

SMALL BUSINESS ADMINISTRATION**13 CFR Part 121****RIN 3245-AF11****Small Business Size Standards;
Restructuring of Size Standards****AGENCY:** Small Business Administration (SBA).**ACTION:** Proposed rule.

SUMMARY: The U.S. Small Business Administration (SBA) proposes to modify its small business size standards by establishing size standards in terms of the number of employees of a business concern for most industries and SBA programs. This change will reduce the number of different size standard levels and at the same time simplify size standards and their application to Federal Government programs. Under this proposal, size standards will range between 50 employees and 1,500 employees, depending on the industry or SBA program.

For a limited number of industries, SBA proposes to establish a maximum average annual receipts amount (referred to as a receipts cap) along with the employee-based size standard. Concerns in those industries that meet the employee-based size standard also cannot exceed a specific receipts cap to qualify as an eligible small business.

To further simplify size standards, SBA also proposes the following: (1) modify the size standard for the Surety Bond Guarantee (SBG) Program by replacing the \$6 million size standard with the requirement that the contractor meet the size standard for its primary industry; (2) extend the 125,000 barrels per calendar day component of the size standard for petroleum refiners beyond Federal Government procurement to all Federal small business programs using SBA's size standards; (3) eliminate the special size standard based on market share for tire manufacturers that applies to only Federal Government procurement; (4) modify three receipts-based size standards and one employee-based size standard for the sale or lease of Government property; and (5) revise

the nonmanufacturer size standard applicable to Federal procurements from 500 employees to 100 employees, the size standard that applies to wholesale trade businesses for all other SBA programs.

DATES: Comments must be received on or before May 18, 2004.

ADDRESSES: Send comments to Gary M. Jackson, Assistant Administrator for Size Standards, 409 Third Street, SW., Mail Code 6530, Washington DC 20416; by email to restructure.sizestandards@sba.gov; or by facsimile at (202) 205-6390. You may also submit comments to www.regulations.gov. Upon receipt of a written request under the Freedom of Information Act, SBA will make all public comments available.

FOR FURTHER INFORMATION CONTACT:

Contact the SBA's Office of Size Standards at (202) 205-6618 or sizestandards@sba.gov.

SUPPLEMENTARY INFORMATION: SBA's 37 small business size standards have evolved over the past 40 years from a considerably smaller number that applied only to SBA's financial assistance programs and to Federal procurement programs. Presently, there are size standards for 1,151 industries and 11 special financial and procurement programs. Many of these size standards resulted from the expansion and development of new SBA programs, the increasing size and complexity of the U.S. economy, and demands from small businesses to address unique situations.

SBA's current size standards use two primary measures of business size—number of employees and average annual receipts. Financial assets, electric generation, and refining capacity are used for a few specialized industries. In addition, SBA's Small Business Investment Company (SBIC) and the Certified Development Company (CDC) Programs determine small business eligibility based on either the industry-based size standards or net worth and net income size standards.

The current structure of SBA's size standards has worked well. However,

several recurring criticisms suggest that SBA should consider improving their current structure. These criticisms raise questions about the complexity of determining if a business is small, the fairness of defining a business as small in some industries but not others, the influence of Federal procurement programs in establishing size standards, and the intentional misclassification of Federal contracts or the primary industry activity of a business to apply a different, and usually a much higher, size standard.

SBA's last comprehensive attempt to address size standards was in the late 1970s and early 1980s. Although SBA considered several approaches, it made only a few minor changes. The most important change replaced two sets of size standards, one for procurement programs and one for financial programs, with a single set for all programs. SBA also adjusted receipts-based size standards for inflation and formalized a methodology for evaluating size standards.

In the early 1990s, SBA proposed to streamline size standards with nine levels of size standards (four receipts-based size standards and five employee-based size standards) similar to one aspect of this proposed rule. Public comments tended to favor this approach. However, SBA determined that converting receipts-based size standards in effect at that time to one of four proposed receipts levels created a number of unacceptable anomalies and, therefore, did not adopt it as a final rule.

Currently, SBA's size standards consist of 37 different size levels which apply to 1,151 industries and 13 sub-industry activities in the North American Industry Classification System (NAICS). In addition, a size standard has been established for 11 financial and procurement programs. Thirty size standards are based on annual receipts, five are based on number of employees, and two are based on other measures. Table 1a below summarizes the current receipts-based size standards and Table 1b summarizes the current employee-based and other size standards.

TABLE 1a.—SIZE STANDARDS BASED ON ANNUAL RECEIPTS

Range of receipts-based size standards	Number of different receipts-based size standards in the range	Number of industries covered by size standards in this range
\$48.5 million	1	1
\$21.5 million to \$30 million	8	52
\$12.5 million to \$21 million	7	24

TABLE 1a.—SIZE STANDARDS BASED ON ANNUAL RECEIPTS—Continued

Range of receipts-based size standards	Number of different receipts-based size standards in the range	Number of industries covered by size standards in this range
\$12 million	1	24
\$7 million to \$11 million	7	46
\$6 million	1	337
\$1.5 million to \$4 million	4	18
\$0.75 million	1	46

TABLE 1b.—EMPLOYEE-BASED AND OTHER SIZE STANDARDS

Size standard	Number of industries covered by the size standard
1,500 employees	17
1,000 employees	66
750 employees	63
500 employees	388
100 employees	71
\$150 million in assets	6
4 million megawatt hours	6

Most variations in size standards occur among those based on annual receipts. In many cases, a specific receipts-based size standard applies to only one or a few industries. SBA believes it can simplify size standards and make them less complicated by establishing a single size standard measure and reducing the number of different size standard levels. With fewer size standards, they will be clearer, more consistent, and easier to understand, resulting in less confusion to users, particularly the non-governmental users, such as small businesses. In addition, a single size measure eliminates a problem that some concerns encounter when they operate in different industries that have different size standard measures. The information technology industries provide a good example of this situation. Many information technology businesses provide both goods and services. Yet, SBA's size standards are based on number of employees for providers of computer and peripheral equipment and receipts for providers of computer services. Consequently, an information technology business may be small for one type of work but not small for a related activity.

Proposal to Use Employee-based Size Standards for All Industries

SBA proposes to restructure its size standards by establishing an employee-based size standard for each industry. The number of employees of a business

concern is its average number of persons employed for each pay period over the firm's latest 12 months and includes the employees of all affiliates. Any person on the payroll must be included as one employee regardless of hours worked or temporary status. The number of employees of a firm in business under 12 months is based on the average for each pay period it has been in business. For more information on how SBA calculates the employment size of a business, see 13 CFR 121.106.

The size standards currently based on number of employees will be retained at their current levels. This proposal converts the current size standards that are based on receipts, financial assets, or generating capacity to employee-based size standards. SBA proposes to establish an employee-based size standard which varies for each industry, but is limited to one of the following ten employee levels:

TABLE 2.—PROPOSED EMPLOYEE SIZE STANDARD LEVELS

50	100	150	200	300
400	500	750	1,000	1,500

SBA believes that fewer size standard levels also help to simplify size standards. In converting receipts-based size standards to employee-based size standards (described further below), five new employee size levels (50, 150, 200, 300, and 400) along with the current five employee size levels (100, 500, 750, 1,000 and 1,500) results in employee-based size standards that equate to about the same number of eligible small businesses as does the current receipts-based size standards. A fewer number of employee size levels would result in a much larger number of businesses gaining or losing small business eligibility while a greater number of employee size levels would apply to only a small number of businesses and not simplify the size standards to the same degree.

Why the SBA Proposes Employee-Based Size Standards for All Industries

SBA believes that a single measure of size helps make size standards less complex. Having a single size measure simplifies the structure and enables SBA to establish fewer size standard levels. Under a structure composed of one size measure and fewer size standard levels, many small businesses that currently operate in several industries each with different size standards would in many cases be subject to only one or two different size standards under the proposed employee-based size standards. SBA believes that the benefits of simplification that come from having a single size measure outweigh the benefits of retaining multiple size measures.

Proposing number of employees as the only measure of business size departs from SBA's long tradition of using receipts and other non-employee size measures. SBA has generally utilized receipts as a preferred size measure because it constitutes the value of a concern's output. Other measures of size are used where receipts tend to skew the value added by a concern in the production of goods and services. For example, SBA uses number of employees to define a small manufacturing concern. For manufacturing, two manufacturers in the same industry with the same number of employees can generate significantly different receipts depending on the number of stages in their production operations. Receipts for a manufacturer in its final production stage include the value added by the manufacturer(s) in its earlier production stages. This is true even though the value added by the final manufacturer may be minor relative to the value of the final product. Because of this characteristic of manufacturing, number of employees has a stronger correlation to value added than do receipts.

Several aspects of employee-based size standards support SBA's decision to use them as the single measure of size

for all industries. The single best reason to do so is that they do not vary with changing economic conditions. Inflation, for example, has no direct impact on employee-based size standards. Similarly, rising costs unique to an industry have no direct impact on employee-based size standards. An ideal size standard would not affect eligibility, unless a company's level of real output of goods and services changes.

Employment also tends to be a more stable measure of business size. Businesses have economic incentives to maintain their workforce as business fluctuates to avoid recruitment and training costs. Using overtime can satisfy short-term increases in output until management is convinced that a permanent increase in business activity justifies adding personnel. Most businesses, especially small businesses, display a strong commitment to their employees and they are reluctant to change employment levels frequently in response to short-term business considerations.

Finally, number of employees is a widely accepted measure of business size. More than half of the present SBA size standards are expressed in employees. Although employment is an input into the production of goods and services, it generally accounts for a significant portion of total costs. A business's employment level is a representative indicator of its resources as well as its scale of operations. In one of the few studies conducted on an appropriate size standard measure, two researchers concluded that the number of employees of a business had a stronger correlation with the qualitative description of a small business (an approach to defining a small business preferred by many small business analysts) than did receipts. (See "Definition of Small Business," Scott Holmes and Brian Gibson, The University of Newcastle, April 5, 2001. The report is available at <http://www.smallbusiness.org.au/sbc/publications/sbc004a.htm>.)

How SBA Determined the Number of Employees for Size Standards With Annual Receipts and Other Size Measures

SBA developed criteria for deciding which of the ten employee size standard levels to apply to an industry that currently has a receipts-based size standard. These criteria were designed to convert a receipts-based size standard to an equivalent employee-based size standard. The primary tool used to calculate the equivalent employee size standard associated with a receipts-

based size standard is the receipts-to-employee ratio for an industry. Data to calculate these ratios were provided to the SBA by the U.S. Bureau of the Census in a special tabulation of the 1997 Economic Census (The 1997 Economic Census is available at <http://www.census.gov/epcd/www/econ97.html>). Since total receipts in an industry are provided along with employees in the industry, SBA was able to calculate receipts per employee ratios for almost all industries covered by this rule. These ratios were next adjusted 8.54% to account for inflation that occurred from 1997 to 2002 (the year in which receipts-based size standards were last adjusted for inflation). SBA used the chain-type price index for gross domestic product (GDP) (as published by the U.S. Department of Commerce, Bureau of Economic Analysis, and is available at <http://www.bea.gov/bea/ARTICLES/2003/10October/D-Pages/1003DpgC.pdf>), which is a broad measure of inflation for the economy as a whole. The resulting figure was divided into the present receipt-based size standard for the industry under review to calculate an employee equivalent size standard. This employee equivalent size standard was then rounded to the closest of the ten employee size standard levels to minimize the difference between the current receipts-based size standard and the calculated employee-based size standard.

