

programs for small businesses, 8(a) firms, SDBs, and small businesses located in HUBZones.

In fiscal years 2001–02, \$925.7 million were awarded in contracts that were primarily for IT equipment but also included services. Small businesses received \$281.4 million. The SBA estimates that approximately \$10 million to \$25 million in additional Federal contracts could be awarded annually to smaller small businesses under the ITVAR 150 employee size standard. Most of these contracts would consist of a potential transfer from ITVARs with between 150 and 500 employees to small ITVARs with fewer than 150 employees. This does not represent the creation of new contracting activity by the Federal government, merely a possible reallocation or transfer to different sized firms.

The SBA does not believe any additional loans would be made under its 7(a) Guaranteed Loan Program as a result of changes the SBA is proposing in this rulemaking. ITVARs primarily engaged in wholesale trade are currently eligible for this program if they have 100 or fewer employees. In the last two years, only one 7(a) loan was made to wholesale trade firm with more than 50 employees.

Description of Potential Costs of the Rule: The changes in size standards as they affect Federal contracting are not expected to add any significant costs to the Federal Government. As a matter of policy, procurements may be set aside for small businesses or under the 8(a) and HUBZone Programs only if awards are expected to be made at reasonable prices. Although fewer small businesses will be competing for ITVAR contracts, the large number of small businesses should have little discernable impact on competition. Similarly, this rule should not result in any added costs associated with the 7(a) Program. The amount of lending authority SBA can make or guarantee is established by appropriation.

The competitive effects of size standard revisions differ from those normally associated with other regulations which typically burden smaller firms to a greater degree than larger firms in areas such as prices, costs, profits, growth, innovation and mergers. A change to a size standard is not anticipated to have any appreciable effect on any of these factors, although small businesses, 8(a) firms, or SDBs between 150 to 500 employees may be

less successful in competing for some Federal procurement opportunities. On the other hand, with more realistic eligibility requirements, Federal agencies may increase the overall number of contracting opportunities available under these programs, and this could result in greater opportunities for businesses much smaller than the current size standard.

(4) Will this rule impose any additional reporting or record keeping requirements on small businesses?

This final rule does not impose any new information collection requirements which require OMB approval under the Paperwork Reduction Act of 1980, 44 U.S.C. 3501–3520. A new size standard does not impose any additional reporting, record keeping or compliance requirements on small entities. Changing size standards alters the access to SBA programs that assist small businesses, but does not impose a regulatory burden as they neither regulate nor control business behavior.

(5) What are the relevant Federal rules which may duplicate, overlap or conflict with the final rule?

This final rule overlaps rules of other Federal agencies that use the SBA's size standards to define a small business. Under section 3(a)(2)(c) of the Small Business Act, unless specifically authorized by statute, Federal agencies must use SBA's size standards to define a small business. In 1995, the SBA published in the **Federal Register** a list of statutory and regulatory size standards that identified the application of the SBA's size standards as well as other size standards used by Federal agencies (60 FR 57988–57991, dated November 24, 1995). The SBA is not aware of any Federal rule that would duplicate or conflict with establishing size standards.

(6) What alternatives did the SBA consider?

The SBA cannot estimate the impact of a size standard change on each and every Federal program that uses its size standards. In cases where an SBA size standard is not appropriate, the Small Business Act and the SBA's regulations allow Federal agencies to develop different size standards with the approval of the SBA Administrator (§ 121.902). For purposes of a regulatory flexibility analysis, agencies must consult with the SBA's Office of

Advocacy when developing different size standards for their programs.

SBA considered revising its definition of a manufacturer. On April 1, 1999, the SBA published in the **Federal Register** a "Request for Comments" asking for comments on a modern definition of the term manufacturer and a new definition for "Remanufacturer" (64 FR 15708, dated April 1, 1999). The SBA received only six comments on this issue, none of which provided sufficient information to support a revision to the SBA's current manufacturer definition. After further review, the SBA now believes that establishing an ITVAR industry category is a more effective approach to addressing the size eligibility requirements of nonmanufacturers providing substantial services along with IT products on Federal contracts.

As discussed in the proposed rule, the SBA considered three other size standards along with its proposed 500 employee size standard. One of those alternatives was the 100 employee size standard advocated by many of the comments. As explained in this final rule, the SBA believes that available industry data and Federal contracting trends support a size standard much lower than the proposed 500 employee size standard but higher than 100 employees.

List of Subjects in 13 CFR Part 121

Administrative practice and procedure, Government procurement, Government property, Grant programs—business, Loan programs—business, Small businesses.

■ For the reasons set forth in the preamble, the SBA amends part 121 of title 13 of the Code of Federal Regulations as follows:

PART 121—SMALL BUSINESS SIZE REGULATIONS

Subpart A—Size Eligibility Provisions and Standards

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

Authority: 15 U.S.C. 632(a), 634(b)(6), 636(b), 637(a), 644(c) and 662(5) and sec. 304, Pub. L. 103–403, 108 Stat. 4175, 4188, Pub. L. 106–24, 113 Stat. 39.

■ 2. In § 121.201, in the table "Small Business Size Standards by NAICS Industry," under the heading Subsector 541—Professional, Scientific, and Technical Services, revise the entry for 541519 to read as follows: