 31, 2022), Small Business Size Standards: Education Services; Health Care and Social Assistance; Arts, Entertainment and Recreation; Accommodation and Food Services; Other Services (87 FR 18646; March 31, 2022), and Small Business Size Standards: Wholesale Trade and Retail Trade (87 FR 35869; June 14, 2022).

that it has satisfied the petitions of commenters to consider industry-specific factors for NAICS 541330 and the IT/computer/cybersecurity industries (*i.e.*, industries within NAICS Industry Group 5415) as part of the second five-year review of size standards under the Jobs Act.

Other Comments

Other comments to SBA's July 2019 IFR mostly expressed broad support for SBA's changes to size standards. One comment supporting SBA's action stated that adjusting size standards for inflation will make the size standards more accurate and beneficial to all stakeholders. The commenter added that adjusting size standards for inflation will enable SBA to assist all small businesses by allowing them to qualify for SBA's loans and other benefits which will spur economic growth, increase tax revenues, and promote job growth. Another commenter supported the SBA's decision to adjust monetary-based size standards for inflation because it will help small businesses continue to receive government contracting assistance. The commenter added that this is particularly helpful for businesses in industries that require high levels of capital investments as it will provide small businesses with more time to pursue and win Federal opportunities to support such investments. The commenter stated that this will also increase the availability of qualified small businesses for the Federal agencies to choose from to meet their small business contracting needs. One commenter supported the regulation but expressed reservations about whether the regulatory change will be implemented equally across all states or localities. The commenter also thought that allowing more businesses to qualify as small is a good idea, but argued that the intent is more taxation rather than helping small businesses. SBA also received a comment that opposed the rule on the grounds that it is capricious and based on opinion. The commenter petitioned SBA to not implement the rule, but did not provide sufficient reasoning or evidence for why SBA should rescind the changes contained in the IFR.

SBA Response

SBA agrees with commenters supporting the rule that there are a myriad of benefits of adopting the changes to size standards adopted in the July 2019 IFR. The most significant benefits were described in the regulatory impact analysis section of the July 2019 IFR. The primary benefits

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 estimated that the changes adopted in the July 2019 IFR enabled approximately 89,730 firms in industries and subindustries with receipts-based size standards and about 160 firms in industries with assets-based size standards, above SBA's size standards at the time, to gain small business status and become eligible for SBA programs, resulting in between \$700 million and \$750 million in additional small business Federal contract dollars. SBA disagrees with the comment suggesting that the primary purpose of SBA's inflation adjustment to size standards is to expand the Federal Government's tax base. SBA also disagrees with the notion that SBA's inflation adjustments to size standards are arbitrary and capricious. As explained in the July 2019 IFR, SBA is required to assess the impact of inflation on its monetary-based size standards at least once every five years (see SBA Interim Final Rule: Small Business Size Standards: Inflation Adjustment to 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 five 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. Thus, SBA believes that the changes to size standards adopted in the July 2019 IFR are reasonable and satisfy the requirements of 13 CFR 121.102(c).

Conclusion

With due consideration of all public comments as discussed above, SBA is adopting the increases in all industry-specific monetary size standards for inflation, as published in the July 2019 IFR. SBA is also adopting the increases in two program specific size standards, namely the Sales of Government Property from \$62.5 million to \$67.5

million, and Stockpile Purchases from \$7.5 million to \$8 million, which are being further increased through the present interim final rule to \$76.5 million and \$9 million, respectively. SBA is also adopting the increase to the size standard found in Footnote 9 to 13 CFR 121.201 (Leasing of Building Space to the Federal Government by Owners) from \$38.5 million to \$41.5 million, which is being further increased to \$47 million in this interim final rule. This size standard exception applies to all four industries in NAICS Industry Group 5311, Lessors of Real Estate.

Accordingly, SBA is issuing this final rule to adopt, without change, the interim final rule published on July 18, 2019 (84 FR 34261). SBA's adoption of the changes contained in the 2019 IFR are procedural and do not supersede the changes recently adopted by SBA as part of the second five-year review of size standards under the Jobs Act, nor do they supersede the adoption of size standards contained in this IFR which adjust SBA's monetary-based size standards for inflation that has occurred since the issuance of the July 2019 IFR.

IV. 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 2019. Since then, inflation, as measured by the GDP price index, has increased 13.65 percent,⁵ which has caused size standards to decrease in real terms thereby causing

⁵ For comparison, when SBA implemented the July 2019 IFR inflation adjustment, the GDP price index had increased 8.37 percent over the previous five-year period.

businesses to lose their small business status. Inflation is running at the highest level since the early 1980s. For example, according to the U.S. Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers (CPI-U), before seasonal adjustment, increased 8.3 percent over the last 12 months ending in August 2022.⁶ Similarly, the Producer Price Index (PPI) for final demand, on a seasonally unadjusted basis, increased 8.7 percent for the 12 months ending in August 2022.⁷ According to the GDP second estimate from the Bureau of Economic Analysis, the GDP price index increased 7.5 percent in the second quarter of 2022 from the second quarter of 2021.⁸ Similarly, the price index for personal consumption expenditures (PCE) increased 6.5 percent in the second quarter of 2022 from the second quarter of 2021.

Therefore, this rule is necessary to make those businesses eligible for Federal assistance immediately. 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 the previous inflation adjustment in 2019. 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 months 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 (67 FR 3041), 2005 (70 FR 72577), and 2014 (79 FR 33647) without any controversies.

By publishing these adjustments as interim final, SBA is not excluding public participation in the rulemaking process. SBA is soliciting comments from interested parties on the interim final provisions of this rulemaking and 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, and economic disadvantage thresholds in its regulations that apply to 8(a) BD and EDWOSB programs.

V. Compliance With Executive Order 12866, the Congressional Review Act (5 U.S.C. 801–808), the Regulatory Flexibility Act (5 U.S.C. 601–612), Executive Orders 13563, 12988, and 13132, and the Paperwork Reduction Act (44 U.S.C., Ch. 35)

Executive Order 12866

The Office of Management and Budget (OMB) has determined that the interim final provisions of this rule are not a "significant regulatory action" for

⁶ <https://www.bls.gov/news.release/cpi.nr0.htm>, September 13, 2022.

⁷ <https://www.bls.gov/news.release/ppi.nr0.htm>, September 14, 2022.

⁸ <https://www.bea.gov/news/2022/gross-domestic-product-second-estimate-and-corporate-profits-preliminary-second-quarter>, August 25, 2022.

purposes of Executive Order 12866. OMB previously determined that the July 2019 IFR was also not a “significant regulatory action” for purposes of Executive Order 12866, and maintains that the final rule provisions are also “not significant”. However, in order to help explain the need for this rule and its potential benefits and costs, SBA has provided below a Cost Benefit Analysis of this rule.

Cost Benefit Analysis

1. What is the 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. SBA is required to assess the impact of inflation on its monetary-based size standards at least once every five years (67 FR 3041 (January 23, 2002) and 13 CFR 121.102(c)). Inflation, as measured by the change in GDP price index, has increased 13.65 percent from the previous inflation adjustment of size standards in 2019.⁹ Inflation has caused monetary based size standards to decrease in real terms, thereby forcing businesses to lose small business status and eligibility for Federal assistance.

In addition, SBA intends to adjust economic disadvantage thresholds in its regulations that are otherwise not adjusted for inflation under FAR 1.109. These thresholds primarily are those used in the 8(a) Business Development and economically disadvantaged women-owned small business

(EDWOSB) programs to determine economic disadvantage. This action will permit small businesses to retain eligibility as economically disadvantaged and eligible for the 8(a) BD and EDWOSB programs, despite an increase in inflation.

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

The size standards adopted by SBA in this rulemaking would enable businesses that have exceeded industry size standards or their economic disadvantage thresholds simply due to inflation-driven revenue growth to regain or maintain eligibility for Federal small business assistance programs. The changes would also help businesses about to exceed their size standards or to exceed their economic disadvantage thresholds to retain small business eligibility for Federal programs for a longer period. These programs include SBA’s business loan programs, economic injury disaster loan (EIDL) program, and Federal procurement programs intended for small businesses. Federal procurement programs provide targeted opportunities for small businesses under SBA’s contracting and business development programs, such as 8(a) Business Development (8(a) BD) program, small businesses located in Historically Underutilized Business Zones (HUBZone) program, women-owned small businesses (WOSB) program, economically disadvantaged women-owned small businesses (EDWOSB) program, and service-disabled veteran-owned small businesses (SDVOSB) program. 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.

The Baseline

For purposes of this regulatory action, the baseline represents maintaining the

“status quo,” *i.e.*, making no changes to the current size standards. Using the number of small businesses and levels of small business benefits (such as set-aside contracts, SBA’s loans, disaster assistance, etc.) they receive under the current size standards as a baseline, one can examine the potential benefits, costs, and transfer impacts of changes to size standards on small businesses and on the overall economy.

Based on the 2017 Economic Census data and the 2022 NAICS adopted by SBA, of a total of 7,460,728 firms in the 505 impacted industries with receipts-based size standards, 98.1 percent are considered small under the current, recently adopted receipts-based size standards based on the second five-year review of size standards under the Jobs Act and the adoption of the 2022 NAICS structure.

Similarly, based on the data from Federal Procurement Data System—Next Generation (FPDS-NG) for fiscal years 2018–2020, 76,323 unique firms in 441 industries received at least one Federal contract during that period, of which 81.9 percent were found to be small under the current and recently adopted receipts-based size standards based on the second five-year review of size standards under the Jobs Act.¹⁰ Of about \$231.4 billion in total average annual contract dollars awarded to businesses in the impacted industries with receipt-based size standards during that period, 34.3 percent went to small businesses.¹¹ Of about \$79.4 billion in total small business contract dollars awarded in those industries during that period, 72.9 percent were awarded through various set-aside programs and 27.1 percent were awarded through non-set aside contracts. Table 5, Baseline of Industries with Receipts-Based Size Standards Adjusted for Inflation, provides these baseline results.

TABLE 5—BASELINE OF INDUSTRIES WITH RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION

Impact variable	Value
Number of industries impacted by adjustment to receipts-based size standards	505
Total firms in impacted industries (2017 Economic Census)	7,460,728
Total small firms in impacted industries under current receipts-based size standards (2017 Economic Census)	7,319,914
Small firms as % of total firms (2017 Economic Census)	98.1
Total contract dollars (\$ million) (FPDS-NG—fiscal years 2018–2020) to impacted industries	\$231,427
Total small business contract dollars under current size standards (\$ million) (FPDS-NG—fiscal years 2018–2020)	\$79,380
Small business dollars as % of total dollars (FPDS-NG fiscal years 2018–2020)	34.3
Total number of unique firms getting contracts in impacted industries (FPDS-NG fiscal years 2018–2020)	76,157

⁹ As stated in the SBA’s Inflation Adjustment Methodology section above, the GDP price index for the base period (*i.e.*, 4th quarter of 2018) was 111.191 and the GDP price index for the end period (*i.e.*, 2nd quarter of 2022) was 126.367. Accordingly, inflation increased 131.65 percent

from the fourth quarter of 2018 to the first quarter of 2022 $((126.367/123.705 + 111.191) - 1) \times 100$ percent = 13.65 percent.

¹⁰ This analysis excludes 64 industries with receipts-based size standards under NAICS Sector

44–45 (Retail Trade) that does not apply for Federal contracting.

¹¹ The analysis includes only firms that can be small under the SBA criteria.

TABLE 5—BASELINE OF INDUSTRIES WITH RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION—Continued

Impact variable	Value
Total number of unique small firms getting small business contracts (FPDS-NG fiscal years 2018–2020)	62,539
Small business firms as % of total firms (FPDS-NG fiscal years 2018–2020)	81.9
Annual no. of 7(a) and CDC/504 loans (fiscal years 2018–2020)	50,092
Amount of 7(a) and CDC/504 loans (\$ million) (fiscal years 2018–2020)	\$23,909
Annual no. of EIDL loans (fiscal years 2018–2020) ¹	4,550
Amount of EIDL loans (\$ million) (fiscal years 2018–2020) ¹	\$166

¹ Excludes COVID-19 related EIDL loans due to their temporary nature. Effective January 1, 2022, SBA stopped accepting applications for new COVID EIDL loans or advances.

Based on the SBA's internal data on its loan programs for fiscal years 2018–2020, small businesses in those industries received, on an annual basis, a total of 50,092 7(a) and Certified Development Company (CDC)/504 loans in that period, totaling about \$23.9 billion, of which 82.7 percent was issued through the 7(a) loan guarantee program and 17.3 percent was issued through the CDC/504 program. During fiscal years 2018–2020, small businesses in those industries also received 4,550 loans through the SBA's EIDL program, totaling about \$166 million on an annual basis.¹²

Increases to Size Standards

As stated above, SBA's additional inflation adjustment to receipts-based size standards have resulted in an increase to the size standards for 505 industries and subindustries. Below are descriptions of the benefits, costs, and transfer impacts of the adopted size standards contained in this IFR.

Benefits of Increases to Size Standards

The benefits of adopting the inflation-adjusted size standards will accrue to

three groups in the following ways: (1) Some businesses that are currently above their current size standards may gain small business status, thereby becoming eligible to participate in Federal small business assistance programs, including SBA's 7(a) loan program, CDC/504 loan program, EIDL program, Surety Bond Guarantee program, and Federal procurement and business development programs intended for small businesses; (2) Growing small businesses that are close to exceeding the current size standards for their receipts-based industries may retain their small business status for a longer period, and can continue participating in the above programs; and (3) Federal Government agencies will have a larger pool of small businesses from which to draw to fulfill their small business procurement requirements.

The most significant benefit to businesses from increases to size standards is gaining or extending eligibility for Federal small business assistance programs. As stated above, these include SBA's 7(a) loan program, CDC/504 loan program, EIDL program,

Surety Bond Guarantee program, and Federal procurement business development programs intended for small businesses. Federal procurement and business development programs provide targeted, set-aside opportunities for small businesses. These include the 8(a) BD program, HUBZone program, the WOSB program, EDWOSB program, and SDVOSB program.

In industries with the receipts-based size standards, based on the 2017 Economic Census data, SBA estimates that 17,713 additional businesses would gain small business status under the inflation-adjusted size standards. That represents about 0.2 percent of the total number of small businesses in the affected industries under the current size standards. This would result in an increase to the small business share of total receipts in those 505 industries/subindustries from 29.0 percent to 30.0 percent. Table 6, Impacts of Receipts-Based Size Standards Adjusted for Inflation, provides impacts of increasing size standards for the 505 industries/subindustries with receipts-based size standards.

TABLE 6—IMPACTS OF RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION

Impact variable	Value
Number of industries with increases to receipts-based size standards	485
Total current small businesses in industries with increases to receipts-based size standards (2017 Economic Census)	73,19,914
Additional firms qualifying as small under inflation-adjusted receipts-based size standards (2017 Economic Census)	17,713
of additional firms qualifying as small relative to current small businesses in industries with increases to size standards (2017 Economic Census)	0.24
Number of current unique small firms getting small business contracts in industries with increases to size standards (FPDS-NG fiscal years 2018–2020) ¹	62,539
Additional small business firms getting small business status (FPDS-NG fiscal years 2018–2020) ¹	586
increase to small businesses relative to current unique small firms getting small business contracts in industries with increases to size standards (FPDS-NG fiscal years 2018–2020)	0.94
Total small business contract dollars under current standards in industries with increases to size standards (\$ million) (FPDS-NG fiscal years 2018–2020)	\$79,380
Estimated additional small business dollars available to newly-qualified small firms (using avg. dollars obligated to small businesses) (\$ million) (FPDS-NG fiscal years 2018–2020) ²	\$1,313
increase to small business dollars relative to total small business contract dollars under current standards in industries with increases to size standards	1.65

¹² The analysis of the disaster loan data excludes physical disaster loans that are available to anyone regardless of size, disaster loans issued to nonprofit entities, and EIDLs issued under the COVID-19 relief program. Effective January 1, 2022, SBA stopped accepting applications for new COVID EIDL loans or advances. Thus, the disaster loan

analysis presented here pertains to the regular EIDL loans only. SBA estimates impacts of size standards changes on EIDL loans by calculating the ratio of businesses getting EIDL loans to total small businesses (based on the 2017 Economic Census data) and multiplying it by the number of impacted small firms. Due to data limitations, for FY 2019–

20, some loans with both physical and EIDL loan components could not be broken into the physical and EIDL loan amounts. In such cases, SBA applied the ratio of EIDL amount to total (physical loan + EIDL) amount using FY 2016–18 data to the FY 2019–20 data to obtain the amount attributable to the EIDL loans.

TABLE 6—IMPACTS OF RECEIPTS-BASED SIZE STANDARDS ADJUSTED FOR INFLATION—Continued

Impact variable	Value
Estimated number of 7(a) and CDC/504 loans to newly-qualified small firms	7
Estimated 7(a) and CDC/504 loan amounts to newly-qualified small firms (\$ million)	\$4.08
increase to 7(a) and CDC/504 loan amount relative to the total amount of 7(a) and CDC/504 loans in industries with increases to size standards	0.02
Estimated number of EIDL loans to newly qualified small firms ³	1
Estimated EIDL loan amount to newly qualified small firms (\$ million) ³	0.002
increase to EIDL loan amount relative to the total amount of disaster loans in industries with increases to size standards ³	0.001

¹ Total impact represents total unique number of firms impacted to avoid double counting as some firms are participating in more than one industry.

² Additional dollars are calculated multiplying average small business dollars obligated per DUNS times change in number of firms. Numbers of firms are calculated using the SBA current size standard, not the contracting officer's size designation.

³ Excludes COVID-19 related EIDL loans due to their temporary nature. Effective January 1, 2022, SBA stopped accepting applications for new COVID EIDL loans or advances.

As shown in Table 6, based on the FPDS-NG data for fiscal years 2018–2020, SBA estimates that 586 firms that are currently active in Federal contracting in those industries would gain small business status under the higher inflation-adjusted receipts-based size standards. Based on the same data, SBA estimates that those newly-qualified small businesses under the higher inflation-adjusted size standards could receive Federal small business contracts totaling about \$1.3 billion annually. That represents a 1.65 percent increase to Federal small business dollars from the baseline. Additionally, due to the adjustment of assets-based size standards in four industries, SBA estimates that about 170 additional firms will gain small business status in those industries, increasing the small business share of total assets in those industries from 5.4 percent to 5.9 percent.

The added competition from more businesses qualifying as small can result in lower prices to certain Federal Government procurements set aside or reserved for small businesses, but SBA cannot quantify this impact precisely. Costs could also be higher when 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 the availability of a larger pool of small businesses under the higher size standards, HUBZone firms might 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 as it is impossible to determine the number and value of unrestricted contracts to be otherwise awarded to HUBZone firms 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.

Under SBA's 7(a) and CDC/504 loan programs, with more businesses qualifying as small under the higher size standards, SBA will be able to guarantee more loans to small businesses. However, SBA expects the impact on loans to be minimal since applicants to SBA's financial assistance programs are typically much smaller than the industry size standard and most businesses that currently participate in the program would continue to remain eligible for assistance even after this rule is adopted. Moreover, SBA does not anticipate that the increases to size standards will have a significant impact on the distribution of firms receiving loans by size of firm. Since SBA's size standards changes primarily impact firms at the higher margin of size standards, SBA estimates the impact on its financial assistance programs by estimating the number of loans and the amount of loans to firms larger than ten percent below their size thresholds. SBA believes that expanding access to SBA's financial assistance programs will help all small businesses to adapt to changes in business environment, recover from disasters more quickly, and grow successfully, while having no impact on the ability of smaller small firms to access financial services from SBA.

Based on its internal data for fiscal years 2018–2020 and the amount of loans to firms larger than ten percent below their size thresholds, SBA estimates that about seven additional 7(a) and CDC/504 loans, totaling approximately \$4.1 million, could be made to the newly-defined small businesses under the higher inflation-adjusted size standards. That represents a 0.02 percent increase to the loan amount compared to the baseline (see Table 6). The actual impact might be even smaller as the newly-qualified firms under the higher inflation-

adjusted size standards could have qualified anyway under the tangible net worth and net income based alternative size standard that applies to the SBA's 7(a) and CDC/504 programs.

Newly-defined small businesses will also benefit from SBA's EIDL program, which, like SBA's 7(a) and CDC/504 loan program, typically provides loans to businesses that are much smaller than the industry size standard. Since this program is contingent on the occurrence and severity of a disaster, SBA cannot make a precise estimate of the future EIDL benefit. However, based on its internal disaster loan program data for fiscal years 2018–2020 and the amount of loans to firms greater than ten percent below their size thresholds, SBA estimates that, on an annual basis, one additional EIDL loan, totaling approximately \$2,000 could be made to the newly-defined small businesses under the higher inflation-adjusted size standards.

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

Benefits of Increases to Disadvantage Thresholds, 8(a) Eligibility Thresholds, and Dollar Thresholds for 8(a) Sole Source Contracts for Inflation

The increases in the economic disadvantage (ED) eligibility thresholds through inflation adjustment support gaining eligibility of the new applicants which would otherwise be not approved and maintaining eligibility of the existing participants in the 8(a) BD and EDWOSB programs. The new applicants affected by inflation impacting the value of their net worth (NW), adjusted gross income (AGI) and total assets (TA) will be approved into these programs. The

changes would also help current SBA ED participants who are about to exceed their NW, AGI, or TA thresholds to retain ED eligibility for Federal programs for a longer period.

Internal data on applicants to the 8(a) BD program from fiscal years 2019 to 2021 shows that since the ED thresholds were increased for new applicants in mid-2020 (see Table 7, Increases in ED Thresholds Adopted on July 15, 2020), the number of approvals increased by

3.2 percent, and the number of denials for economic-disadvantage reasons decreased by 36.8 percent. Same data also shows that since 2019, the applicants' average NW increased by 50 percent, the average AGI by about 20 percent, and the average total assets by 40 percent. The inflation adjustment to the ED thresholds will permit to mitigate the impact of the current high inflation rate on the new applicants to the SBA ED programs, maintaining their

eligibility opportunities. Also, the inflation adjustment of the ED thresholds will help to preserve the real value of the current thresholds, and the positive impact that the changes pursued by SBA since 2020 have had on these programs. In this sense, inflation adjustment of the ED thresholds complements the inflation adjustment of the monetary-based size standards proposed in this IFR.

TABLE 7—INCREASES ED THRESHOLDS ADOPTED ON JULY 15, 2020

ED thresholds	Previous thresholds	Current thresholds	Percentage change (%)
Net worth (W)	\$250,000	\$750,000	200
Aggregated gross income (AGI)	250,000	350,000	40
Total assets (TA)	4,000,000	6,000,000	50

The number of 8(a) firms totaling more than \$100 million in total cumulative dollar obligations (*i.e.*, total of sole source and competitive 8(a) awards) has been consistently increasing from less than ten firms during 2011–2012 to about 130–140 firms during 2020–2021. Of these 130–140 firms exceeding the \$100 million threshold, about 87–90 firms totaled between \$100 million and \$168.5 million in cumulative contract awards and would become eligible for sole source 8(a) contracts again.

Costs of Increases to Size Standards and Economic Disadvantage and 8(a) Sole Source Thresholds

Aside from taking time to register in the System for Award Management (SAM) to be eligible to participate in Federal contracting and update the SAM profile annually, small businesses incur no direct costs to gain or retain their small business status under the inflation adjusted size standards. All businesses willing to do business with the Federal Government must register in SAM and update their SAM profiles annually, regardless of their size status. SBA believes that a vast majority of businesses that are willing to participate in Federal contracting are already registered in SAM and update their SAM profiles annually. It is important to point out that most business entities that are already registered in SAM will not be required to update their SAM profiles. However, it will be incumbent on registrants to review, and update as necessary, their profiles to ensure that they have the correct NAICS codes. SAM requires that registered companies review and update their profiles annually, and therefore, businesses will

need to pay particular attention to the changes to determine if they might affect them. They will also have to verify, and update, if necessary, their Representations and Certifications in SAM. More importantly, this rule does not establish the new size standards for the very first time; rather it intends to modify the existing size standards by adjusting them for the inflation that has occurred since the last inflation adjustment in 2019.

To the extent that the newly-defined small firms under the higher inflation-adjusted size standards could become active in Federal procurement programs, this may entail some additional administrative costs to the Federal Government because of more businesses qualifying for Federal small business programs. For example, there will be more firms seeking SBA's loans, more firms eligible for enrollment in the SBA's Dynamic Small Business Search (DSBS) database or in *certify.sba.gov*, more firms seeking certifications as 8(a) BD or HUBZone firms, or qualifying for WOSB, EDWOSB, and SDVOSB status, and more firms applying for SBA's 8(a) BD mentor-protégé program. SBA expects the costs of additional applicants to the SBA programs as a result of changes to size standards in this final rule to be minimal because necessary administrative mechanisms for processing additional applications are already in place.

Among those newly-defined small businesses seeking SBA's loans, there could be some additional costs associated with 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 these reasons, SBA believes that these added administrative costs will be minor because necessary mechanisms are already in place to handle these added requirements.

Additionally, some Federal contracts may possibly have higher costs. With a greater number of businesses defined as small due to the inflation adjustment, Federal agencies may choose to set aside more contracts for competition among small businesses only instead of using a full and open competition. One may surmise that this might result in a higher number of small business size protests and additional processing costs to agencies. However, the SBA's historical data on size protests shows that the number of size protests actually decreased after an increase in number businesses qualifying as small as a result of size standards revisions as part of the first five-year review of size standards. 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 2018–2020. That represents a 17 percent decline.

Moreover, the movement of contracts from unrestricted competition to small business set-aside contracts might result in competition among fewer total bidders, although there will be more small businesses eligible to submit offers under the proposed size standards. However, any additional costs associated with fewer bidders are expected to be minor since, by law, procurements may be set aside for small

businesses under the 8(a)/BD, HUBZone, WOSB, EDWOSB, or SDVOSB programs only if awards are expected to be made at fair and reasonable prices.

Costs may also be higher when 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 the availability of a larger pool of small businesses under the higher inflation-adjusted size standards, HUBZone firms might receive fewer full and open contracts, thereby resulting in some cost savings to agencies. However, such cost savings are likely to be minimal as only a small fraction of unrestricted contracts are awarded to HUBZone businesses.

An increase in the number of new applicants to the SBA economic disadvantage programs and an increase in the number of participants eligible for 8(a) sole source awards has similar costs for the programs and for the new applicants and current participants, as discussed in the previous paragraphs. The increase in the number of participants in the programs will not affect the SBA costs of providing services to these business concerns, because the administrative structure is already in place.

For the above reasons, SBA estimates that these added administrative costs associated with this rule will be *de minimis* because necessary mechanisms are already in place to handle these added requirements.

Transfer Impacts of Increases to Size Standards

The inflation-adjusted size standards adopted in this rule may result in some redistribution of Federal contracts between the newly-qualified small businesses and large businesses and between the newly-qualified small businesses and small businesses under the current size standards. However, it would have no impact on the overall economic activity since total Federal contract dollars available for businesses to compete for will not change with changes to size standards. While SBA cannot quantify with certainty the actual outcome of the gains and losses from the redistribution of contracts among different groups of businesses, it can identify several probable impacts in qualitative terms. With the availability of a larger pool of small businesses under the higher inflation-adjusted size standards, some unrestricted Federal contracts that would otherwise be awarded to large businesses may be set aside for small businesses. As a result,

large businesses may lose some Federal contracting opportunities. Similarly, some small businesses under the current size standards may obtain fewer set-aside contracts due to the increased competition from larger businesses qualifying as small under the inflation-adjusted size standards. This impact may be offset by a greater number of procurements being set aside for small businesses because of more businesses qualifying as small under the inflation-adjusted size standards. With larger businesses qualifying as small under the higher inflation-adjusted size standards, smaller small businesses could face some disadvantage in competing for set-aside contracts against their larger counterparts. However, SBA cannot quantify these impacts.

Congressional Review Act

Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996 (codified at 5 U.S.C. 801–808), also known as the Congressional Review Act or CRA, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. SBA will submit a report containing this rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States. A major rule under the CRA cannot take effect until 60 days after it is published in the **Federal Register**. OMB's Office of Information and Regulatory Affairs has determined that the final rule provisions and interim rule provisions are not a "major rule" as defined by 5 U.S.C. 804(2).

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. Accordingly, below, the Agency provides final regulatory flexibility analysis of the final rule provisions and initial regulatory flexibility analysis of the interim provisions of this rulemaking.

Regulatory Flexibility Analysis—Final Regulatory Flexibility Analysis

Under the Regulatory Flexibility Act (RFA), the final rule provisions of this rulemaking may have a significant impact on a substantial number of small businesses in the industries and subindustries with monetary-based size standards. As described in the July 2019 IFR, the final rule provisions of this

rulemaking may affect small businesses in those industries seeking Federal contracts, loans under SBA's 7(a), 504 and EIDL programs, and assistance under other Federal small business programs.

SBA prepared an initial regulatory flexibility analysis (IRFA) for the July 2019 IFR. A copy of the IRFA can be found at 84 FR 34267 (July 18, 2019). Immediately below, SBA sets forth a final regulatory flexibility analysis (FRFA) of the final provisions of this rulemaking addressing the following questions: (1) What are the need for and objective of the rule?; (2) What are significant issues raised by the public comments in response to the initial regulatory flexibility analysis, assessment of the agency of such issues, and any changes made in the proposed rule as a result of such comments?; (3) What's the agency's response to any comments filed by the Chief Counsel for Advocacy of the Small Business Administration in response to the proposed rule and description of any change made to the proposed rule in the final rule as a result of the comments?; (4) What are SBA's description and estimate of the number of small businesses to which the rule will apply?; (5) What are the projected reporting, record keeping, and other compliance requirements of the rule?; (6) What are the relevant Federal Government rules that may duplicate, overlap, or conflict with the rule?; and (7) What alternatives will allow the Agency to accomplish its regulatory objectives while minimizing the impact on small businesses?

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

As discussed in the supplemental information above, the revision to the monetary-based size standards for inflation more appropriately defines small businesses. The Final rule provisions of this rulemaking finalizes SBA's July 2019 IFR that adjusted monetary-based industry size standards for inflation that occurred since the previous inflation adjustment in 2014. The inflation adjustment of size standards for inflation 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 five years (13 CFR 121.102(c)) and

make any changes as appropriate. A review of the latest data indicated that inflation has increased a sufficient amount since the 2014 inflation adjustment to warrant another inflation adjustment to the monetary-based size standards. Adjusting size standards for inflation is also consistent with a statutory requirement under the Jobs Act to review all size standards and make necessary adjustments to reflect current market conditions every five years.

2. What are significant issues raised by the public comments in response to the initial regulatory flexibility analysis, assessment of the agency of such issues, and any changes made in the proposed rule as a result of such comments?

SBA did not receive any public comments to the initial regulatory flexibility analysis it provided in the July 2019 IFR.

3. What's the agency's response to any comments filed by the Chief Counsel for Advocacy of the Small Business Administration in response to the proposed rule and description of any change made to the proposed rule in the final rule as a result of the comments?

SBA did not receive any comments from the Chief Counsel for Advocacy of the Small Business Administration in response to the July 2019 IFR.

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

As discussed in the July 2019 IFR, based on the 2012 Economic Census tabulations, about 89,730 additional firms became small because of this adjustment to the receipts-based size standards of 518 industries and eight subindustries. That represented 1.3 percent of the total number of firms that were small under the monetary-based size standards prior to inflation adjustment. This resulted 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 five industries, about 160 additional firms gained small business status in those industries. That increased the small business share of total assets in those industries from 5.7 percent to 6.0 percent. The size standards adopted in the final provisions of this rulemaking would enable businesses that have exceeded the size standards for their industries to regain small business status. It would also help currently small businesses retain their small business status for a longer period.

5. What are the projected reporting, record keeping and other compliance requirements of the rule?

The inflation adjustment to size standards imposes no additional reporting or record keeping requirements on small businesses. However, qualifying for Federal procurement and a number of other programs requires that businesses register in the System of Award Management (SAM) database and certify in SAM that they are small at least once annually (FAR 52.204–13). For existing contracts, small business contractors are required to update their SAM registration, as necessary, to ensure that they reflect the Contractor's current status (FAR 52.219–28). Businesses are also required to verify that their SAM registration is current, accurate, and complete with the submission of an offer for every new contract (FAR 52.204–7 and 52.204–8). Therefore, any newly eligible small businesses opting to participate in those programs would have had to comply with SAM requirements. However, SBA estimates that there are no additional costs associated with SAM registration or certification. While changing size standards alters the access to SBA's programs that assist small businesses, it does not impose a regulatory burden because such actions on the part of SBA neither regulate nor control business behavior.

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

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

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

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

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

SBA's only other consideration was whether to adopt the size standards presented in the July 2019 IFR with no further increase for the inflation. However, SBA believes that the 8.37 percent inflation that has occurred since the previous inflation adjustment in 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 affected the real value of the size standards to warrant applying an increase at that time.

Regulatory Flexibility Analysis—Initial Regulatory Flexibility Analysis

Under the Regulatory Flexibility Act (RFA), the interim provisions of this rulemaking 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 EIDL programs, and assistance under other Federal small business programs.

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

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

As discussed in the supplemental information above, the revision to the monetary-based size standards for inflation more appropriately defines small businesses. This rule finalizes SBA's 2019 interim final rule that adjusted monetary-based industry size

standards as a procedural step, and adds a 13.65 percent increase over the adopted monetary small business size standards in addition to the adjustments made as part of the second five-year review of size standards under the Jobs Act.

Section 3(a) of the Small Business Act (15 U.S.C. 632(a)) gives SBA the authority to establish and change size standards. Within its administrative discretion, SBA implemented a policy in its regulations to review the effect of inflation on size standards at least once every five years (13 CFR 121.102(c)) and make any changes as appropriate. A review of the latest data indicated that inflation has increased a sufficient amount since the 2019 adjustment to warrant another inflation adjustment to the monetary-based size standards. Adjusting size standards for inflation is also consistent with a statutory requirement under the Jobs Act to review all size standards and make necessary adjustments to reflect current market conditions every five (5) years.

Additionally, for the first time, SBA is adjusting for inflation the economic disadvantage thresholds for the 8(a) Business development and the Economic Disadvantage Women Owned Business programs that are not covered under FAR 1.109. This action supports the economic policy SBA adopted on July 15, 2020, to increase the monetary value of these economic thresholds, maintaining their value.

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

Based on the 2017 Economic Census tabulations, SBA estimates that about 17,713 additional firms would become small because of adjustment to receipts-based size standards of 494 industries and nine subindustries (or "exceptions"). That represents about 0.2 percent of total firms that were small under the baseline for all monetary based size standards. SBA estimated that the changes resulted in an increase in the small business share of total industry receipts in those industries and subindustries from 29.0 percent to 30.0 percent. Due to the adjustment of assets-based size standards in five industries, SBA estimates that about 170 additional firms will gain small business status in those industries, increasing the small business share of total assets in those industries from 5.4 percent to 5.9 percent. The size standards adopted in this rule would enable businesses that have exceeded the size standards for their industries to regain small business status. It would also help small businesses to retain their small business status for a longer period.

The increases in the economic disadvantage (ED) eligibility thresholds through inflation adjustment support gaining eligibility of the new applicants which would otherwise be not approved and maintaining eligibility of the existing participants in the 8(a) BD and EDWOSB programs. However, there is lack of the necessary data to estimate the actual number of 8(a) BD and EDWOSB firms impacted by the adjustments to the ED thresholds. As a result of adjusting the 8(a) sole source threshold, about 87–90 firms totaling between \$100 million and \$168.5 million in cumulative contract awards would become eligible for sole source 8(a) contracts again.

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

The inflation adjustment to size standards imposes no additional reporting or record keeping requirements on small businesses. However, qualifying for Federal procurement and a number of other programs requires that businesses register in the System of Award Management (SAM) database and certify in SAM that they are small at least once annually (FAR 52.204–13). For existing contracts, small business contractors are required to update their SAM registration, as necessary, to ensure that they reflect the Contractor's current status (FAR 52.219–28). Businesses are also required to verify that their SAM registration is current, accurate, and complete with the submission of an offer for every new contract (FAR 52.204–7 and 52.204–8). Therefore, any newly eligible small businesses opting to participate in those programs would have had to comply with SAM requirements. However, SBA estimates that there are no additional costs associated with SAM registration or certification. While changing size standards alters the access to SBA's programs that assist small businesses, it does not impose a regulatory burden because such actions on the part of SBA neither regulate nor control business behavior.

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

Under section 3(a)(2)(C) of the Small Business Act, 15 U.S.C. 632(a)(2)(c), Federal agencies must use SBA's size standards to define a small business, unless specifically authorized by statute to do otherwise. In 1995, SBA published in the **Federal Register** a list of statutory and regulatory size standards that identified the application of SBA's size standards as well as other size standards used by Federal agencies (60 FR 57988

(November 24, 1995)). SBA is not aware of any Federal rule that would duplicate or conflict with establishing size standards.

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

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

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

SBA's only other consideration was whether to adopt the size standards presented in the interim final rule with no further increase for the inflation. However, SBA believes that the 13.65 percent inflation that has occurred since the previous inflation adjustment in July 2019 sufficiently affects the real value of the size standards to warrant applying an increase at this time. Similarly, SBA considers that the higher inflation can adversely impact the intention of increasing the ED thresholds adopted by the 8(a) BD and the EDWOSB programs on July 15, 2020.

Executive Order 13563

E.O. 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 Benefit-Cost Analysis under Executive Order 12866 and in the July 2019 IFR which adopted the adjustment to size standards effective August 18, 2019. Additionally, section 6 of E.O. 13563 calls for retrospective analyses of existing rules.

Additionally, SBA issued a revised "Size Standards Methodology" white paper and published a notice in the April 27, 2018, issue of the **Federal Register** (83 FR 18468) to advise the

public that the document is 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 to NAICS revisions. 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 the final provisions and the interim final provisions of this rulemaking will not have substantial, direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, SBA has determined that this interim final rule has no federalism implications warranting preparation of a federalism assessment.

Paperwork Reduction Act

For the purpose of the Paperwork Reduction Act, 44 U.S.C. Ch. 35, SBA has determined that this rulemaking will not impose any new reporting or record keeping requirements.

List of Subjects

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.

13 CFR Part 124

Administrative practice and procedure, Government procurement, Government property, Small businesses.

13 CFR Part 127

Government contracts, Reporting and recordkeeping requirements, Small businesses.

■ For the reasons set forth in the preamble, SBA adopts as final the interim rule published July 18, 2019, at 84 FR 34261, and amends 13 CFR parts 121, 124, and 127.

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), 636(a)(36), 662, and 694a(9); 15 U.S.C. 9012.
 ■ 2. In § 121.201, amend the table “Small Business Size Standards by NAICS Industry” by revising:
 ■ a. Subsectors 111 and 112;
 ■ b. Under subsector 113, the entries for “113110” and “113210”;
 ■ c. Subsectors 114 and 115;
 ■ d. Under Subsection 213, the entries for “213112” through “213115”;
 ■ e. Under subsector 221, the entries for “221310”, “221320”, and “221330”;
 ■ f. Subsectors 236 through 238;
 ■ g. Under subsector 441, the entries for “441120”, “441210”, “441222”, “441227”, “441330”, and “441340”;
 ■ h. Subsectors 444, 445, 449, 455, and 456;
 ■ i. Under subsector 457, the entries for “457110” and “457120”;
 ■ j. Subsectors 458 and 459;
 ■ k. Under subsector 481, the entry for “481219”;
 ■ l. Subsectors 484 and 485;
 ■ m. Under subsector 486, the entries for “486210” and “486990”;
 ■ n. Subsectors 487, 488, and 491;
 ■ o. Under subsector 492, the entry for “492210”;
 ■ p. Subsector 493;

- q. Under subsector 512, the entries for “512110”, “512120”, “512131”, “512132”, “512191”, “512199”, “512240”, and “512290”;
- r. Under subsector 513, the entry for “513210”;
- s. Subsector 516;
- t. Under subsector 517, the entries for “517410” and “517810”;
- u. Under subsector 518, the entry for “518210”;
- v. Under subsector 519, the entry for “519210”;
- w. Subsectors 522 and 523;
- x. Under subsector 524, the entries for “524113”, “524114”, “524127”, “524128”, “524130”, “524210”, “524291”, “524292”, and “524298”;
- y. Subsectors 525 and 531 through 533;
- z. Under subsector 541, the entries for “541110”, “541191”, “541199”, “541211”, “541213”, “541214”, “541219”, “541310”, “541320”, “541330”, “541330 (Exception 1)”, “541330 (Exception 2)”, “541330 (Exception 3)”, “541340”, “541350”, “541360”, “541370”, “541380”, “541410”, “541420”, “541430”, “541490”, “541511” through “541513”, “541519”, “541611” through “541614”, “541618”, “541620”, “541690”, “541720”, “541810”, “541820”, “541830”, “541840”, “541850”, “541860”, “541870”, “541890”, “541910”, “541921”, “541922”, “541930”, “541940”, and “541990”;
- aa. Subsectors 551 and 561;
- bb. Under subsector 562, the entries for “562111”, “562112”, “562119”, “562211” through “562213”, “562219”, “562910”, “562920”, “562991”, and “562998”; and
- cc. Subsectors 611, 621 through 624, 711 through 713, 721, 722, and 811 through 813; and
- dd. Revising footnote 9 at the end of the table.

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	\$2.25 .....	.....
111120	Oilseed (except Soybean) Farming	\$2.25 .....	.....
111130	Dry Pea and Bean Farming	\$2.75 .....	.....
111140	Wheat Farming	\$2.25 .....	.....
111150	Corn Farming	\$2.5 .....	.....

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
111160	Rice Farming	\$2.5	
111191	Oilseed and Grain Combination Farming	\$2.25	
111199	All Other Grain Farming	\$2.25	
111211	Potato Farming	\$4.25	
111219	Other Vegetable (except Potato) and Melon Farming	\$3.75	
111310	Orange Groves	\$4.0	
111320	Citrus (except Orange) Groves	\$4.25	
111331	Apple Orchards	\$4.5	
111332	Grape Vineyards	\$4.0	
111333	Strawberry Farming	\$5.5	
111334	Berry (except Strawberry) Farming	\$3.75	
111335	Tree Nut Farming	\$3.75	
111336	Fruit and Tree Nut Combination Farming	\$5.0	
111339	Other Noncitrus Fruit Farming	\$3.5	
111411	Mushroom Production	\$4.5	
111419	Other Food Crops Grown Under Cover	\$4.5	
111421	Nursery and Tree Production	\$3.25	
111422	Floriculture Production	\$3.75	
111910	Tobacco Farming	\$2.5	
111920	Cotton Farming	\$3.25	
111930	Sugarcane Farming	\$5.0	
111940	Hay Farming	\$2.5	
111991	Sugar Beet Farming	\$2.5	
111992	Peanut Farming	\$2.5	
111998	All Other Miscellaneous Crop Farming	\$2.5	

Subsector 112—Animal Production and Aquaculture

112111	Beef Cattle Ranching and Farming	\$2.5	
112112	Cattle Feedlots	\$22.0	
112120	Dairy Cattle and Milk Production	\$3.75	
112210	Hog and Pig Farming	\$4.0	
112310	Chicken Egg Production	\$19.0	
112320	Broilers and Other Meat Type Chicken Production	\$3.5	
112330	Turkey Production	\$3.75	
112340	Poultry Hatcheries	\$4.0	
112390	Other Poultry Production	\$3.75	
112410	Sheep Farming	\$3.5	
112420	Goat Farming	\$2.5	
112511	Finfish Farming and Fish Hatcheries	\$3.75	
112512	Shellfish Farming	\$3.75	
112519	Other Aquaculture	\$3.75	
112910	Apiculture	\$3.25	
112920	Horse and Other Equine Production	\$2.75	
112930	Fur-Bearing Animal and Rabbit Production	\$3.75	
112990	All Other Animal Production	\$2.75	

Subsector 113—Forestry and Logging

113110	Timber Tract Operations	\$19.0	
113210	Forest Nurseries and Gathering of Forest Products	\$20.5	

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Subsector 114—Fishing, Hunting and Trapping

114111	Finfish Fishing	\$25.0	
114112	Shellfish Fishing	\$14.0	
114119	Other Marine Fishing	\$11.5	
114210	Hunting and Trapping	\$8.5	

Subsector 115—Support Activities for Agriculture and Forestry

115111	Cotton Ginning	\$16.0	
115112	Soil Preparation, Planting, and Cultivating	\$9.5	
115113	Crop Harvesting, Primarily by Machine	\$13.5	
115114	Postharvest Crop Activities (except Cotton Ginning)	\$34.0	
115115	Farm Labor Contractors and Crew Leaders	\$19.0	
115116	Farm Management Services	\$15.5	
115210	Support Activities for Animal Production	\$11.0	
115310	Support Activities for Forestry	\$11.5	

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
115310 (Exception 1)	Forest Fire Suppression ¹	\$34.0 ¹ .....	.....
115310 (Exception 2)	Fuels Management Services ¹	\$34.0 ¹ .....	.....
Sector 21—Mining, Quarrying, and Oil and Gas Extraction			
*	*	*	*
Subsector 213—Support Activities for Mining			
*	*	*	*
213112	Support Activities for Oil and Gas Operations	\$47.0 .....	.....
213113	Support Activities for Coal Mining	\$27.5 .....	.....
213114	Support Activities for Metal Mining	\$41.0 .....	.....
213115	Support Activities for Nonmetallic Minerals (except Fuels)	\$20.5 .....	.....
Sector 22—Utilities			
Subsector 221—Utilities			
*	*	*	*
221310	Water Supply and Irrigation Systems	\$41.0 .....	.....
221320	Sewage Treatment Facilities	\$35.0 .....	.....
221330	Steam and Air-Conditioning Supply	\$30.0 .....	.....
Sector 23—Construction			
Subsector 236—Construction of Buildings			
236115	New Single-family Housing Construction (Except For-Sale Builders)	\$45.0 .....	.....
236116	New Multifamily Housing Construction (except For-Sale Builders)	\$45.0 .....	.....
236117	New Housing For-Sale Builders	\$45.0 .....	.....
236118	Residential Remodelers	\$45.0 .....	.....
236210	Industrial Building Construction	\$45.0 .....	.....
236220	Commercial and Institutional Building Construction	\$45.0 .....	.....
Subsector 237—Heavy and Civil Engineering Construction			
237110	Water and Sewer Line and Related Structures Construction	\$45.0 .....	.....
237120	Oil and Gas Pipeline and Related Structures Construction	\$45.0 .....	.....
237130	Power and Communication Line and Related Structures Construction	\$45.0 .....	.....
237210	Land Subdivision	\$34.0 .....	.....
237310	Highway, Street, and Bridge Construction	\$45.0 .....	.....
237990	Other Heavy and Civil Engineering Construction	\$45.0 .....	.....
237900 (Exception)	Dredging and Surface Cleanup Activities ²	\$37.0 ² .....	.....
Subsector 238—Specialty Trade Contractors			
238110	Poured Concrete Foundation and Structure Contractors	\$19.0 .....	.....
238120	Structural Steel and Precast Concrete Contractors	\$19.0 .....	.....
238130	Framing Contractors	\$19.0 .....	.....
238140	Masonry Contractors	\$19.0 .....	.....
238150	Glass and Glazing Contractors	\$19.0 .....	.....
238160	Roofing Contractors	\$19.0 .....	.....
238170	Siding Contractors	\$19.0 .....	.....
238190	Other Foundation, Structure, and Building Exterior Contractors	\$19.0 .....	.....
238210	Electrical Contractors and Other Wiring Installation Contractors	\$19.0 .....	.....
238220	Plumbing, Heating, and Air-Conditioning Contractors	\$19.0 .....	.....
238290	Other Building Equipment Contractors	\$22.0 .....	.....
238310	Drywall and Insulation Contractors	\$19.0 .....	.....
238320	Painting and Wall Covering Contractors	\$19.0 .....	.....
238330	Flooring Contractors	\$19.0 .....	.....
238340	Tile and Terrazzo Contractors	\$19.0 .....	.....
238350	Finish Carpentry Contractors	\$19.0 .....	.....
238390	Other Building Finishing Contractors	\$19.0 .....	.....
238910	Site Preparation Contractors	\$19.0 .....	.....
238990	All Other Specialty Trade Contractors	\$19.0 .....	.....
238990 (Exception)	Building and Property Specialty Trade Services ¹³	\$19.0 ¹³ .....	.....

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 44—45—Retail Trade			
Subsector 441—Motor Vehicle and Parts Dealers			
441120	Used Car Dealers	\$30.5	
441210	Recreational Vehicle Dealers	\$40.0	
441222	Boat Dealers	\$40.0	
441227	Motorcycle, ATV, and All Other Motor Vehicle Dealers	\$40.0	
441330	Automotive Parts and Accessories Retailers	\$28.5	
441340	Tire Dealers	\$25.5	
Subsector 444—Building Material and Garden Equipment and Supplies Dealers			
444110	Home Centers	\$47.0	
444120	Paint and Wallpaper Retailers	\$34.0	
444140	Hardware Retailers	\$16.5	
444180	Other Building Material Dealers	\$25.0	
444230	Outdoor Power Equipment Retailers	\$9.5	
444240	Nursery, Garden Center, and Farm Supply Retailers	\$21.5	
Subsector 445—Food and Beverage Stores			
445110	Supermarkets and Other Grocery Retailers (except Convenience Retailers)	\$40.0	
445131	Convenience Retailers	\$36.5	
445132	Vending Machine Operators	\$21.0	
445230	Fruit and Vegetable Retailers	\$9.0	
445240	Meat Retailers	\$9.0	
445250	Fish and Seafood Retailers	\$9.0	
445291	Baked Goods Retailers	\$16.0	
445292	Confectionery and Nut Retailers	\$19.5	
445298	All Other Specialty Food Retailers	\$10.0	
445320	Beer, Wine, and Liquor Retailers	\$10.0	
Subsector 449—Furniture, Home Furnishings, Electronics, and Appliance Retailers			
449110	Furniture Retailers	\$25.0	
449121	Floor Covering Retailers	\$9.0	
449122	Window Treatment Retailers	\$11.5	
449129	All Other Home Furnishings Retailers	\$33.5	
449210	Electronics and Appliance Retailers	\$40.0	
Subsector 455—General Merchandise Retailers			
455110	Department Stores	\$40.0	
455211	Warehouse Clubs and Supercenters	\$47.0	
455219	All Other General Merchandise Retailers	\$40.0	
Subsector 456—Health and Personal Care Retailers			
456110	Pharmacies and Drug Retailers	\$37.5	
456120	Cosmetics, Beauty Supplies, and Perfume Retailers	\$34.0	
456130	Optical Goods Retailers	\$29.5	
456191	Food (Health) Supplement Retailers	\$22.5	
456199	All Other Health and Personal Care Retailers	\$9.5	
Subsector 457—Gasoline Stations and Fuel Dealers			
457110	Gasoline Stations with Convenience Stores	\$36.5	
457120	Other Gasoline Stations	\$33.5	
Subsector 458—Clothing, Clothing Accessories, Shoe, and Jewelry Retailers			
458110	Clothing and Clothing Accessories Retailers	\$47.0	
458210	Shoe Retailers	\$34.0	