The criteria also preserve the common size standard level that SBA currently has established for related industries. That is, for closely related industries that have the same receipts size standard, SBA has proposed an employee size standard that best represents an equivalent employee size standard for that group of industries, such as the computer services industries.

Below are the criteria and how SBA applied them to receipts-based size standards.

Selection of Employment Size Standard for Industries With a \$6 Million Size Standard

For industries with a \$6 million size standard, SBA had three considerations. The first consideration was whether to propose a 50 employee size standard for those industries. SBA's methodology for evaluating a size standard for a nonmanufacturing industry presumes that \$6 million in average annual receipts is an appropriate size standard. This size standard is generally referred to as the "nonmanufacturing anchor size standard." SBA considers a size

standard higher or lower than the anchor level as appropriate for an industry when the structural economic characteristics of the industry are significantly different from the typical nonmanufacturing industry. SBA has decided to retain the concept of an anchor size standard for the nonmanufacturing industries as part of its restructuring and simplification of size standards. However, SBA proposes that the anchor size standard will be expressed in number of employees rather than receipts. Based on the ratio of receipts to employees in the nonmanufacturing industries, 50 employees is the employee anchor size standard for the nonmanufacturing industries. SBA is proposing a 50 employee size standard for industries currently with a \$6 million size standard, unless the criteria discussed in the second and third considerations are present within an industry.

SBA's second consideration was whether the size standard should be higher than the 50 employee size standard anchor for industries where the conversion of receipts to employees produces a figure significantly above 50 employees. The SBA has decided to propose a size standard of 50 employees for industries where the conversion produces an equivalent size standard from 51 to 74 employees, since these levels round to the closest of the ten proposed employee size standards. For industries where the receipts to employees conversion results in a figure of 75 employees or more, the SBA selected a size standard above 50 employees, but only if other information justified the higher size standard. In these cases, a higher size standard is appropriate to (1) reflect the industrial structure of the industry, or (2) avoid a significant reduction in the number of small businesses currently eligible to compete for Federal procurements.¹

SBA's third consideration examined the relationship of the size standard with other size standards within an

¹ Federal procurement is an appropriate consideration because of the special support provided by SBA to small businesses through the 8(a) Business Development Program, the Small Disadvantaged Business Program, the HUBZone Program, the Small Business Set-Aside program and subcontracting programs. Not only has SBA implemented policies to assist small businesses to develop through these Federal procurement programs, but the businesses themselves have made economic and business decisions affecting their eligibility for these programs. The SBA wants to avoid taking away small business eligibility for Federal procurement programs from a large number of small businesses that could otherwise result from this size standards restructuring proposal. This consideration is limited to industries in which significant Federal Government contracting opportunities exist, or with approximately \$100 million or more in Federal contracting.

industry subsector or industry group (three-digit and four-digit NAICS codes, respectively). For several industries with a \$6 million size standard, SBA decided to propose a size standard greater than 50 employees in order to maintain the size standard relationship within their industry group (such as for the Land Subdivision and Land Development industry, NAICS 236110).

An example of the decision process utilizing the three criteria is Barber Shops (NAICS 81211), whose present size standard is \$6 million. Dividing \$6 million by the inflation-adjusted figure of \$34,700 receipts per employee resulted in the equivalent size standard of 172 employees. This level rounds to 150 employees using the preselected employee size standards. However, the SBA believes that a 150 employee size standard for barber shops is too high, and that the 50 employee proposed anchor size standard better matches the

industry structure for barber shops, as well as public perception of what constitutes a small business in this industry. This industry has one of the largest concentrations of very small businesses, where the average size barber shop is only three employees.

By contrast, the present size standard for the Other Airport Operations industry (NAICS 488119) has the same \$6 million anchor size standard. Dividing \$6 million by the \$56,969 receipts per employee resulted in the equivalent size standard of 105 employees, which the SBA rounded to 100 employees. The average size firm in this industry has 49 employees—more than four times the average size firm of 11 employees for the nonmanufacturing industries with a \$6 million size standard. In addition, the 50 employee anchor size standard would render approximately 50 currently defined small businesses ineligible to compete

for Federal procurements that require small business status. In FY 2002, the Federal Government awarded more than \$280 million in contract awards, with small businesses obtaining less than \$17 million in contracts. A 50 employee size standard would have the unintended result of further diminishing the participation of small businesses in Federal contracting within this industry activity.

Three hundred and thirty-seven industries have a size standard of \$6 million. In applying the above considerations, SBA proposes a 50 employee size standard for 315 industries, and a higher size standard for the remaining 21 industries. The chart below identifies the 21 industries with a size standard higher than 50 employees and the basis for proposing a higher size standard.

TABLE 3.—INDUSTRIES CURRENTLY WITH A \$6 MILLION SIZE STANDARD THAT SBA PROPOSES A SIZE STANDARD HIGHER THAN 50 EMPLOYEES

NAICS codes	NAICS industry	Proposed employee size standard	Reason for employee size standard different from anchor size standard
237210	Land Subdivision	200	Common size standard for all industries in Subsector 237 and impact on Federal procurement.
485111	Mixed Mode Transit Systems	100	Common size standard for most transit industries (NAICS Subsector 485).
485112	Commuter Rail Systems	100	Common size standard for most transit industries.
485113	Bus and Other Motor Vehicle Transit Systems	100	High average firm size.
485119	Other Urban Transit Systems	100	Common size standard for most transit industries.
485210	Interurban and Rural Bus Transportation	100	High average firm size.
485410	School and Employee Bus Transportation	100	High average firm size and common size standard for most transit industries.
485510	Charter Bus Service	100	Common size standard for most transit industries.
486210	Pipeline Transportation of Natural Gas	100	High average firm size and common size standard with NAICS 486990, All Other Pipeline Transportation.
488119	Other Airport Operations	100	High average firm size and impact on Federal procurement.
488190	Other Support Activities for Air Transportation	100	Common size standard with NAICS 488119 and impact on Federal procurement.
512131	Motion Picture Theatres (except Drive-In)	100	High average firm size.
518112	Web Search Portals	150	Common size standard for all industries in Subsector 518 and impact on Federal procurement.
561422	Telemarketing Bureaus	150	High average firm size.
621910	Ambulance Services	100	High average firm size and common size standard with other ambulatory health services.
711310	Promoters of Performing Arts, Sports, & Similar Events with Facilities	100	High average firm size.
713110	Amusement and Theme Parks	100	High average firm size.
713920	Skiing Facilities	200	High average firm size.
721110	Hotels (except Casino Hotels) and Motels	100	High average firm size and impact on Federal procurement.
721120	Casino Hotels	100	High average firm size and common size standard with hotels and motels.
812930	Parking Lots and Garages	100	High average firm size.

Selection of Employment Size Standard for Industries Size Standards Above or Below \$6 Million

For industries that have a size standard below \$6 million, SBA has proposed 50 employees. This would establish the policy that any business with 50 or fewer employees is a small business regardless of its industry. Only a few industries would be affected by this proposal, and we strongly believe that the benefits of simplification outweigh any impact on SBA's programs or on other Federal small business programs.

For industries with a size standard above \$6 million, SBA calculated an equivalent employee size standard based on the ratio of receipts to employees. For example, the receipts per employee of a computer systems design firm is \$152,000. A firm of \$21 million equates to a firm with 127 employees. Because SBA is proposing to have size standards at one of ten employee levels, SBA rounded this figure to the nearest employee size standard, or 150 employees.

For most of these industries, SBA proposes the size standard resulting from the receipts per employee ratio. For closely related industries (those within the same 4-digit NAICS Industry Group or 3-digit NAICS Subsector) that currently have a common receipts-based size standard, SBA proposes a common employee-based size standard, even though a different size standard could be established for each closely related industry based on the receipts-to-employee calculation. SBA recognizes that small businesses are often eligible for SBA assistance in a number of closely related industries, and it simplifies size standards if closely related industries have the same size standard. An example of this pattern is the computer services industries in which businesses typically operate in at least several of the nine computer services industries. After reviewing the equivalent employee-based size standards for the nine computer services industries, SBA is recommending a common size standard of 150 employees for all nine computer services industries. Examples of other industries

where SBA proposes a common size standard include the consulting service industries, the trucking industries, the warehousing industries, and the waste management industries.

Summary of Proposed Employee Size Standards

In summary, the major factors influencing the proposed employee size standard are:

- A size standard of 50 employees generally applies when an industry receipt-based size standard is at the present anchor of \$6 million in average annual receipts or is less than \$6 million;
- An employee size standard above 50 employees applies to an industry with a \$6 million size standard if the calculated equivalent employee size standard is above 76 employees and industry structure, existing size standards relationships, or Federal procurement implications merited a size standard above 50 employees.
- An employee size standard for an industry above \$6 million is based on the calculated equivalent employee-based size standard.
- Exceptions to these rules occurred when SBA attempted to maintain traditional size standards relationships within closely related industries.

Selection of Employment Size Standard for Industries With Size Standards Based on Electric Generation and Financial Assets

The size standard for the industries involved in the generation, transmission, or distribution of electric energy (NAICS 221111–221122) is 4 million megawatts of total electric output (*see* footnote 1 of the table to size standards in § 121.210). The U.S. Bureau of the Census does not publish capacity data on businesses in this industry. SBA identified small electric utilities from the U.S. Department of Energy's publication "Financial Statistics of Investor-Owned Electric Utilities, 1996" (available at http://www.eia.doe.gov/cneaf/electricity/invest/invest_sum.html). SBA reviewed publicly available information, such as Security and Exchange Commission 10-K reports, to

determine the employment levels of small electric utilities. Based on this review, SBA is proposing a 1,000 employee size standard for the electrical generation, transmission, and distribution industries. At that employment size, electric utilities under the current 4 million megawatt size standard would continue to be defined as small without adding other electric utilities as small.

The size standard for the banking and other credit intermediation industries (NAICS 522110–522210, and 522293) is \$150 million in financial assets (*see* footnote 8 to the table of size standards in § 21.201). The U.S. Bureau of the Census does not publish industry financial data on the banking and credit industries. Using asset and employment data published by the Federal Deposit Insurance Corporation's Statistics on Depository Institutions (available at <http://www2.fdic.gov/SDI/main4.asp>), the average assets per employee of smaller banks is about \$2.5 million. Based on those data, a \$150 million bank would have, on average, about 60 employees. Applying the methodology described above, SBA is proposing a 50 employee size standard for banking and other credit intermediation industries since that is the nearest of the ten employee size standards proposed by this rule.

Proposal To Add a Maximum Average Annual Receipts Cap as an Additional Component of the Size Standard for Certain Industries

SBA further proposes that 31 industries will have a maximum average annual receipts amount (referred to as a receipts cap) along with the employee-based size standard. To qualify as small, concerns in those industries would have to be no greater in size than the employee-based size standard and have average annual receipts less than the receipts cap amount. SBA proposes that 36 size standards in the following 31 industries have an annual receipts cap along with the proposed employee size standard. Table 4, below, lists those industries and SBA's proposed employee size standards and receipts caps.

