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## SMALL BUSINESS ADMINISTRATION

### 13 CFR Part 121

RIN 3245-AG60

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

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Interim Final Rule with request for comments.

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

**DATES:**

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

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

**ADDRESSES:** You may submit comments, identified by RIN 3245-AG60, by any electronic mail address that includes the following: [icmc5Chr5m/T1\\_4\\_1Tf0Tw@sizestandards.gov](mailto:icmc5Chr5m/T1_4_1Tf0Tw@sizestandards.gov) (sizestandards@Tj T\* (sb) net worth and net income based alternative size standard established under the Jobs Act for its 7(a) and 504 Loan Programs. Also not adjusted is the \$750,000 receipts based size standard set by statute for agricultural industries.

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

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

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

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

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

### SBA's Inflation Adjustment Methodology

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

Methodology" White Paper, available at [http://www.sba.gov/sites/default/files/2013-07/2013-07-16\\_SBA\\_Size\\_Standards\\_Methodology\\_White\\_Paper.pdf](http://www.sba.gov/sites/default/files/2013-07/2013-07-16_SBA_Size_Standards_Methodology_White_Paper.pdf). SBA had also applied the same methodology in its previous inflation adjustments, including the last adjustment in 2008. This methodology involves the following steps.

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

### Selecting an Inflation Measure

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

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

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

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

**Consumer Price Index (CPI):** The CPI, produced monthly by the BLS, is a measure of the average change in the prices paid by urban consumers for a market basket of goods and services,

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

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

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

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

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

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

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

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

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

#### Selecting the Base and End Periods

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

#### Calculating the Rate of Inflation

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

#### Making Adjustments to Size Standards

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

each of the receipts based size standards

permanent alternative size standard for those programs.

SBA has decided to remove 13 CFR 121.301(d)(2).

Currently, 13 CFR 121.301(d) reads as follows:

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

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

SBA believes that paragraph (2) is no longer necessary for two reasons. First, given paragraph (1), paragraph (2) is now mostly redundant, because the inflation adjusted receipts based size standards for all industries, except for four, are higher than \$7 million (see Table 1, Inflation Adjustment to Receipts Based Size Standards, above). Second, SBA would not expect, after more than eight years since the Hurricanes Katrina, Rita, and Wilma occurred, small businesses in these disaster areas would be in need of a separate size standard, which now has only limited application. Paragraph (2) made sense when the size standard for a construction concern (general or special trade) for Surety Bond Guarantee was \$7 million or less in average receipts, but the size standards for all



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







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
<b>Sector 11—Agriculture, Forestry, Fishing and Hunting</b>			
*	*	*	*
<b>Subsector 112—Animal Production and Aquaculture</b>			
*	*	*	*
112112	Cattle Feedlots	\$7.5	
*	*	*	*
112310	Chicken Egg Production	\$15.0	
*	*	*	*
<b>Subsector 113—Forestry and Logging</b>			
*	*	*	*
113110	Timber Tract Operations	\$11.0	
113210	Forest Nurseries and Gathering of Forest Products.	\$11.0	
*	*	*	*
<b>Subsector 114—Fishing, Hunting and Trapping</b>			
*	*	*	*
114111	Finfish Fishing	\$20.5	
114112	Shellfish Fishing	\$5.5	
114119	Other Marine Fishing	\$7.5	
114210	Hunting and Trapping	\$5.5	
<b>Subsector 115—Support Activities for Agriculture and Forestry</b>			
*	*	*	*
115111	Cotton Ginning	\$11.0	
115112	Soil Preparation, Planting, and Cultivating	\$7.5	
115113	Crop Harvesting, Primarily by Machine	\$7.5	
115114	Postharvest Crop Activities (except Cotton Ginning).	\$27.5	

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SMALL BUSINESS SIZE STANDARDS BY NAICS I

## SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

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



## SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

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

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
512132	Drive-In Motion Picture Theaters	\$7.5	
512191	Teleproduction and Other Postproduction Services	\$32.0	
512199	Other Motion Picture and Video Industries	\$20.5	
512210	Record Production	\$7.5	
*	*	*	*
512240	Sound Recording Studios	\$7.5	
512290	Other Sound Recording Industries	\$11.0	

**Subsector 515—Broadcasting (except Internet)**

515111	Radio Networks	\$32.5	
515112	Radio Stations	\$38.5	
515121	television (except P.....)-1039(.....)TJ 0 Tw 46.912 0 Td [(...595(.....5.....793.9002w 4412 0 Td [(.....		

## SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

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



SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
<b>Sector 54—Professional, Scientific and Technical Services</b>			
<b>Subsector 541—Professional, Scientific and Technical Services</b>			
541110	Offices of Lawyers	\$11.0	
541191	Title Abstract and Settlement Offices	\$11.0	
541199	All Other Legal Services	\$11.0	
541211	Offices of Certified Public Accountants	\$20.5	
541213	Tax Preparation Services	\$20.5	
541214	Payroll Services	\$20.5	
541219	Other Accounting Services	\$20.5	
541310	Architectural Services	\$7.5	
541320	Landscape Architectural Services	\$7.5	
541330	Engineering Services	\$15.0	
<i>Except,</i>	Military and Aerospace Equipment and Military Weapons.	\$38.5	
<i>Except,</i>	Contracts and Subcontracts for Engineering Services Awarded Under the National Energy Policy Act of 1992.	\$38.5	
<i>Except,</i>	Marine Engineering and Naval Architecture	\$38.5	
541340	Drafting Services	\$7.5	
541350	Building Inspection Services	\$7.5	
541360	Geophysical Surveying and Mapping Services	\$15.0	
541370	Surveying and Mapping (except Geophysical) Services.	\$15.0	
541380	Testing Laboratories	\$15.0	
541410	Interior Design Services	\$7.5	
541420	Industrial Design Services	\$7.5	
541430	Graphic Design Services	\$7.5	
541490	Other Specialized Design Services	\$7.5	
541511	Custom Computer Programming Services	\$27.5	
541512	Computer Systems Design Services	\$27.5	
541513	Computer Facilities Management Services	\$27.5	
541519	Other Computer Related Services	\$27.5	
<i>Except,</i>	Information Technology Value Added Resellers <sup>18</sup> .		150 <sup>18</sup>
541611	Administrative Management and General Management Consulting Services.	\$15.0	
541612	Human Resources Consulting Services	\$15.0	
541613	Marketing Consulting Services	\$15.0	
541614	Process, Physical Distribution and Logistics Consulting Services.	\$15.0	
541618	Other Management Consulting Services	\$15.0	
541620	Environmental Consulting Services	\$15.0	
541690	Other Scientific and Technical Consulting Services.	\$15.0	
*	*	*	*
541720	Research and Development in the Social Sciences and Humanities.	\$20.5	
541810	Advertising Agencies <sup>10</sup>	\$15.0 <sup>10</sup>	
541820	Public Relations Agencies	\$15.0	
541830	Media Buy. Adver666662		
541690	ed to d 54.0		304
541810	Marke. Opin. Poll-38(Other Scientific and Tec)-1onsulting	\$15.0	54.18
541820	Environment. Agencies7and Services.		

## SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
551112	Offices of Other Holding Companies	\$20.5	
<b>Sector 56—Administrative and Support, Waste Management and Remediation Services</b>			
<b>Subsector 561—Administrative and Support Services</b>			
561110	Office Administrative Services	\$7.5	
561210	Facilities Support Services <sup>12</sup>	\$38.5 <sup>12</sup>	
561311	Employment Placement Agencies	\$27.5	
561312	Executive Search Services	\$27.5	
561320	Temporary Help Services	\$27.5	
561330	Professional Employer Organizations	\$27.5	
561410	Document Preparation Services	\$15.0	
561421	Telephone Answering Services	\$15.0	
561422	Telemarketing Bureaus and Other contact Centers.	\$15.0	
561431	Private Mail Centers	\$15.0	
561439	Other Business Service Centers (including Copy Shops).	\$15.0	
561440	Collection Agencies	\$15.0	
561450	Credit Bureaus	\$15.0	
561491	Repossession Services	\$15.0	
561492	Court Reporting and Stenotype Services	\$15.0	
561499	All Other Business Support Services	\$15.0	
561510	Travel Agencies <sup>10</sup>	\$20.5 <sup>10</sup>	
561520	Tour Operators <sup>10</sup>	\$20.5 <sup>10</sup>	
561591	Convention and Visitors Bureaus	\$20.5	
561599	All Other Travel Arrangement and Reservation Services.	\$20.5	
561611	Investigation Services	\$20.5	
561612	Security Guards and Patrol Services	\$20.5	
561613	Armored Car Services	\$20.5	
561621	Security Systems Services (except Locksmiths).	\$20.5	
561622	Locksmiths	\$20.5	

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

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NAICS Codes	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
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SMALL BUSINESS SIZE STANDARDS BY NAICS I





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

\* \* \* \* \*

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

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

\* \* \* \* \*

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

\* \* \* \* \*

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

\* \* \* \* \*

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

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

\* \* \* \* \*

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

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

\* \* \* \* \*

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

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

(a) \* \* \*

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

\* \* \* \* \*

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

**§ 121.512 What is the size standard for stockpile purchases?**

\* \* \* \* \*

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

Dated: May 21, 2014.

Maria Contreras-Sweet,

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

BILLING CODE 8205-01-P

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 25**

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

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

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Final special conditions; request for comments.

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

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

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

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

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

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

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

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

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

Background documents or comments received may be read at <http://www.faa.gov> at any time.

Follow the online instructions for accessing the docket or go to the Docket Operations in Room W12-140 of the West Building Ground Floor at 1200 New Jersey Avenue SE., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except federal holidays.

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

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