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
458310	Jewelry Retailers	\$20.5	
458320	Luggage and Leather Goods Retailers	\$38.0	
Subsector 459—Sporting Goods, Hobby, Musical Instrument, Book, and Miscellaneous Retailers			
459110	Sporting Goods Retailers	\$26.5	
459120	Hobby, Toy, and Game Retailers	\$35.0	
459130	Sewing, Needlework, and Piece Goods Retailers	\$34.0	
459140	Musical Instrument and Supplies Retailers	\$22.5	
459210	Book Retailers and News Dealers	\$36.0	
459310	Florists	\$9.0	
459410	Office Supplies and Stationery Retailers	\$40.0	
459420	Gift, Novelty, and Souvenir Retailers	\$13.5	
459510	Used Merchandise Retailers	\$14.0	
459910	Pet and Pet Supplies Retailers	\$32.0	
459920	Art Dealers	\$16.5	
459930	Manufactured (Mobile) Home Dealers	\$19.0	
459991	Tobacco, Electronic Cigarette, and Other Smoking Supplies Retailers	\$11.5	
459999	All Other Miscellaneous Retailers	\$11.5	
Sector 48—Transportation and Warehousing			
Subsector 481—Air Transportation			
*	*	*	*
481219	Other Nonscheduled Air Transportation	\$25.0	
*	*	*	*
Subsector 484—Truck Transportation			
484110	General Freight Trucking, Local	\$34.0	
484121	General Freight Trucking, Long-Distance, Truckload	\$34.0	
484122	General Freight Trucking, Long-Distance, Less Than Truckload	\$43.0	
484210	Used Household and Office Goods Moving	\$34.0	
484220	Specialized Freight (except Used Goods) Trucking, Local	\$34.0	
484230	Specialized Freight (except Used Goods) Trucking, Long-Distance	\$34.0	
Subsector 485—Transit and Ground Passenger Transportation			
485111	Mixed Mode Transit Systems	\$29.0	
485112	Commuter Rail Systems	\$47.0	
485113	Bus and Other Motor Vehicle Transit Systems	\$32.5	
485119	Other Urban Transit Systems	\$37.5	
485210	Interurban and Rural Bus Transportation	\$32.0	
485310	Taxi and Ridesharing Services	\$19.0	
485320	Limousine Service	\$19.0	
485410	School and Employee Bus Transportation	\$30.0	
485510	Charter Bus Industry	\$19.0	
485991	Special Needs Transportation	\$19.0	
485999	All Other Transit and Ground Passenger Transportation	\$19.0	
Subsector 486—Pipeline Transportation			
*	*	*	*
486210	Pipeline Transportation of Natural Gas	\$41.5	
*	*	*	*
486990	All Other Pipeline Transportation	\$46.0	
Subsector 487—Scenic and Sightseeing Transportation			
487110	Scenic and Sightseeing Transportation, Land	\$20.5	
487210	Scenic and Sightseeing Transportation, Water	\$14.0	
487990	Scenic and Sightseeing Transportation, Other	\$25.0	
Subsector 488—Support Activities for Transportation			
488111	Air Traffic Control	\$40.0	
488119	Other Airport Operations	\$40.0	

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
488190	Other Support Activities for Air Transportation	\$40.0 .....	.....
488210	Support Activities for Rail Transportation	\$34.0 .....	.....
488310	Port and Harbor Operations	\$47.0 .....	.....
488320	Marine Cargo Handling	\$47.0 .....	.....
488330	Navigational Services to Shipping	\$47.0 .....	.....
488390	Other Support Activities for Water Transportation	\$47.0 .....	.....
488410	Motor Vehicle Towing	\$9.0 .....	.....
488490	Other Support Activities for Road Transportation	\$18.0 .....	.....
488510	Freight Transportation Arrangement ¹⁰	\$20.0 ¹⁰ .....	.....
488510 (Exception)	Non-Vessel Owning Common Carriers and Household Goods Forwarders ..	\$34.0 .....	.....
488991	Packing and Crating	\$34.0 .....	.....
488999	All Other Support Activities for Transportation	\$25.0 .....	.....
Subsector 491—Postal Service			
491110	Postal Service	\$9.0 .....	.....
Subsector 492—Couriers and Messengers			
492210	Local Messengers and Local Delivery	\$34.0 .....	.....
Subsector 493—Warehousing and Storage			
493110	General Warehousing and Storage	\$34.0 .....	.....
493120	Refrigerated Warehousing and Storage	\$36.5 .....	.....
493130	Farm Product Warehousing and Storage	\$34.0 .....	.....
493190	Other Warehousing and Storage	\$36.5 .....	.....
Sector 51—Information			
Subsector 512—Motion Picture and Sound Recording Industries			
512110	Motion Picture and Video Production	\$40.0 .....	.....
512120	Motion Picture and Video Distribution	\$39.0 .....	.....
512131	Motion Picture Theaters (except Drive-Ins)	\$47.0 .....	.....
512132	Drive-In Motion Picture Theaters	\$12.5 .....	.....
512191	Teleproduction and Other Postproduction Services	\$39.0 .....	.....
512199	Other Motion Picture and Video Industries	\$28.5 .....	.....
512240	Sound Recording Studios	\$11.0 .....	.....
512290	Other Sound Recording Industries	\$22.5 .....	.....
Subsector 513—Publishing Industries			
513210	Software Publishers ¹⁵	\$47.0 ¹⁵ .....	.....
Subsector 516—Broadcasting and Content Providers			
516110	Radio Broadcasting Stations	\$47.0 .....	.....
516120	Television Broadcasting Stations	\$47.0 .....	.....
516210	Media Streaming Distribution Services, Social Networks, and Other Media Networks and Content Providers.	\$47.0 .....	.....
Subsector 517—Telecommunications			
517410	Satellite Telecommunications	\$44.0 .....	.....
517810	All Other Telecommunications	\$40.0 .....	.....
Subsector 518—Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services			
518210	Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services.	\$40.0 .....	.....

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 519—Web Search Portals, Libraries, Archives, and Other Information Services			
519210	Libraries and Archives	\$21.0 .....	.....
*	*	*	*
Sector 52—Finance and Insurance			
Subsector 522—Credit Intermediation and Related Activities			
522110	Commercial Banking ⁸	\$850 million in assets ⁸ .....	.....
522130	Credit Unions ⁸	\$850 million in assets ⁸ .....	.....
522180	Savings Institutions and Other Depository Credit Intermediation ⁸	\$850 million in assets ⁸ .....	.....
522210	Credit Card Issuing ⁸	\$850 million in assets ⁸ .....	.....
522220	Sales Financing	\$47.0 .....	.....
522291	Consumer Lending	\$47.0 .....	.....
522292	Real Estate Credit	\$47.0 .....	.....
522299	International, Secondary Market, and All Other Nondepository Credit Intermediation	\$47.0 .....	.....
522310	Mortgage and Nonmortgage Loan Brokers	\$15.0 .....	.....
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities ..	\$47.0 .....	.....
522390	Other Activities Related to Credit Intermediation	\$28.5 .....	.....
Subsector 523—Securities, Commodity Contracts, and Other Financial Investments and Related Activities			
523150	Investment Banking and Securities Intermediation	\$47.0 .....	.....
523160	Commodity Contracts Intermediation	\$41.5 .....	.....
523210	Securities and Commodity Exchanges	\$47.0 .....	.....
523910	Miscellaneous Intermediation	\$47.0 .....	.....
523940	Portfolio Management and Investment Advice	\$47.0 .....	.....
523991	Trust, Fiduciary and Custody Activities	\$47.0 .....	.....
523999	Miscellaneous Financial Investment Activities	\$47.0 .....	.....
Subsector 524—Insurance Carriers and Related Activities			
524113	Direct Life Insurance Carriers	\$47.0 .....	.....
524114	Direct Health and Medical Insurance Carriers	\$47.0 .....	.....
*	*	*	*
524127	Direct Title Insurance Carriers	\$47.0 .....	.....
524128	Other Direct Insurance (except Life, Health and Medical) Carriers	\$47.0 .....	.....
524130	Reinsurance Carriers	\$47.0 .....	.....
524210	Insurance Agencies and Brokerages	\$15.0 .....	.....
524291	Claims Adjusting	\$25.0 .....	.....
524292	Pharmacy Benefit Management and Other Third Party Administration of Insurance and Pension Funds	\$45.5 .....	.....
524298	All Other Insurance Related Activities	\$30.5 .....	.....
Subsector 525—Funds, Trusts and Other Financial Vehicles			
525110	Pension Funds	\$40.0 .....	.....
525120	Health and Welfare Funds	\$40.0 .....	.....
525190	Other Insurance Funds	\$40.0 .....	.....
525910	Open-End Investment Funds	\$40.0 .....	.....
525920	Trusts, Estates, and Agency Accounts	\$40.0 .....	.....
525990	Other Financial Vehicles	\$40.0 .....	.....
Sector 53—Real Estate and Rental and Leasing			
Subsector 531—Real Estate			
531110	Lessors of Residential Buildings and Dwellings ⁹	\$34.0 ⁹ .....	.....
531120	Lessors of Nonresidential Buildings (except Miniwarehouses) ⁹	\$34.0 ⁹ .....	.....
531130	Lessors of Miniwarehouses and Self-Storage Units ⁹	\$34.0 ⁹ .....	.....
531190	Lessors of Other Real Estate Property ⁹	\$34.0 ⁹ .....	.....
531210	Offices of Real Estate Agents and Brokers ¹⁰	\$15.0 ¹⁰ .....	.....
531311	Residential Property Managers	\$12.5 .....	.....
531312	Nonresidential Property Managers	\$19.5 .....	.....
531320	Offices of Real Estate Appraisers	\$9.5 .....	.....

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
531390	Other Activities Related to Real Estate	\$19.5 .....	.....
Subsector 532—Rental and Leasing Services			
532111	Passenger Car Rental	\$47.0 .....	.....
532112	Passenger Car Leasing	\$47.0 .....	.....
532120	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing	\$47.0 .....	.....
532210	Consumer Electronics and Appliances Rental	\$47.0 .....	.....
532281	Formal Wear and Costume Rental	\$25.0 .....	.....
532282	Video Tape and Disc Rental	\$35.0 .....	.....
532283	Home Health Equipment Rental	\$41.0 .....	.....
532284	Recreational Goods Rental	\$9.0 .....	.....
532289	All Other Consumer Goods Rental	\$12.5 .....	.....
532310	General Rental Centers	\$9.0 .....	.....
532411	Commercial Air, Rail, and Water Transportation Equipment Rental and Leasing.	\$45.5 .....	.....
532412	Construction, Mining and Forestry Machinery and Equipment Rental and Leasing.	\$40.0 .....	.....
532420	Office Machinery and Equipment Rental and Leasing	\$40.0 .....	.....
532490	Other Commercial and Industrial Machinery and Equipment Rental and Leasing.	\$40.0 .....	.....
Subsector 533—Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)			
533110	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	\$47.0 .....	.....
Sector 54—Professional, Scientific and Technical Services			
Subsector 541—Professional, Scientific and Technical Services			
541110	Offices of Lawyers	\$15.5 .....	.....
541191	Title Abstract and Settlement Offices	\$19.5 .....	.....
541199	All Other Legal Services	\$20.5 .....	.....
541211	Offices of Certified Public Accountants	\$26.5 .....	.....
541213	Tax Preparation Services	\$25.0 .....	.....
541214	Payroll Services	\$39.0 .....	.....
541219	Other Accounting Services	\$25.0 .....	.....
541310	Architectural Services	\$12.5 .....	.....
541320	Landscape Architectural Services	\$9.0 .....	.....
541330	Engineering Services	\$25.5 .....	.....
541330 (Exception 1)	Military and Aerospace Equipment and Military Weapons	\$47.0 .....	.....
541330 (Exception 2)	Contracts and Subcontracts for Engineering Services Awarded Under the National Energy Policy Act of 1992.	\$47.0 .....	.....
541330 (Exception 3)	Marine Engineering and Naval Architecture	\$47.0 .....	.....
541340	Drafting Services	\$9.0 .....	.....
541350	Building Inspection Services	\$11.5 .....	.....
541360	Geophysical Surveying and Mapping Services	\$28.5 .....	.....
541370	Surveying and Mapping (except Geophysical) Services	\$19.0 .....	.....
541380	Testing Laboratories and Services	\$19.0 .....	.....
541410	Interior Design Services	\$9.0 .....	.....
541420	Industrial Design Services	\$17.0 .....	.....
541430	Graphic Design Services	\$9.0 .....	.....
541490	Other Specialized Design Services	\$13.5 .....	.....
541511	Custom Computer Programming Services	\$34.0 .....	.....
541512	Computer Systems Design Services	\$34.0 .....	.....
541513	Computer Facilities Management Services	\$37.0 .....	.....
541519	Other Computer Related Services	\$34.0 .....	.....
*	*	*	*
541611	Administrative Management and General Management Consulting Services	\$24.5 .....	.....
541612	Human Resources Consulting Services	\$29.0 .....	.....
541613	Marketing Consulting Services	\$19.0 .....	.....
541614	Process, Physical Distribution and Logistics Consulting Services	\$20.0 .....	.....
541618	Other Management Consulting Services	\$19.0 .....	.....
541620	Environmental Consulting Services	\$19.0 .....	.....
541690	Other Scientific and Technical Consulting Services	\$19.0 .....	.....
*	*	*	*
541720	Research and Development in the Social Sciences and Humanities	\$28.0 .....	.....
541810	Advertising Agencies ¹⁰	\$25.5 ¹⁰ .....	.....
541820	Public Relations Agencies	\$19.0 .....	.....
541830	Media Buying Agencies	\$32.5 .....	.....

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
541840	Media Representatives	\$21.0	
541850	Indoor and Outdoor Display Advertising	\$34.5	
541860	Direct Mail Advertising	\$22.0	
541870	Advertising Material Distribution Services	\$28.5	
541890	Other Services Related to Advertising	\$19.0	
541910	Marketing Research and Public Opinion Polling	\$22.5	
541921	Photography Studios, Portrait	\$16.0	
541922	Commercial Photography	\$9.0	
541930	Translation and Interpretation Services	\$22.5	
541940	Veterinary Services	\$10.0	
541990	All Other Professional, Scientific and Technical Services	\$19.5	
Sector 55—Management of Companies and Enterprises			
Subsector 551—Management of Companies and Enterprises			
551111	Offices of Bank Holding Companies	\$38.5	
551112	Offices of Other Holding Companies	\$45.5	
Sector 56—Administrative and Support, Waste Management and Remediation Services			
Subsector 561—Administrative and Support Services			
561110	Office Administrative Services	\$12.5	
561210	Facilities Support Services ¹²	\$47.0 ¹²	
561311	Employment Placement Agencies	\$34.0	
561312	Executive Search Services	\$34.0	
561320	Temporary Help Services	\$34.0	
561330	Professional Employer Organizations	\$41.5	
561410	Document Preparation Services	\$19.0	
561421	Telephone Answering Services	\$19.0	
561422	Telemarketing Bureaus and Other Contact Centers	\$25.5	
561431	Private Mail Centers	\$19.0	
561439	Other Business Service Centers (including Copy Shops)	\$26.5	
561440	Collection Agencies	\$19.5	
561450	Credit Bureaus	\$41.0	
561491	Repossession Services	\$19.0	
561492	Court Reporting and Stenotype Services	\$19.0	
561499	All Other Business Support Services	\$21.5	
561510	Travel Agencies ¹⁰	\$25.0 ¹⁰	
561520	Tour Operators ¹⁰	\$25.0 ¹⁰	
561591	Convention and Visitors Bureaus	\$25.0	
561599	All Other Travel Arrangement and Reservation Services	\$32.5	
561611	Investigation and Personal Background Check Services	\$25.0	
561612	Security Guards and Patrol Services	\$29.0	
561613	Armored Car Services	\$43.0	
561621	Security Systems Services (except Locksmiths)	\$25.0	
561622	Locksmiths	\$25.0	
561710	Exterminating and Pest Control Services	\$17.5	
561720	Janitorial Services	\$22.0	
561730	Landscape Services	\$9.5	
561740	Carpet and Upholstery Cleaning Services	\$8.5	
561790	Other Services to Buildings and Dwellings	\$9.0	
561910	Packaging and Labeling Services	\$19.5	
561920	Convention and Trade Show Organizers ¹⁰	\$20.0 ¹⁰	
561990	All Other Support Services	\$16.5	
Subsector 562—Waste Management and Remediation Services			
562111	Solid Waste Collection	\$47.0	
562112	Hazardous Waste Collection	\$47.0	
562119	Other Waste Collection	\$47.0	
562211	Hazardous Waste Treatment and Disposal	\$47.0	
562212	Solid Waste Landfill	\$47.0	
562213	Solid Waste Combustors and Incinerators	\$47.0	
562219	Other Nonhazardous Waste Treatment and Disposal	\$47.0	
562910	Remediation Services	\$25.0	
*	*	*	*
562920	Materials Recovery Facilities	\$25.0	
562991	Septic Tank and Related Services	\$9.0	
562998	All Other Miscellaneous Waste Management 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 61—Educational Services			
Subsector 611—Educational Services			
611110	Elementary and Secondary Schools	\$20.0 .....	.....
611210	Junior Colleges	\$32.5 .....	.....
611310	Colleges, Universities and Professional Schools	\$34.5 .....	.....
611410	Business and Secretarial Schools	\$20.5 .....	.....
611420	Computer Training	\$16.0 .....	.....
611430	Professional and Management Development Training	\$15.0 .....	.....
611511	Cosmetology and Barber Schools	\$13.0 .....	.....
611512	Flight Training	\$34.0 .....	.....
611513	Apprenticeship Training	\$11.5 .....	.....
611519	Other Technical and Trade Schools	\$21.0 .....	.....
611519 (Exception)	Job Corps Centers ¹⁶	\$47.0 ¹⁶ .....	.....
611610	Fine Arts Schools	\$9.0 .....	.....
611620	Sports and Recreation Instruction	\$9.0 .....	.....
611630	Language Schools	\$20.5 .....	.....
611691	Exam Preparation and Tutoring	\$12.5 .....	.....
611692	Automobile Driving Schools	\$10.0 .....	.....
611699	All Other Miscellaneous Schools and Instruction	\$16.5 .....	.....
611710	Educational Support Services	\$24.0 .....	.....
Sector 62—Health Care and Social Assistance			
Subsector 621—Ambulatory Health Care Services			
621111	Offices of Physicians (except Mental Health Specialists)	\$16.0 .....	.....
621112	Offices of Physicians, Mental Health Specialists	\$13.5 .....	.....
621210	Offices of Dentists	\$9.0 .....	.....
621310	Offices of Chiropractors	\$9.0 .....	.....
621320	Offices of Optometrists	\$9.0 .....	.....
621330	Offices of Mental Health Practitioners (except Physicians)	\$9.0 .....	.....
621340	Offices of Physical, Occupational and Speech Therapists and Audiologists	\$12.5 .....	.....
621391	Offices of Podiatrists	\$9.0 .....	.....
621399	Offices of All Other Miscellaneous Health Practitioners	\$10.0 .....	.....
621410	Family Planning Centers	\$19.0 .....	.....
621420	Outpatient Mental Health and Substance Abuse Centers	\$19.0 .....	.....
621491	HMO Medical Centers	\$44.5 .....	.....
621492	Kidney Dialysis Centers	\$47.0 .....	.....
621493	Freestanding Ambulatory Surgical and Emergency Centers	\$19.0 .....	.....
621498	All Other Outpatient Care Centers	\$25.5 .....	.....
621511	Medical Laboratories	\$41.5 .....	.....
621512	Diagnostic Imaging Centers	\$19.0 .....	.....
621610	Home Health Care Services	\$19.0 .....	.....
621910	Ambulance Services	\$22.5 .....	.....
621991	Blood and Organ Banks	\$40.0 .....	.....
621999	All Other Miscellaneous Ambulatory Health Care Services	\$20.5 .....	.....
Subsector 622—Hospitals			
622110	General Medical and Surgical Hospitals	\$47.0 .....	.....
622210	Psychiatric and Substance Abuse Hospitals	\$47.0 .....	.....
622310	Specialty (except Psychiatric and Substance Abuse) Hospitals	\$47.0 .....	.....
Subsector 623—Nursing and Residential Care Facilities			
623110	Nursing Care Facilities (Skilled Nursing Facilities)	\$34.0 .....	.....
623210	Residential Intellectual and Developmental Disability Facilities	\$19.0 .....	.....
623220	Residential Mental Health and Substance Abuse Facilities	\$19.0 .....	.....
623311	Continuing Care Retirement Communities	\$34.0 .....	.....
623312	Assisted Living Facilities for the Elderly	\$23.5 .....	.....
623990	Other Residential Care Facilities	\$16.0 .....	.....
Subsector 624—Social Assistance			
624110	Child and Youth Services	\$15.5 .....	.....
624120	Services for the Elderly and Persons with Disabilities	\$15.0 .....	.....
624190	Other Individual and Family Services	\$16.0 .....	.....
624210	Community Food Services	\$19.5 .....	.....
624221	Temporary Shelters	\$13.5 .....	.....
624229	Other Community Housing Services	\$19.0 .....	.....
624230	Emergency and Other Relief Services	\$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
624310	Vocational Rehabilitation Services	\$15.0	
624410	Child Care Services	\$9.5	
Sector 71—Arts, Entertainment and Recreation			
Subsector 711—Performing Arts, Spectator Sports and Related Industries			
711110	Theater Companies and Dinner Theaters	\$25.0	
711120	Dance Companies	\$18.0	
711130	Musical Groups and Artists	\$15.0	
711190	Other Performing Arts Companies	\$34.0	
711211	Sports Teams and Clubs	\$47.0	
711212	Racetracks	\$47.0	
711219	Other Spectator Sports	\$16.5	
711310	Promoters of Performing Arts, Sports and Similar Events with Facilities	\$40.0	
711320	Promoters of Performing Arts, Sports and Similar Events without Facilities	\$22.0	
711410	Agents and Managers for Artists, Athletes, Entertainers and Other Public Figures	\$17.5	
711510	Independent Artists, Writers, and Performers	\$9.0	
Subsector 712—Museums, Historical Sites and Similar Institutions			
712110	Museums	\$34.0	
712120	Historical Sites	\$13.0	
712130	Zoos and Botanical Gardens	\$34.0	
712190	Nature Parks and Other Similar Institutions	\$19.5	
Subsector 713—Amusement, Gambling and Recreation Industries			
713110	Amusement and Theme Parks	\$47.0	
713120	Amusement Arcades	\$9.0	
713210	Casinos (except Casino Hotels)	\$34.0	
713290	Other Gambling Industries	\$40.0	
713910	Golf Courses and Country Clubs	\$19.0	
713920	Skiing Facilities	\$35.0	
713930	Marinas	\$11.0	
713940	Fitness and Recreational Sports Centers	\$17.5	
713950	Bowling Centers	\$12.5	
713990	All Other Amusement and Recreation Industries	\$9.0	
Sector 72—Accommodation and Food Services			
Subsector 721—Accommodation			
721110	Hotels (except Casino Hotels) and Motels	\$40.0	
721120	Casino Hotels	\$40.0	
721191	Bed-and-Breakfast Inns	\$9.0	
721199	All Other Traveler Accommodation	\$9.0	
721211	RV (Recreational Vehicle) Parks and Campgrounds	\$10.0	
721214	Recreational and Vacation Camps (except Campgrounds)	\$9.0	
721310	Rooming and Boarding Houses, Dormitories, and Workers' Camps	\$14.0	
Subsector 722—Food Services and Drinking Places			
722310	Food Service Contractors	\$47.0	
722320	Caterers	\$9.0	
722330	Mobile Food Services	\$9.0	
722410	Drinking Places (Alcoholic Beverages)	\$9.0	
722511	Full-Service Restaurants	\$11.5	
722513	Limited-Service Restaurants	\$13.5	
722514	Cafeterias, Grill Buffets, and Buffets	\$34.0	
722515	Snack and Nonalcoholic Beverage Bars	\$22.5	
Sector 81—Other Services (Except Public Administration)			
Subsector 811—Repair and Maintenance			
811111	General Automotive Repair	\$9.0	
811114	Specialized Automotive Repair	\$9.0	
811121	Automotive Body, Paint and Interior Repair and Maintenance	\$9.0	
811122	Automotive Glass Replacement Shops	\$17.5	
811191	Automotive Oil Change and Lubrication Shops	\$11.0	
811192	Car Washes	\$9.0	
811198	All Other Automotive Repair and Maintenance	\$10.0	