TABLE 4.—INDUSTRIES WITH PROPOSED RECEIPTS CAPS

NAICS codes	NAICS U.S. industry title	Proposed number of employees	Proposed maximum annual receipts (\$ million)
115310	Support Activities for Forestry	50	N/A
Except,	Forest Fire Suppression	400	\$20.0
Except,	Fuels Management Services	400	\$20.0

TABLE 4.—INDUSTRIES WITH PROPOSED RECEIPTS CAPS—Continued

NAICS codes	NAICS U.S. industry title	Proposed number of employees	Proposed maximum annual receipts (\$ million)
236115	New Single-Family Housing Construction (except Operative Builders)	150	\$35.0
236116	New Multifamily Housing Construction (except Operative Builders)	150	\$35.0
236117	New Housing Operative Builders	150	\$35.0
236118	Residential Remodelers	150	\$35.0
236210	Industrial Building Construction	150	\$35.0
236220	Commercial and Institutional Building Construction	150	\$35.0
237110	Water and Sewer Line and Related Structures Construction	200	\$35.0
237120	Oil and Gas Pipeline and Related Structures Construction	200	\$35.0
237130	Power and Communication Line and Related Structures Construction	200	\$35.0
237210	Land Subdivision	200	\$35.0
237310	Highway, Street, and Bridge Construction	200	\$35.0
237990	Other Heavy and Civil Engineering Construction	200	\$35.0
Except,	Dredging and Surface Cleanup Activities	150	\$22.0
518210	Data Processing, Hosting, and Related Services	150	\$30.0
541310	Architectural Services	50	\$7.0
541330	Engineering Services	50	\$7.0
Except,	Military and Aerospace Equipment and Military Weapons	200	\$30.0
Except,	Contracts and Subcontracts for Engineering Services Awarded Under the National Energy Policy Act of 1992.	200	\$30.0
Except,	Marine Engineering and Naval Architecture	150	\$30.0
541511	Custom Computer Programming Services	150	\$30.0
541512	Computer Systems Design Services	150	\$30.0
541513	Computer Facilities Management Services	150	\$30.0
541519	Other Computer Related Services	150	\$30.0
541611	Administrative Management and General Management Consulting Services	50	\$10.0
541612	Human Resources and Executive Search Consulting Services	50	\$10.0
541613	Marketing Consulting Services	50	\$10.0
541614	Process, Physical Distribution and Logistics Consulting Services	50	\$10.0
541618	Other Management Consulting Services	50	\$10.0
541620	Environmental Consulting Services	50	\$10.0
541690	Other Scientific and Technical Consulting Services	50	\$10.0
541990	All Other Professional, Scientific and Technical Services	50	\$10.0
561110	Office Administrative Services	50	\$10.0
561210	Facilities Support Services	400	\$40.0
611519	Other Technical and Trade Schools	50	N/A
Except,	Job Corps Centers	400	\$30.0

In some industries, businesses have more latitude in deciding whether to hire employees to perform work or to subcontract the work to others. For example, general contractors can decide what and how much construction work to perform themselves and what work to subcontract to others. Under an employee-based size standard, a business may exceed the size standard because it decided to perform more work in-house while another business performing the same level of work stays under the employee size standard because more work is subcontracted. Under SBA's Small Business Size Regulations, the employees of a subcontractor are not included in counting the number of employees of a business (unless affiliation was found between the business and subcontractor). SBA recognizes that such decisions and their implications on small business status are best made by the management of concerns that will be affected. SBA is concerned, however,

about cases where businesses operating in industries that have greater latitude in subcontracting significant portions of work purposely subcontract an unusual amount of work relative to customary industry practices to retain small business status. Because of this potential, SBA proposes to establish an average annual receipts cap along with employee size standards in the 31 industries listed in Table 4, above.

In the industries for which SBA proposes an employee-based size standard, it expects that most businesses which are small under the applicable employee size standard will also meet the corresponding receipts cap. The purpose of the receipts cap is to prevent businesses from creatively manipulating their employment levels to remain small. Without such a receipts cap requirement, SBA might otherwise, and inappropriately, provide large businesses with assistance that is intended for small businesses, and put

small businesses in the position of competing against businesses that by any consideration are not small. As discussed further below, the receipts cap will include almost all businesses under the employee size standard, but exclude those businesses that have an inordinate amount of receipts for their level of employment.

How the SBA Determined the Maximum Annual Receipts Cap Level for the Industry Activities in Table 4 (Above)

The methodology in determining the receipts caps was to first examine the size distribution of firms that are presently in SBA's Procurement Marketing and Access (PRO-Net) database which was merged with the Department of Defense Central Contractor Registration—the SBA's list of small businesses interested in doing business with the Federal Government. For each of the 31 industries under review, it has data on the number of

employees and the annual receipts of each firm in that database that is active in the industry. SBA analyzed employment and receipts data of small businesses near the proposed employee size standard. By calculating a receipts to employee ratio for each of these small businesses, and then multiplying that ratio by the proposed size standard in employees, the SBA was able to estimate at what point a small business would lose eligibility under a receipt cap if it were to expand to the new size standard limit based on employees. In other words, if a business has 110 employees, what level of receipts would it produce if it expanded to a proposed 150 employee size standard.

The proposed receipt caps were designed to permit a majority of the small businesses that are presently under the size standard to expand to the proposed employee-based size standard without exceeding the dollar caps. The receipts caps proposed generally range from 22% to 35% higher than the current receipts size standards for those industries with a size standard of \$15 million or higher, and from 67% to 74% higher than the current receipts size standard for those industries that have a receipts size standard of \$6 million or less. The only exemption to this analysis was for the newly established Job Corps Centers size standard (part of NAICS 611519). This sub-industry consists of a small number of businesses. The current receipts size standard fully captures all small businesses under the proposed employee size standard for this sub-industry category and is retained as the receipts cap.

Simplification of Other Program and Special Size Standards

SBA has established a number of size standards to meet the needs of specific programs or to address special Federal procurement considerations. SBA proposes to eliminate or modify six of these size standards in an attempt to further simplify size standards and to apply consistent size standards for all Federal Government programs and purposes.

1. **Surety Bond Guarantee (SBG) Program size standard:** SBA proposes that any construction (general or special trade) concern or a concern performing a contract for services is small provided it meets the size standard for the NAICS code for its primary industry. Currently, the size standard for the SBG Program is \$6 million for performing contracts for construction (general or special trades) or services (see 13 CFR 121.301(d)(1)).

Federal procurement regulations require a contractor to meet the size standard for the NAICS code that best describes the principal purposes of the procurement. Therefore, if a contractor bids and is successful as a prime contractor on a Federal procurement, it may qualify as a small business if it meets the size standard for the procurement, even if the size standard exceeds \$6 million. Further, § 121.305 states "A concern qualified as small for a particular procurement, including an 8(a) subcontract, is small for financial assistance directly and primarily relating to the performance of the particular procurement." SBA's SBG Program is a financial assistance program, and contractors awarded Federal contracts requiring a surety bond are therefore eligible for SBA's guarantee on the bond, if a guarantee is needed, including those with size standards in excess of \$6 million, provided the contractor meets the size standard for its industry.

However, for SBA to guarantee a surety bond involving a subcontract or a bond running to an obligee other than the Federal Government, such as a private owner or non-Federal political subdivision or agency, a contractor is not eligible for an SBA guarantee unless it meets the current \$6 million size standard. SBA believes this is inconsistent with the intent of its SBG Program because it does not provide assistance to small businesses otherwise eligible as small for SBA's other financial assistance programs. SBA proposes to eliminate the \$6 million size standard. SBA proposes, rather, that a contractor applying for SBA's guarantee meet the size standard for its primary industry for any bond (§ 121.301(d)). This is consistent with the intent of this proposed rule, which is to base all size standards on number of employees and have a single size standard for all programs.

2. **Petroleum refining size standard:** The size standard for the Petroleum Refineries industry (NAICS 324110) is 1,500 employees. In addition, for purposes of the Federal Government's procurement of refined petroleum products, the refiner may not have more than 125,000 barrels per calendar day (bpcd) capacity of petroleum-based inputs, including crude oil or bona fide feedstocks. This is included in Footnote 4 to SBA's current table of small business size standards. SBA increased the refining capacity from 75,000 bpcd to 125,000 bpcd, effective April 28, 2003 (see 68 FR 15047 dated March 28, 2003, available at <http://www.sba.gov/size/indexwhatsnew.html#petrol-fr>).

SBA proposes to extend the 125,000 bpcd size standard component to all Federal Government programs. Before the April 28, 2003 revision, SBA had progressively increased the refining capacity component over a number of years. In its last two rulemaking actions pertaining to the petroleum refining size standard, SBA's proposed rules included a request for comments on whether SBA should retain or eliminate the refining capacity component. SBA retained it because industry comments have always been very strong in favor of doing so. The petroleum refining industry has always affirmed that refining capacity is the single best measure of a refiner's size. Further, it is the same measure that the U.S. Department of Energy, Energy Information Administration, uses to assess the size of refiners and their refineries.

Before proposing to increase the refining capacity component, SBA studied the petroleum refining industry to analyze the effect that it would have on existing small businesses. The final rule increasing it to 125,000 bpcd did not increase the number of small businesses, nor did any small businesses lose eligibility. That is, there was no change in the number of small refiners. There were other reasons for the rule, more fully described in the **Federal Register** notice cited above. This proposed change (footnote 5, § 121.201) is consistent with SBA's intention to simplify size standards, by having a single size standard apply to an industry for all Federal Government programs and purposes.

Because the remaining eligibility requirements for petroleum refiners are Federal procurement specific, and not part of the size standard, SBA does not propose to extend them to other Federal programs.

3. **Tire manufacturing size standard:** The size standard for the Tire Manufacturing (except Retreading) industry (NAICS 326211) is 1,000 employees. For the Federal Government's procurement of pneumatic tires under this NAICS code and within Census Classification codes 30111 and 30112, SBA has established an alternative size standard based on a concern's share of the worldwide tire market (see Footnote 5 to SBA's current table of size standards). Tire manufacturers satisfying the provisions of this alternative size standard exceed 1,000 employees in size. SBA implemented these requirements effective January 18, 1967 (see 31 FR 15737). SBA believes, based on Federal procurement data, that this footnote is no longer necessary. A review of Federal

contract awards in fiscal years 2001 and 2002 found that all small businesses receiving tire supply contracts met the current 1,000 employee size standard. SBA therefore proposes to eliminate this alternative size standard.

4. Sales or lease of Federal Government property: SBA proposes to modify the following three receipts-based and one employee-based size standards that pertain to programs involving the sale and lease of Federal Government property:

(a) Size standards for sales or leases of Government property: The current size standard for concerns not primarily engaged in manufacturing is \$6 million (see § 121.502(a)(2)). SBA proposes to establish a size standard of 50 employees for those concerns. This is consistent with the intent of this proposed rule, which is to base all size standards on number of employees. Also, this proposal is consistent with the criteria to propose a 50 employee size standard for industries that currently have a \$6 million size standard unless certain conditions exist. SBA does not believe industry or procurement factors exist to warrant a different size standard.

(b) Size standards for the purchase of Government-owned Special Salvage Timber: To purchase Government-owned Special Salvage Timber from the U.S. Forest Service or the U.S. Bureau of Land Management, a concern, with its affiliates, can have no more than 25 employees during any of its pay periods for the last twelve months, and must meet other requirements as well (see § 121.508). SBA proposes to increase this size standard to 50 employees. SBA believes that applying the 50 employee anchor size standard as a minimum size standard is warranted to achieve its overall goal of simplicity and uniformity among the various size standards. SBA does not propose to amend any other parts of § 121.508, since they are Federal procurement specific requirements and not part of the size standard.

(c) Size standard for leasing of Government land for coal mining: Under the current size standard, a concern, together with its affiliates, may have no more than 250 employees (see § 121.509(a)). SBA proposes increasing this to 300 employees. Retaining 250 employees as a size standard would increase the number of size standards overall (from 10 to 11), and this would be the only 250 employee size standard. SBA has decided to round up this size standard to the 300 employee level instead of rounding down to 250 employees to avoid eliminating eligibility of currently defined small businesses for this program.

(d) Size standard for stockpile purchases: Under the current standard, a concern, together with its affiliates, may not have average annual receipts that exceed \$48.5 million (§ 121.512(b)). SBA proposes to establish a size standard of 400 employees for those concerns. Based on the ratio of receipts to employees of businesses with \$48.5 million or less in receipts (\$109,000 receipts per employee), this size standard equates to 445 employees. Four hundred employees is the closest of the 10 employee-based size standards proposed in this rule. SBA believes that the proposed size standard would not eliminate the eligibility of currently defined small businesses for this program.

5. Nonmanufacturer size standard: The SBA proposes to revise the nonmanufacturer size standard from 500 employees to 100 employees. A nonmanufacturer is a business that provides a manufactured product to the Federal Government that it itself did not manufacture (see § 121.406(b)). Substantially all nonmanufacturers are in industries categorized within the Wholesale Trade industries (NAICS Sector 42). A size standard of 100 employees applies to wholesalers for SBA and Federal Government programs, except for Federal procurement programs. Therefore, to further the simplification of small business size standards, the SBA is proposing to eliminate the special 500 employee nonmanufacturer size standard by applying the 100 employee size standard for Wholesale Trade to Federal procurement programs.

SBA continues to believe that 100 employees is an appropriate size standard for the Wholesale Trade Sector. The average size of a wholesaler is 16 employees. Wholesalers with fewer than 100 employees comprise 97% of all wholesalers, employ about 50% of all employees, and generate one-third of total industry receipts. The relatively small share of total industry receipts generated by small wholesalers, however, reflects the significantly higher receipts per employee generated by larger wholesalers in the industry than by small wholesalers. Given the industry share of firms and employment of wholesalers with fewer than 100 employees, SBA believes a current Wholesale Trade Sector size standard of 100 employees would be an appropriate size standard.

Exceptions to the SBA's Proposal To Simplify Size Standards by Basing All of Them on Number of Employees

This proposed rule does not change three size standards, because they are

either established by statute or reflect unique program objectives. To ensure that the public is aware of the reasons for not modifying these size standards, SBA explains why it does not propose to modify the following:

1. Agricultural Enterprises: The Small Business Act (15 U.S.C. 632(a)(1)) states in section 3(a)(1) "an agricultural enterprise shall be deemed to be a small business concern if it (including its affiliates) has annual receipts not in excess of \$750,000." This provision applies to concerns in the Crop Production (NAICS Subsector 111) and Animal Production (NAICS Subsector 112) industries. SBA has no authority to modify this Congressionally-mandated size standard.

2. Net Worth/Net Income: Size standards based on the net worth and net income of a business concern are an alternative to SBA's industry-based size standards for the CDC and SBIC financial assistance programs authorized under Title III and Title V of the Small Business Investment Act (Pub. L. 100-107). That is, an applicant may qualify as a small business if it meets the size standard for its primary industry or the net worth and net income size standards. For the CDC program, an applicant must meet either: (a) SBA's size standard established for its primary industry activity; or (b) have tangible net worth not in excess of \$7 million and average net income after Federal income taxes for its two preceding completed fiscal years not in excess of \$2.5 million (§ 121.301(b)). For assistance under SBA's SBIC Program, an applicant must meet either: (a) SBA's size standard established for its primary industry activity; or, (b) with its affiliates, have tangible net worth not in excess of \$18 million and average net income after Federal income taxes for its two preceding completed fiscal years not in excess of \$6 million (§ 121.301(c)).

The alternative net worth and net income size standards for the CDC and SBIC programs have been in place for many years and have worked well in serving the intended beneficiaries. Most small businesses qualifying under the net worth and net income size standards also qualify under the industry-based size standards. However, the option to qualify as small under the industry-based size standards ensures that a small business eligible for other SBA programs is also eligible for assistance under the CDC and SBIC Programs. Therefore, SBA believes that the net worth and net income size standards should be retained for these programs.

Impact on Small Business Eligibility of the Proposed Rule

This proposed rule would change the 514 size standards that are based on receipts, financial assets, or electric generation. As discussed above, the proposed conversion of these receipts-based size standards to employee-based size standards attempts to establish an employment level that is generally equivalent to the receipts-based size standard. Because of variation within industries, some businesses will gain or lose small business eligibility. The decision to establish only ten employee size standard levels also results in some businesses gaining or losing small business eligibility. An analysis of the impact of the proposed rule on small business eligibility shows that a relatively small number of businesses will be affected. Out of approximately 4.4 million businesses in the industries with revised size standards, 35,200 businesses could gain and 34,100 could lose small business eligibility, with the net effect of 1,110 additional businesses defined as small. The 69,300 businesses affected by this proposal represent 1.6% of the 4.4 million businesses in industries with changing size standards. The regulatory impact and regulatory flexibility analyses discussed below describe the impact of this proposal in greater detail.

Alternatives to This Proposed Rule

SBA considered a number of alternative approaches to simplify and restructure its size standards. These are briefly described below. SBA welcomes comments on these alternatives or other alternatives to restructure and simplify size standards.

1. Retain the existing employee-based size standards, while reducing the 30 receipts-based size standards to a fewer number of size standard levels, such as four to eight different receipts size standards. This approach is similar to SBA's proposals of December 31, 1992 (57 FR 62522) and September 2, 1993 (58 FR 46573), which SBA did not adopt as final rules. As discussed above in this proposed rule, SBA believes a single size measure (with a receipts size standards cap for a limited number of industries) represents a less complicated set of size standards.

2. Establish size standards by industry category that would generally be based on NAICS Industry Sectors or Subsectors, such as the size standards of the three Construction Subsectors. Under this approach, SBA could establish a size standard by number of employees and/or receipts for each industry group, and size standards

across industries would vary considerably less. This approach would limit SBA's ability to fully assess the need for distinct size standards for specific industries, especially in the Professional, Scientific, and Technical Services Industry Sector.

3. Base all size standards on number of employees, with no receipts cap component. SBA discusses above in this proposed rule why it believes a receipts cap along with an employee size standard is needed for certain industries.

Request for Comments

SBA requests comments on its proposal to simplify and restructure size standards. Specifically, SBA requests comments on the following issues:

1. Are SBA's small business size standards complex, confusing or difficult to use? If so, please describe to what extent the proposed rule addresses this concern.

2. Should all small business size standards be based on number of employees?

3. Do the proposed size standards essentially maintain the level of small business eligibility within an industry that currently exists under the current receipts-based size standards?

4. Should there be a receipts cap component for those industries where subcontracting and outsourcing opportunities may allow a business to remain small but generate an unusually large amount of receipts?

5. Is it appropriate to apply an additional receipts cap requirement for the 31 industries in Table 4, above? Are there other industries that SBA should have a receipts cap?

6. Are the proposed receipts cap levels an appropriate or acceptable way to exclude large businesses?

7. Is one or more of the alternatives that SBA considered preferable to the proposed rule? If so, please explain why. What would be the impact of SBA's adopting one of the alternatives in place of the proposed rule?

8. Should SBA modify the size standard for its SBG Program and require that any construction (general or special trade) concern or concern performing a contract for services is small provided it meets the size standard for its primary industry?

9. Should SBA extend to all Federal Programs the 125,000 bpcd component of the size standard applicable to the Federal Government's procurement of refined petroleum, as described above?

10. Should the SBA eliminate the 500 employee size standard for nonmanufacturers applicable to Federal procurement programs and apply the

Wholesale Trade Sector size standard of 100 employees?

11. Should SBA eliminate the special market share size standard for tire manufacturers, as described above?

12. Does the expanded use of employee-based size standards result in additional burdens on businesses verifying small business status or on Federal agencies that use SBA's size standards? These issues are discussed as part of SBA's regulatory impact and regulatory flexibility analyses of this proposed rule (see following two sections).

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

The Office of Management and Budget (OMB) has determined that this rule is a significant regulatory action for purposes of Executive Order 12866. Size standards determine which businesses are eligible for Federal small business programs. This is not a major rule under the Congressional Review Act, 5 U.S.C. 800. For purposes of Executive Order 12988, SBA has determined that this rule is drafted, to the extent practicable, in accordance with the standards set forth in that order. For purposes of Executive Order 13132, SBA has determined that this rule does not have any federalism implications warranting the preparation of a Federalism Assessment.

For purposes of the Paperwork Reduction Act, 44 U.S.C. Ch. 35, SBA has determined that this rule would not impose new reporting or record keeping requirements. It is important to note, however, that while there are no new reporting and record keeping requirements, the size status of a business in industries that currently have a receipts-based size standard will no longer be based on a concern's Federal Income Tax returns, except for those industries whose size standards have receipts caps. Rather, proof of eligibility as a small business will be a concern's payroll records for the period of measurement specified in § 121.106. SBA acknowledges that, in the event it must determine a business' employment size status, it may be more difficult to verify the accuracy of the payroll records submitted. At times, SBA may request a business provide more information to substantiate its employment information. SBA estimates that it takes four hours, on average, to complete an "Application for Small Business Size Determination" (SBA Form 355, OMB Approval No. 3245-0101). SBA invites comments on

whether using employee-based size standards for new industries would be significantly more burdensome on small businesses and result in additional time to complete SBA Form 355. If so, how could SBA reduce the burden?

Regulatory Impact Analysis

1. Need for This Regulatory Action

Small business size standards have become complicated and burdensome for many users. Because size standards have become more complex over time, SBA believes that they should be made more uniform and easier to use. SBA believes that these simplified size standards will be less of a hindrance to small businesses that would like to participate in Federal small business programs and to personnel involved in small business Federal procurement and lending programs.

SBA is chartered to aid and assist small businesses through a variety of financial, procurement, business development, and advocacy programs. To effectively assist intended beneficiaries of these programs, SBA must establish distinct definitions by which businesses are deemed small businesses. The Small Business Act (Act) gives the SBA Administrator responsibility for establishing small business definitions. The Act also requires that small business definitions vary to reflect industry differences. The supplementary information to this proposed rule explains how SBA proposes to modify size standards, and why it believes that establishing employee-based size standards for all industries will be simpler while defining small businesses as equally well as the current structure.

2. Potential Benefits and Costs of This Regulatory Action

Small businesses will benefit because they will find it easier to use the small business size standards to determine if they are a small business. Also, there will be more common size standards among similar industries. Because size standards will be perceived as being less confusing and more straightforward, more small businesses will be encouraged to participate in Federal Government small business programs.