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
811210	Electronic and Precision Equipment Repair and Maintenance	\$34.0	
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance.	\$12.5	
811411	Home and Garden Equipment Repair and Maintenance	\$9.0	
811412	Appliance Repair and Maintenance	\$19.0	
811420	Reupholstery and Furniture Repair	\$9.0	
811430	Footwear and Leather Goods Repair	\$9.0	
811490	Other Personal and Household Goods Repair and Maintenance	\$9.0	

Subsector 812—Personal and Laundry Services

812111	Barber Shops	\$9.5	
812112	Beauty Salons	\$9.5	
812113	Nail Salons	\$9.0	
812191	Diet and Weight Reducing Centers	\$27.5	
812199	Other Personal Care Services	\$9.0	
812210	Funeral Homes and Funeral Services	\$12.5	
812220	Cemeteries and Crematories	\$25.0	
812310	Coin-Operated Laundries and Drycleaners	\$13.0	
812320	Drycleaning and Laundry Services (except Coin-Operated)	\$8.0	
812331	Linen Supply	\$40.0	
812332	Industrial Launderers	\$47.0	
812910	Pet Care (except Veterinary) Services	\$9.0	
812921	Photofinishing Laboratories (except One-Hour)	\$29.5	
812922	One-Hour Photofinishing	\$19.0	
812930	Parking Lots and Garages	\$47.0	
812990	All Other Personal Services	\$15.0	

Subsector 813—Religious, Grantmaking, Civic, Professional and Similar Organizations

813110	Religious Organizations	\$13.0	
813211	Grantmaking Foundations	\$40.0	
813212	Voluntary Health Organizations	\$34.0	
813219	Other Grantmaking and Giving Services	\$47.0	
813311	Human Rights Organizations	\$34.0	
813312	Environment, Conservation and Wildlife Organizations	\$19.5	
813319	Other Social Advocacy Organizations	\$18.0	
813410	Civic and Social Organizations	\$9.5	
813910	Business Associations	\$15.5	
813920	Professional Organizations	\$23.5	
813930	Labor Unions and Similar Labor Organizations	\$16.5	
813940	Political Organizations	\$14.0	
813990	Other Similar Organizations (except Business, Professional, Labor, and Political Organizations).	\$13.5	

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Footnotes

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1. *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.

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

8. *NAICS Codes 522110, 522130, 522180, 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, 522180, 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 \$47 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 (excluding the exception) 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.

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15. *NAICS code 513210—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.*

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.

- 3. Amend § 121.301 by revising the first sentence of paragraph (c)(2) to read as follows:

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

* * * * *

(c) * * *

(2) Including its affiliates, tangible net worth not in excess of \$24 million, and average net income after Federal income taxes (excluding any carry-over losses) for the preceding two completed fiscal years not in excess of \$8 million. * * *

§ 121.502 [Amended]

- 4. Amend § 121.502 in paragraph (a)(2) by removing the number "\$8 million" and adding in its place the number "\$9 million".

§ 121.512 [Amended]

- 5. Amend § 121.512 in paragraph (b) by removing the number "\$67.5 million" and adding in its place the number "\$76.5 million".

PART 124—8(a) BUSINESS DEVELOPMENT/SMALL DISADVANTAGED BUSINESS STATUS DETERMINATIONS

- 6. The authority citation for part 124 continues to read as follows:

Authority: 15 U.S.C. 634(b)(6), 636(j), 637(a), 637(d), 644, 42 U.S.C. 9815; and Pub. L. 99–661, 100 Stat. 3816; Sec. 1207, Pub. L. 100–656, 102 Stat. 3853; Pub. L. 101–37, 103 Stat. 70; Pub. L. 101–574, 104 Stat. 2814; Sec. 8021, Pub. L. 108–87, 117 Stat. 1054; and Sec. 330, Pub. L. 116–260.

§ 124.104 [Amended]

- 7. Amend § 124.104:
 - a. In paragraph (c)(2) introductory text by removing the number "\$750,000" and adding in its place the number "\$850,000";
 - b. In paragraph (c)(3)(i) by removing the number "\$350,000" and adding in its place the number "\$400,000"; and
 - c. In paragraph (c)(4) by removing the number "\$6 million" and adding in its place the number "\$6.5 million".

§ 124.519 [Amended]

- 8. Amend § 124.519 in paragraph (a) by removing the number

"\$100,000,000" and adding in its place the number "\$168,500,000".

PART 127—WOMEN-OWNED SMALL BUSINESS FEDERAL CONTRACT PROGRAM

- 9. The authority citation for part 127 continues to read as follows:

Authority: 15 U.S.C. 632, 634(b)(6), 637(m), 644 and 657r.

§ 127.203 [Amended]

- 10. Amend § 127.203:
 - a. In paragraph (b)(1) by removing the number "\$750,000" and adding in its place the number "\$850,000";
 - b. In paragraph (c)(3)(i) by removing the number "\$350,000" and adding in its place the number "\$400,000"; and
 - c. In paragraph (c)(4) by removing the number "\$6 million" and adding in its place the number "\$6.5 million".

**Isabella Casillas Guzman,
Administrator.**

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