Other users of SBA's small business size standards, such as Federal Government Contracting Officers and commercial lenders that participate in SBA's financial assistance programs, will also benefit. There will be fewer size standards and they will be able to apply them more easily to their needs, and provide better and faster service to small businesses in need of assistance.

In the Federal Government, SBA's size standards are used for procurement programs, the Small Business Innovation Research Program (SBIR), loan programs, and regulatory flexibility analyses; plus, agencies use the size standards for other programmatic purposes. Currently, six agencies use small business size standards for various programs specific to their agencies. After discussions with each of these agencies, SBA believes that this proposed revision of its size standards would not negatively impact any of the program objectives of these agencies. Three agencies viewed positively the objective of simplifying size standards.

The U.S. Department of Transportation pointed out that certain Federal, state and local disadvantaged businesses enterprise (DBE) programs administer programs to certify businesses as small DBEs. Most of the businesses seeking DBE certification come from the construction and services industries that currently have receipts-based size standards. The change to employee size standards from receipts size standards will require applicants for small DBE certification to state their size in terms of number of employees. If a certification office questions the employment size of an applicant, the applicant will have to substantiate their employment size based on payroll records. A review of payroll records is a more time-consuming process than reviewing an applicant's Federal Income Tax return when questions arise concerning the applicant's receipts size. SBA believes that in most cases, the additional time to request and evaluate an applicant's employment size will not be substantial. SBA requests comments on the use of employee size standards on the DBE certification process and how to minimize an additional burden, if any, on the DBE process.

If an agency believes that a size standard different from an SBA's size standard is appropriate for its programs, it must contact SBA. If the agency seeks to change size standards in a general rulemaking context, then the agency should contact SBA's Office of Size Standards (see 13 CFR 121.901–904). If the agency seeks to change size standards for the purposes of its analysis under the Regulatory Flexibility Act (RFA), then the agency should contact SBA's Office of Advocacy (Advocacy) pursuant to section 601(3) of the RFA. Section 601(3) of the RFA requires the agency to consult with Advocacy and provide opportunity for public comment when it uses a different size standard for the RFA analysis.

Additional costs to the Federal Government will be negligible, if any. There will be approximately 1,100 additional small businesses under the proposed restructured size standards. This is less than 0.03% of the businesses in the affected industries. SBA believes that there will be a savings to the Federal Government because there will be fewer size standards, all having employee-based measures, which will reduce administrative costs.

In this rule, the SBA also proposes to revise the nonmanufacturer size standard from 500 employees to 100 employees. The great majority of nonmanufacturers are categorized under Wholesale Trade Sector (NAICS Sector 42) in which the size standard for all industries is 100 employees, except for Federal procurements. To further the simplification, SBA is proposing the same size standard of 100 employees for Federal procurement for wholesale trade industries under the nonmanufacturer size standard. This shift from a 500 employee size standard to one of 100 employees is estimated to affect 744 firms active in Federal procurement based on the SBA's Pro-Net data base of firms interested in doing business with the Federal Government. This data base includes a total of 30,700 firms in the wholesale trade NAICS codes, and a percentage loss of 2.4% would occur if the 100 employee size standard were finalized.

SBA estimates that there will be little distributional effects if this proposed rule is adopted. Small business size standards primarily serve Federal Government agencies in their procurement programs. Federal prime contractors also use them in their subcontracting plans. Since there will be less than a 0.03% increase in newly eligible small businesses, it is possible that a very limited amount of the Federal contracts will transfer from non-small businesses to small businesses.

The proposed revision to the current size standard structure is consistent with SBA's statutory mandate to assist small business. This regulatory action promotes the Administration's objectives. One of SBA's goals in support of the Administration's objectives is to help individual small businesses succeed through fair and equitable access to capital and credit. Reviewing and modifying size standards, when appropriate, ensures that intended beneficiaries have access to small business programs designed to assist them. Size standards do not interfere with State, local, or tribal governments in the exercise of their government functions. In a few cases, State and local governments and

political subdivisions have voluntarily adopted SBA's size standards for their programs to eliminate the need to establish an administrative mechanism to develop their own size standards.

Initial Regulatory Flexibility Analysis

Under the RFA, this rule, if finalized, could have a significant impact on a substantial number of small entities because 35,200 businesses could gain and 34,100 could lose small business eligibility for Federal Government programs. SBA estimates that the net effect will be approximately 1,100 more eligible small businesses than at present. Immediately below, SBA sets forth an initial regulatory flexibility analysis of this rule addressing the following: (1) Need for and objective of the rule; (2) description and estimate of the number of small entities to which the rule will apply; (3) projected reporting, record keeping, and other compliance requirements of the rule; (4) relevant Federal rules that may duplicate, overlap, or conflict with the rule; and (5) alternatives to allow the Agency to accomplish its regulatory objectives while minimizing the impact on small entities.

1. Need for and Objective of the Rule

Small business size standards have become complicated and difficult to apply for many users. Because size standards have become so complex and confusing, SBA believes size standards should be more uniform and consistent, easier to use, and more reliable. SBA believes that these simplified size standards will be less of a hindrance to small businesses that would like to participate in Federal small business programs. In addition, it will reduce perceived impediments for providers of small business assistance who use them, such as personnel involved in Federal procurement and commercial lending, and possibly increase small business participation in Federal programs.

2. Description and Estimate of the Number of Small Entities To Which the Rule Will Apply

The SBA estimates that the simplification of size standards by converting receipt-based size standards to employee-based size standards will have a net impact of increasing the number of businesses eligible for SBA assistance by 1,100 firms. This includes an additional 35,200 businesses in 196 industries and the loss of 34,100 businesses in 229 industries. Overall, the SBA estimates that a total of 69,300 businesses could be impacted by this rule in terms of eligibility for SBA's programs. Since approximately 4.4

million businesses are active in industries covered by this rule, SBA estimates that 1.6% of businesses could be affected. However, the great majority of these businesses are not involved in SBA's programs in any one year, and the actual impact is likely to be only a small proportion of the 69,300 estimate. SBA's guaranteed loan program, for example, generated approximately 55,000 loans in FY 2002, indicating that just over one percent of eligible small businesses seek out SBA financial assistance in a given year. The SBA's PRO-Net database of small businesses interested in Federal procurement includes approximately 200,000 businesses—again, only a small proportion (about 4%) of businesses considered small by the SBA. Overall, SBA estimates that fewer than 3,000 businesses out of 4.4 million firms will be directly affected if these proposed changes were to be finalized, and that about half of these businesses would gain eligibility while the other half would lose eligibility.

Although the overall impact will be small relative to the number of businesses with revised size standards, certain industries will be impacted more than others. In particular, the SBA notes that the two restaurant industries, Full Service Restaurants (NAICS 722110) and Limited Service Restaurants (NAICS 722211), have the largest number of businesses losing eligibility for SBA assistance if this rule were to be finalized. In total, these two industries would lose about 14,600 businesses out of 272,000 businesses in both industries, a loss of 5.4% of the total. This stems from SBA's moving from a \$6 million size standard to a 50 employee size standard in these industries. However, even under the new anchor size standard of 50 employees, 252,000 out of 272,000 businesses in these two restaurant industries would remain small and eligible for SBA assistance, almost 93% of the total. Other industries with relatively higher proportion of small businesses that could lose eligibility include Child Day Care Services (NAICS 624410), with a loss of 3.1% of businesses; Golf Courses and Country Clubs (NAICS 7138910), with a loss of 10.7% of businesses; Vocational Rehabilitation Services (NAICS 624310), with a loss of 20.7% of businesses; and Fitness and Recreational Sports Centers (NAICS 713940), with a loss of 5.4% of businesses. Among industries gaining eligibility, the biggest impact is Offices of Real Estate Agents and Brokers (NAICS 531210), with an additional 3,600 businesses out of a total of 54,700, or 6.6%.

Overall, SBA estimates that most industries will experience a very small impact from this rule relative to the total number of businesses that are active in industries covered by this rule. Among industries for which the SBA has industry data provided by the U.S. Bureau of the Census, there are a total of 440 industries with 4.4 million businesses, or approximately 10,000 businesses in the average industry. Of these 440 industries, 198 would have a total impact of fewer than 20 businesses, while 288 would have a total impact of fewer than 50 businesses.

Also in this rule, the SBA proposes to revise the nonmanufacturer size standard from 500 employees to 100 employees. The great majority of nonmanufacturers are categorized under Wholesale Trade Sector (NAICS Sector 42) in which the size standard for all industries is 100 employees, except for Federal procurements. To further the simplification, SBA is proposing the same size standard of 100 employees for Federal procurements for wholesale trade industries under the nonmanufacturer size standard. This shift from a 500 employee size standard to one of 100 employees is estimated to affect 744 firms active in Federal procurement based on the SBA's PRO-Net data base of firms interested in doing business with the Federal Government. This data base includes a total of 30,700 firms in the wholesale trade NAICS codes, and a percentage loss of 2.4% would occur if the 100 employee size standard were finalized.

3. Projected Reporting, Record Keeping, and Other Compliance Requirements of the Rule

The new table with all size standards based on number of employees does not impose any additional reporting, record keeping, or compliance requirements on small entities. Users may need to revise existing data bases that use current size standards. However, this is true anytime SBA changes or otherwise modifies a size standard. For example, a much more extensive change occurred when SBA converted from the Standard Industrial Classification (SIC) system to NAICS effective October 1, 2000, and later adopted, effective October 1, 2002, the U.S. Office of Management and Budget's 2002 modifications to NAICS. SBA was not made aware of any user problems with those actions.

It is important to note, however, that while there are no new reporting and record keeping requirements, the size status of a business in industries that currently have a receipts-size standard will no longer be based on a concern's Federal Income Tax returns, except for

those industries whose size standards have receipts caps. Rather, proof of eligibility as a small business will be a concern's payroll records for the period of measurement specified in § 121.106. SBA acknowledges that, in the event it must determine a business' employment size status, it may be more difficult to verify the accuracy of the payroll records submitted. At times, SBA may request a business to provide more information to substantiate its employment information. SBA estimates that it takes four hours, on average, to complete an "Application for Small Business Size Determination" (SBA Form 355). SBA invites comments as to whether using employee-based size standards for new industries would be significantly more burdensome on small businesses and result in additional time to complete a SBA Form 355 and, if so, how SBA could reduce the burden.

4. Relevant Federal Rules That May Duplicate, Overlap, or Conflict With the Rule

In the Federal Government, SBA's size standards are used for procurement programs, the SBIR Program, loan programs, and regulatory flexibility analysis; plus, agencies use the size standards for other programmatic purposes. Currently, six agencies use small business size standards for various programs specific to their agencies. After discussions with each of these agencies, SBA believes that this proposed revision of its size standards will not negatively impact any of the program objectives of these agencies. Three agencies viewed positively the objective of simplifying size standards.

The U.S. Department of Transportation pointed out that certain Federal, state, and local governments administer programs to certify businesses as small disadvantaged business enterprises (DBE). Most of the businesses seeking DBE certification come from the construction and services

industries that currently have receipts-based size standards. The change to employee size standards from receipts size standards will require applicants for small DBE certification to state their size in terms of number of employees. If a certification office questions the employment size of an applicant, the applicant will have to substantiate its employment size based on payroll records. A review of payroll records is a more time-consuming process than reviewing an applicant's Federal Income Tax return when questions arise concerning the applicant's receipts size. SBA believes that in most cases, the additional time to request and evaluate an applicant's employment size will not be substantial. SBA requests comments on the use of employee size standards on the DBE certification process and how to minimize an additional burden, if any, on the DBE process.

5. Alternatives To Allow the Agency To Accomplish Its Regulatory Objectives While Minimizing the Impact on Small Entities

As discussed above in the **SUPPLEMENTARY INFORMATION**, there are three alternatives to the proposed rule: (a) Retain the existing employee-based size standards, while reducing the 30 receipts-based size standards to a fewer number of size standard levels, such as four to eight different receipts size standards; (b) establish size standards by industry category that would generally be based on NAICS Industry Sectors or Subsectors, such as the size standards of the three Construction Subsectors; and (c) base all size standards on number of employees, with no receipts cap component.

SBA believes the proposed size standards based on number of employees will simplify size standards and will likely have a minimal adverse impact on small entities. The other alternatives SBA considered would achieve fewer benefits in terms of

simplifying size standards or have a much greater impact on the number of businesses either gaining or losing small business eligibility.

List of Subjects in 13 CFR Part 121

Administrative practice and procedure, Government procurement, Government property, Grant programs—business, Individuals with disabilities, Loan programs—business, Reporting and recordkeeping requirements, Small businesses.

For the reasons set forth in the preamble, SBA proposes to amend part 13 CFR Part 121.

PART 121—SMALL BUSINESS SIZE REGULATIONS

1. The authority citation for 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. Revise § 121.201 to read as follows:

3. *§ 121.201 What size standards has SBA identified by North American Industry Classification System codes?*

The size standards set forth in this section apply to all SBA programs unless otherwise specified in this part. The size standards themselves are expressed in number of employees. Some of the NAICS industries have an additional maximum annual receipts amount. For those NAICS industries with additional annual receipts amounts, the business concern must not exceed the employee-based size standard and the annual receipts amount to qualify as a small business. The number of employees and annual receipts amount are together a single size standard, and they indicate the maximum allowed for a concern, together with its affiliates, to be considered a small business.

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
-------------	---------------------------	---------------------------------------	--

Sector 11—Agriculture, Forestry, Fishing and Hunting

Subsector 111—Crop Production

111110	Soybean Farming .....	.....	\$0.75
111120	Oilseed (except Soybean) Farming .....	.....	\$0.75
111130	Dry Pea and Bean Farming .....	.....	\$0.75
111140	Wheat Farming .....	.....	\$0.75
111150	Corn Farming .....	.....	\$0.75
111160	Rice Farming .....	.....	\$0.75
111191	Oilseed and Grain Combination Farming .....	.....	\$0.75
111199	All Other Grain Farming .....	.....	\$0.75
112111	Potato Farming .....	.....	\$0.75

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
111219	Other Vegetable (except Potato) and Melon Farming .....	.....	\$0.75
111310	Orange Groves .....	.....	\$0.75
111320	Citrus (except Orange) Groves .....	.....	\$0.75
111331	Apple Orchards .....	.....	\$0.75
111332	Grape Vineyards .....	.....	\$0.75
111333	Strawberry Farming .....	.....	\$0.75
111334	Berry (except Strawberry) Farming .....	.....	\$0.75
111335	Tree Nut Farming .....	.....	\$0.75
111336	Fruit and Tree Nut Combination Farming .....	.....	\$0.75
111339	Other Noncitrus Fruit Farming .....	.....	\$0.75
111411	Mushroom Production .....	.....	\$0.75
111419	Other Food Crops Grown Under Cover .....	.....	\$0.75
111421	Nursery and Tree Production .....	.....	\$0.75
111422	Floriculture Production .....	.....	\$0.75
111910	Tobacco Farming .....	.....	\$0.75
111920	Cotton Farming .....	.....	\$0.75
111930	Sugarcane Farming .....	.....	\$0.75
111940	Hay Farming .....	.....	\$0.75
111991	Sugar Beet Farming .....	.....	\$0.75
111992	Peanut Farming .....	.....	\$0.75
111998	All Other Miscellaneous Crop Farming .....	.....	\$0.75

Subsector 112—Animal Production

112111	Beef Cattle Ranching and Farming .....	.....	\$0.75
112112	Cattle Feedlots	50	.....
112120	Dairy Cattle and Milk Production .....	.....	\$0.75
112210	Hog and Pig Farming .....	.....	\$0.75
112310	Chicken Egg Production	50	.....
112320	Broilers and Other Meat Type Chicken Production .....	.....	\$0.75
112330	Turkey Production .....	.....	\$0.75
112340	Poultry Hatcheries .....	.....	\$0.75
112390	Other Poultry Production .....	.....	\$0.75
112410	Sheep Farming .....	.....	\$0.75
112420	Goat Farming .....	.....	\$0.75
112511	Finfish Farming and Fish Hatcheries .....	.....	\$0.75
112512	Shellfish Farming .....	.....	\$0.75
112519	Other Animal Aquaculture .....	.....	\$0.75
112910	Apiculture .....	.....	\$0.75
112920	Horse and Other Equine Production .....	.....	\$0.75
112930	Fur-Bearing Animal and Rabbit Production .....	.....	\$0.75
112990	All Other Animal Production .....	.....	\$0.75

Subsector 113—Forestry and Logging

113110	Timber Tract Operations	50	.....
113210	Forest Nurseries and Gathering of Forest Products	50	.....
113310	Logging	500	.....

Subsector 114—Fishing, Hunting and Trapping

114111	Finfish Fishing	50	.....
114112	Shellfish Fishing	50	.....
114119	Other Marine Fishing	50	.....
114210	Hunting and Trapping	50	.....

Subsector 115—Support Activities for Agriculture and Forestry

115111	Cotton Ginning	50	.....
115112	Soil Preparation, Planting, and Cultivating	50	.....
115113	Crop Harvesting, Primarily by Machine	50	.....
115114	Postharvest Crop Activities (except Cotton Ginning)	50	.....
115115	Farm Labor Contractors and Crew Leaders	50	.....
115116	Farm Management Services	50	.....
115210	Support Activities for Animal Production	50	.....
115310	Support Activities for Forestry	50	.....
Except,	Forest Fire Suppression ¹	¹ 400	¹ \$20.0
Except,	Fuels Management Services ¹	¹ 400	¹ \$20.0

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
Sector 21—Mining			
Subsector 211—Oil and Gas Extraction			
211111	Crude Petroleum and Natural Gas Extraction	500	.....
211112	Natural Gas Liquid Extraction	500	.....
Subsector 212—Mining (except Oil and Gas)			
212111	Bituminous Coal and Lignite Surface Mining	500	.....
212112	Bituminous Coal Underground Mining	500	.....
212113	Anthracite Mining	500	.....
212210	Iron Ore Mining	500	.....
212221	Gold Ore Mining	500	.....
212222	Silver Ore Mining	500	.....
212231	Lead Ore and Zinc Ore Mining	500	.....
212234	Copper Ore and Nickel Ore Mining	500	.....
212291	Uranium-Radium-Vanadium Ore Mining	500	.....
212299	All Other Metal Ore Mining	500	.....
212311	Dimension Stone Mining and Quarrying	500	.....
212312	Crushed and Broken Limestone Mining and Quarrying	500	.....
212313	Crushed and Broken Granite Mining and Quarrying	500	.....
212319	Other Crushed and Broken Stone Mining and Quarrying	500	.....
212321	Construction Sand and Gravel Mining	500	.....
212322	Industrial Sand Mining	500	.....
212324	Kaolin and Ball Clay Mining	500	.....
212325	Clay and Ceramic and Refractory Minerals Mining	500	.....
212391	Potash, Soda, and Borate Mineral Mining	500	.....
212392	Phosphate Rock Mining	500	.....
212393	Other Chemical and Fertilizer Mineral Mining	500	.....
212399	All Other Nonmetallic Mineral Mining	500	.....
Subsector 213—Support Activities for Mining			
213111	Drilling Oil and Gas Wells	500	.....
213112	Support Activities for Oil and Gas Operations	50	.....
213113	Support Activities for Coal Mining	50	.....
213114	Support Activities for Metal Mining	50	.....
213115	Support Activities for Nonmetallic Minerals (except Fuels)	50	.....
Sector 22—Utilities			
Subsector 221—Utilities			
221111	Hydroelectric Power Generation	1,000	.....
221112	Fossil Fuel Electric Power Generation	1,000	.....
221113	Nuclear Electric Power Generation	1,000	.....
221119	Other Electric Power Generation	1,000	.....
221121	Electric Bulk Power Transmission and Control	1,000	.....
221122	Electric Power Distribution	1,000	.....
221210	Natural Gas Distribution	500	.....
221310	Water Supply and Irrigation Systems	50	.....
221320	Sewage Treatment Facilities	50	.....
221330	Steam and Air-Conditioning Supply	50	.....
Sector 23—Construction			
Subsector 236—Construction of Buildings			
236115	New Single-Family Housing Construction (except Operative Builders)	150	\$35.0
236116	New Multifamily Housing Construction (except Operative Builders)	150	\$35.0
236117	New Housing Operative Builders	150	\$35.0
236118	Residential Remodelers	150	\$35.0
236210	Industrial Building Construction	150	\$35.0
236220	Commercial and Institutional Building Construction	150	\$35.0
Subsector 237—Heavy and Civil Engineering Construction			
237110	Water and Sewer Line and Related Structures Construction	200	\$35.0
237120	Oil and Gas Pipeline and Related Structures Construction	200	\$35.0
237130	Power and Communication Line and Related Structures Construction	200	\$35.0

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
237210	Land Subdivision	200	\$35.0
237310	Highway, Street, and Bridge Construction	200	\$35.0
237990	Other Heavy and Civil Engineering Construction	200	\$35.0
Except,	Dredging and Surface Cleanup Activities ²	² 150	² \$22.0

Subsector 238—Specialty Trade Contractors

238110	Poured Concrete Foundation and Structure Contractors	100	.....
238120	Structural Steel and Precast Concrete Contractors	100	.....
238130	Framing Contractors	100	.....
238140	Masonry Contractors	100	.....
238150	Glass and Glazing Contractors	100	.....
238160	Roofing Contractors	100	.....
238170	Siding Contractors	100	.....
238190	Other Foundation, Structure, and Building Exterior Contractors	100	.....
238210	Electrical Contractors	100	.....
238220	Plumbing, Heating, and Air-Conditioning Contractors	100	.....
238290	Other Building Equipment Contractors	100	.....
238310	Drywall and Insulation Contractors	100	.....
238320	Painting and Wall Covering Contractors	100	.....
238330	Flooring Contractors	100	.....
238340	Tile and Terrazzo Contractors	100	.....
238350	Finish Carpentry Contractors	100	.....
238390	Other Building Finishing Contractors	100	.....
238910	Site Preparation Contractors	100	.....
238990	All Other Specialty Trade Contractors	100	.....
Except,	Building and Property Specialty Trade Services ³	³ 100	.....

Sectors 31—33—Manufacturing**Subsector 311—Food Manufacturing**

311111	Dog and Cat Food Manufacturing	500	.....
311119	Other Animal Food Manufacturing	500	.....
311211	Flour Milling	500	.....
311212	Rice Milling	500	.....
311213	Malt Manufacturing	500	.....
311221	Wet Corn Milling	750	.....
311222	Soybean Processing	500	.....
311223	Other Oilseed Processing	1,000	.....
311225	Fats and Oils Refining and Blending	1,000	.....
311230	Breakfast Cereal Manufacturing	1,000	.....
311311	Sugarcane Mills	500	.....
311312	Cane Sugar Refining	750	.....
311313	Beet Sugar Manufacturing	750	.....
311320	Chocolate and Confectionery Manufacturing from Cacao Beans	500	.....
311330	Confectionery Manufacturing from Purchased Chocolate	500	.....
311340	Non-Chocolate Confectionery Manufacturing	500	.....
311411	Frozen Fruit, Juice and Vegetable Manufacturing	500	.....
311412	Frozen Specialty Food Manufacturing	500	.....
311421	Fruit and Vegetable Canning ⁴	⁴ 500	.....
311422	Specialty Canning	1,000	.....
311423	Dried and Dehydrated Food Manufacturing	500	.....
311511	Fluid Milk Manufacturing	500	.....
311512	Creamery Butter Manufacturing	500	.....
311513	Cheese Manufacturing	500	.....
311514	Dry, Condensed, and Evaporated Dairy Product Manufacturing	500	.....
311520	Ice Cream and Frozen Dessert Manufacturing	500	.....
311611	Animal (except Poultry) Slaughtering	500	.....
311612	Meat Processed from Carcasses	500	.....
311613	Rendering and Meat By-product Processing	500	.....
311615	Poultry Processing	500	.....
311711	Seafood Canning	500	.....
311712	Fresh and Frozen Seafood Processing	500	.....
311811	Retail Bakeries	500	.....
311812	Commercial Bakeries	500	.....
311813	Frozen Cakes, Pies, and Other Pastries Manufacturing	500	.....
311821	Cookie and Cracker Manufacturing	750	.....
311822	Flour Mixes and Dough Manufacturing from Purchased Flour	500	.....
311823	Dry Pasta Manufacturing	500	.....
311830	Tortilla Manufacturing	500	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
311911	Roasted Nuts and Peanut Butter Manufacturing	500	.....
311919	Other Snack Food Manufacturing	500	.....
311920	Coffee and Tea Manufacturing	500	.....
311930	Flavoring Syrup and Concentrate Manufacturing	500	.....
311941	Mayonnaise, Dressing and Other Prepared Sauce Manufacturing	500	.....
311942	Spice and Extract Manufacturing	500	.....
311991	Perishable Prepared Food Manufacturing	500	.....
311999	All Other Miscellaneous Food Manufacturing	500	.....

Subsector 312—Beverage and Tobacco Product Manufacturing

312111	Soft Drink Manufacturing	500	.....
312112	Bottled Water Manufacturing	500	.....
312113	Ice Manufacturing	500	.....
312120	Breweries	500	.....
312130	Wineries	500	.....
312140	Distilleries	750	.....
312210	Tobacco Stemming and Redrying	500	.....
312221	Cigarette Manufacturing	1,000	.....
312229	Other Tobacco Product Manufacturing	500	.....

Subsector 313—Textile Mills

313111	Yarn Spinning Mills	500	.....
313112	Yarn Texturizing, Throwing and Twisting Mills	500	.....
313113	Thread Mills	500	.....
313210	Broadwoven Fabric Mills	1,000	.....
313221	Narrow Fabric Mills	500	.....
313222	Schiffli Machine Embroidery	500	.....
313230	Nonwoven Fabric Mills	500	.....
313241	Weft Knit Fabric Mills	500	.....
313249	Other Knit Fabric and Lace Mills	500	.....
313311	Broadwoven Fabric Finishing Mills	1,000	.....
313312	Textile and Fabric Finishing (except Broadwoven Fabric) Mills	500	.....
313320	Fabric Coating Mills	1,000	.....

Subsector 314—Textile Product Mills

314110	Carpet and Rug Mills	500	.....
314121	Curtain and Drapery Mills	500	.....
314129	Other Household Textile Product Mills	500	.....
314911	Textile Bag Mills	500	.....
314912	Canvas and Related Product Mills	500	.....
314991	Rope, Cordage and Twine Mills	500	.....
314992	Tire Cord and Tire Fabric Mills	1,000	.....
314999	All Other Miscellaneous Textile Product Mills	500	.....

Subsector 315—Apparel Manufacturing

315111	Sheer Hosiery Mills	500	.....
315119	Other Hosiery and Sock Mills	500	.....
315191	Outerwear Knitting Mills	500	.....
315192	Underwear and Nightwear Knitting Mills	500	.....
315211	Men's and Boys' Cut and Sew Apparel Contractors	500	.....
315212	Women's, Girls', and Infants' Cut and Sew Apparel Contractors	500	.....
315221	Men's and Boys' Cut and Sew Underwear and Nightwear Manufacturing	500	.....
315222	Men's and Boys' Cut and Sew Suit, Coat and Overcoat Manufacturing	500	.....
315223	Men's and Boys' Cut and Sew Shirt (except Work Shirt) Manufacturing	500	.....
315224	Men's and Boys' Cut and Sew Trouser, Slack and Jean Manufacturing	500	.....
315225	Men's and Boys' Cut and Sew Work Clothing Manufacturing	500	.....
315228	Men's and Boys' Cut and Sew Other Outerwear Manufacturing	500	.....
315231	Women's and Girls' Cut and Sew Lingerie, Loungewear and Nightwear Manufacturing	500	.....
315232	Women's and Girls' Cut and Sew Blouse and Shirt Manufacturing	500	.....
315233	Women's and Girls' Cut and Sew Dress Manufacturing	500	.....
315234	Women's and Girls' Cut and Sew Suit, Coat, Tailored Jacket and Skirt Manufacturing	500	.....
315239	Women's and Girls' Cut and Sew Other Outerwear Manufacturing	500	.....
315291	Infants' Cut and Sew Apparel Manufacturing	500	.....
315292	Fur and Leather Apparel Manufacturing	500	.....
315299	All Other Cut and Sew Apparel Manufacturing	500	.....
315991	Hat, Cap and Millinery Manufacturing	500	.....
315992	Glove and Mitten Manufacturing	500	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
315993	Men's and Boys' Neckwear Manufacturing	500	.....
315999	Other Apparel Accessories and Other Apparel Manufacturing	500	.....

Subsector 316—Leather and Allied Product Manufacturing

316110	Leather and Hide Tanning and Finishing	500	.....
316211	Rubber and Plastics Footwear Manufacturing	1,000	.....
316212	House Slipper Manufacturing	500	.....
316213	Men's Footwear (except Athletic) Manufacturing	500	.....
316214	Women's Footwear (except Athletic) Manufacturing	500	.....
316219	Other Footwear Manufacturing	500	.....
316991	Luggage Manufacturing	500	.....
316992	Women's Handbag and Purse Manufacturing	500	.....
316993	Personal Leather Good (except Women's Handbag and Purse) Manufacturing	500	.....
316999	All Other Leather Good Manufacturing	500	.....

Subsector 321—Wood Product Manufacturing

321113	Sawmills	500	.....
321114	Wood Preservation	500	.....
321211	Hardwood Veneer and Plywood Manufacturing	500	.....
321212	Softwood Veneer and Plywood Manufacturing	500	.....
321213	Engineered Wood Member (except Truss) Manufacturing	500	.....
321214	Truss Manufacturing	500	.....
321219	Reconstituted Wood Product Manufacturing	500	.....
321911	Wood Window and Door Manufacturing	500	.....
321912	Cut Stock, Resawing Lumber, and Planing	500	.....
321918	Other Millwork (including Flooring)	500	.....
321920	Wood Container and Pallet Manufacturing	500	.....
321991	Manufactured Home (Mobile Home) Manufacturing	500	.....
321992	Prefabricated Wood Building Manufacturing	500	.....
321999	All Other Miscellaneous Wood Product Manufacturing	500	.....

Subsector 322—Paper Manufacturing

322110	Pulp Mills	750	.....
322121	Paper (except Newsprint) Mills	750	.....
322122	Newsprint Mills	750	.....
322130	Paperboard Mills	750	.....
322211	Corrugated and Solid Fiber Box Manufacturing	500	.....
322212	Folding Paperboard Box Manufacturing	750	.....
322213	Setup Paperboard Box Manufacturing	500	.....
322214	Fiber Can, Tube, Drum, and Similar Products Manufacturing	500	.....
322215	Non-Folding Sanitary Food Container Manufacturing	750	.....
322221	Coated and Laminated Packaging Paper and Plastics Film Manufacturing	500	.....
322222	Coated and Laminated Paper Manufacturing	500	.....
322223	Plastics, Foil, and Coated Paper Bag Manufacturing	500	.....
322224	Uncoated Paper and Multiwall Bag Manufacturing	500	.....
322225	Laminated Aluminum Foil Manufacturing for Flexible Packaging Uses	500	.....
322226	Surface-Coated Paperboard Manufacturing	500	.....
322231	Die-Cut Paper and Paperboard Office Supplies Manufacturing	500	.....
322232	Envelope Manufacturing	500	.....
322233	Stationery, Tablet, and Related Product Manufacturing	500	.....
322291	Sanitary Paper Product Manufacturing	500	.....
322299	All Other Converted Paper Product Manufacturing	500	.....

Subsector 323—Printing and Related Support Activities

323110	Commercial Lithographic Printing	500	.....
323111	Commercial Gravure Printing	500	.....
323112	Commercial Flexographic Printing	500	.....
323113	Commercial Screen Printing	500	.....
323114	Quick Printing	500	.....
323115	Digital Printing	500	.....
323116	Manifold Business Forms Printing	500	.....
323117	Books Printing	500	.....
323118	Blankbook, Loose-leaf Binder and Device Manufacturing	500	.....
323119	Other Commercial Printing	500	.....
323121	Tradebinding and Related Work	500	.....
323122	Prepress Services	500	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
Subsector 324—Petroleum and Coal Products Manufacturing			
324110	Petroleum Refineries ⁵	⁵ 1,500 .....	.....
324121	Asphalt Paving Mixture and Block Manufacturing	500 .....	.....
324122	Asphalt Shingle and Coating Materials Manufacturing	750 .....	.....
324191	Petroleum Lubricating Oil and Grease Manufacturing	500 .....	.....
324199	All Other Petroleum and Coal Products Manufacturing	500 .....	.....
Subsector 325—Chemical Manufacturing			
325110	Petrochemical Manufacturing	1,000 .....	.....
325120	Industrial Gas Manufacturing	1,000 .....	.....
325131	Inorganic Dye and Pigment Manufacturing	1,000 .....	.....
325132	Synthetic Organic Dye and Pigment Manufacturing	750 .....	.....
325181	Alkalies and Chlorine Manufacturing	1,000 .....	.....
325182	Carbon Black Manufacturing	500 .....	.....
325188	All Other Basic Inorganic Chemical Manufacturing	1,000 .....	.....
325191	Gum and Wood Chemical Manufacturing	500 .....	.....
325192	Cyclic Crude and Intermediate Manufacturing	750 .....	.....
325193	Ethyl Alcohol Manufacturing	1,000 .....	.....
325199	All Other Basic Organic Chemical Manufacturing	1,000 .....	.....
325211	Plastics Material and Resin Manufacturing	750 .....	.....
325212	Synthetic Rubber Manufacturing	1,000 .....	.....
325221	Cellulosic Organic Fiber Manufacturing	1,000 .....	.....
325222	Noncellulosic Organic Fiber Manufacturing	1,000 .....	.....
325311	Nitrogenous Fertilizer Manufacturing	1,000 .....	.....
325312	Phosphatic Fertilizer Manufacturing	500 .....	.....
325314	Fertilizer (Mixing Only) Manufacturing	500 .....	.....
325320	Pesticide and Other Agricultural Chemical Manufacturing	500 .....	.....
325411	Medicinal and Botanical Manufacturing	750 .....	.....
325412	Pharmaceutical Preparation Manufacturing	750 .....	.....
325413	In-Vitro Diagnostic Substance Manufacturing	500 .....	.....
325414	Biological Product (except Diagnostic) Manufacturing	500 .....	.....
325510	Paint and Coating Manufacturing	500 .....	.....
325520	Adhesive Manufacturing	500 .....	.....
325611	Soap and Other Detergent Manufacturing	750 .....	.....
325612	Polish and Other Sanitation Good Manufacturing	500 .....	.....
325613	Surface Active Agent Manufacturing	500 .....	.....
325620	Toilet Preparation Manufacturing	500 .....	.....
325910	Printing Ink Manufacturing	500 .....	.....
325920	Explosives Manufacturing	750 .....	.....
325991	Custom Compounding of Purchased Resins	500 .....	.....
325992	Photographic Film, Paper, Plate and Chemical Manufacturing	500 .....	.....
325998	All Other Miscellaneous Chemical Product and Preparation Manufacturing	500 .....	.....
Subsector 326—Plastics and Rubber Products Manufacturing			
326111	Unsupported Plastics Bag Manufacturing	500 .....	.....
326112	Unsupported Plastics Packaging Film and Sheet Manufacturing	500 .....	.....
326113	Unsupported Plastics Pack and Sheet (except Packaging) Manufacturing	500 .....	.....
326121	Unsupported Plastics Profile Shapes Manufacturing	500 .....	.....
326122	Plastics Pipe and Pipe Fitting Manufacturing	500 .....	.....
326130	Laminated Plastics Plate, Sheet and Shape Manufacturing	500 .....	.....
326140	Polystyrene Foam Product Manufacturing	500 .....	.....
326150	Urethane and Other Foam Product (except Polystyrene) Manufacturing	500 .....	.....
326160	Plastics Bottle Manufacturing	500 .....	.....
326191	Plastics Plumbing Fixture Manufacturing	500 .....	.....
326192	Resilient Floor Covering Manufacturing	750 .....	.....
326199	All Other Plastics Product Manufacturing	500 .....	.....
326211	Tire Manufacturing (except Retreading)	1,000 .....	.....
326212	Tire Retreading	500 .....	.....
326220	Rubber and Plastics Hoses and Belting Manufacturing	500 .....	.....
326291	Rubber Product Manufacturing for Mechanical Use	500 .....	.....
326299	All Other Rubber Product Manufacturing	500 .....	.....
Subsector 327—Nonmetallic Mineral Product Manufacturing			
327111	Vitreous China Plumbing Fixture and China and Earthenware Bathroom Accessories Manufacturing	750 .....	.....
327112	Vitreous China, Fine Earthenware and Other Pottery Product Manufacturing	500 .....	.....
327113	Porcelain Electrical Supply Manufacturing	500 .....	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
327121	Brick and Structural Clay Tile Manufacturing	500	.....
327122	Ceramic Wall and Floor Tile Manufacturing	500	.....
327123	Other Structural Clay Product Manufacturing	500	.....
327124	Clay Refractory Manufacturing	500	.....
327125	Nonclay Refractory Manufacturing	750	.....
327211	Flat Glass Manufacturing	1,000	.....
327212	Other Pressed and Blown Glass and Glassware Manufacturing	750	.....
327213	Glass Container Manufacturing	750	.....
327215	Glass Product Manufacturing Made of Purchased Glass	500	.....
327310	Cement Manufacturing	750	.....
327320	Ready-Mix Concrete Manufacturing	500	.....
327331	Concrete Block and Brick Manufacturing	500	.....
327332	Concrete Pipe Manufacturing	500	.....
327390	Other Concrete Product Manufacturing	500	.....
327410	Lime Manufacturing	500	.....
327420	Gypsum Product Manufacturing	1,000	.....
327910	Abrasive Product Manufacturing	500	.....
327991	Cut Stone and Stone Product Manufacturing	500	.....
327992	Ground or Treated Mineral and Earth Manufacturing	500	.....
327993	Mineral Wool Manufacturing	750	.....
327999	All Other Miscellaneous Nonmetallic Mineral Product Manufacturing	500	.....

Subsector 331—Primary Metal Manufacturing

331111	Iron and Steel Mills	1,000	.....
331112	Electrometallurgical Ferroalloy Product Manufacturing	750	.....
331210	Iron and Steel Pipe and Tube Manufacturing from Purchased Steel	1,000	.....
331221	Cold-Rolled Steel Shape Manufacturing	1,000	.....
331222	Steel Wire Drawing	1,000	.....
331311	Alumina Refining	1,000	.....
331312	Primary Aluminum Production	1,000	.....
331314	Secondary Smelting and Alloying of Aluminum	750	.....
331315	Aluminum Sheet, Plate and Foil Manufacturing	750	.....
331316	Aluminum Extruded Product Manufacturing	750	.....
331319	Other Aluminum Rolling and Drawing	750	.....
331411	Primary Smelting and Refining of Copper	1,000	.....
331419	Primary Smelting and Refining of Nonferrous Metal (except Copper and Aluminum)	750	.....
331421	Copper Rolling, Drawing and Extruding	750	.....
331422	Copper Wire (except Mechanical) Drawing	1,000	.....
331423	Secondary Smelting, Refining, and Alloying of Copper	750	.....
331491	Nonferrous Metal (except Copper and Aluminum) Rolling, Drawing and Extruding	750	.....
331492	Secondary Smelting, Refining, and Alloying of Nonferrous Metal (except Copper and Aluminum)	750	.....
331511	Iron Foundries	500	.....
331512	Steel Investment Foundries	500	.....
331513	Steel Foundries (except Investment)	500	.....
331521	Aluminum Die-Casting Foundries	500	.....
331522	Nonferrous (except Aluminum) Die-Casting Foundries	500	.....
331524	Aluminum Foundries (except Die-Casting)	500	.....
331525	Copper Foundries (except Die-Casting)	500	.....
331528	Other Nonferrous Foundries (except Die-Casting)	500	.....

Subsector 332—Fabricated Metal Product Manufacturing

332111	Iron and Steel Forging	500	.....
332112	Nonferrous Forging	500	.....
332114	Custom Roll Forming	500	.....
332115	Crown and Closure Manufacturing	500	.....
332116	Metal Stamping	500	.....
332117	Powder Metallurgy Part Manufacturing	500	.....
332211	Cutlery and Flatware (except Precious) Manufacturing	500	.....
332212	Hand and Edge Tool Manufacturing	500	.....
332213	Saw Blade and Handsaw Manufacturing	500	.....
332214	Kitchen Utensil, Pot and Pan Manufacturing	500	.....
332311	Prefabricated Metal Building and Component Manufacturing	500	.....
332312	Fabricated Structural Metal Manufacturing	500	.....
332313	Plate Work Manufacturing	500	.....
332321	Metal Window and Door Manufacturing	500	.....
332322	Sheet Metal Work Manufacturing	500	.....
332323	Ornamental and Architectural Metal Work Manufacturing	500	.....
332410	Power Boiler and Heat Exchanger Manufacturing	500	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
332420	Metal Tank (Heavy Gauge) Manufacturing	500	.....
332431	Metal Can Manufacturing	1,000	.....
332439	Other Metal Container Manufacturing	500	.....
332510	Hardware Manufacturing	500	.....
332611	Spring (Heavy Gauge) Manufacturing	500	.....
332612	Spring (Light Gauge) Manufacturing	500	.....
332618	Other Fabricated Wire Product Manufacturing	500	.....
332710	Machine Shops	500	.....
332721	Precision Turned Product Manufacturing	500	.....
332722	Bolt, Nut, Screw, Rivet and Washer Manufacturing	500	.....
332811	Metal Heat Treating	750	.....
332812	Metal Coating, Engraving (except Jewelry and Silverware), and Allied Services to Manufacturers	500	.....
332813	Electroplating, Plating, Polishing, Anodizing and Coloring	500	.....
332911	Industrial Valve Manufacturing	500	.....
332912	Fluid Power Valve and Hose Fitting Manufacturing	500	.....
332913	Plumbing Fixture Fitting and Trim Manufacturing	500	.....
332919	Other Metal Valve and Pipe Fitting Manufacturing	500	.....
332991	Ball and Roller Bearing Manufacturing	750	.....
332992	Small Arms Ammunition Manufacturing	1,000	.....
332993	Ammunition (except Small Arms) Manufacturing	1,500	.....
332994	Small Arms Manufacturing	1,000	.....
332995	Other Ordnance and Accessories Manufacturing	500	.....
332996	Fabricated Pipe and Pipe Fitting Manufacturing	500	.....
332997	Industrial Pattern Manufacturing	500	.....
332998	Enameled Iron and Metal Sanitary Ware Manufacturing	750	.....
332999	All Other Miscellaneous Fabricated Metal Product Manufacturing	500	.....

Subsector 333—Machinery Manufacturing⁶

333111	Farm Machinery and Equipment Manufacturing	500	.....
333112	Lawn and Garden Tractor and Home Lawn and Garden Equipment Manufacturing	500	.....
333120	Construction Machinery Manufacturing	750	.....
333131	Mining Machinery and Equipment Manufacturing	500	.....
333132	Oil and Gas Field Machinery and Equipment Manufacturing	500	.....
333210	Sawmill and Woodworking Machinery Manufacturing	500	.....
333220	Plastics and Rubber Industry Machinery Manufacturing	500	.....
333291	Paper Industry Machinery Manufacturing	500	.....
333292	Textile Machinery Manufacturing	500	.....
333293	Printing Machinery and Equipment Manufacturing	500	.....
333294	Food Product Machinery Manufacturing	500	.....
333295	Semiconductor Machinery Manufacturing	500	.....
333298	All Other Industrial Machinery Manufacturing	500	.....
333311	Automatic Vending Machine Manufacturing	500	.....
333312	Commercial Laundry, Drycleaning and Pressing Machine Manufacturing	500	.....
333313	Office Machinery Manufacturing	1,000	.....
333314	Optical Instrument and Lens Manufacturing	500	.....
333315	Photographic and Photocopying Equipment Manufacturing	500	.....
333319	Other Commercial and Service Industry Machinery Manufacturing	500	.....
333411	Air Purification Equipment Manufacturing	500	.....
333412	Industrial and Commercial Fan and Blower Manufacturing	500	.....
333414	Heating Equipment (except Warm Air Furnaces) Manufacturing	500	.....
333415	Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing	750	.....
333511	Industrial Mold Manufacturing	500	.....
333512	Machine Tool (Metal Cutting Types) Manufacturing	500	.....
333513	Machine Tool (Metal Forming Types) Manufacturing	500	.....
333514	Special Die and Tool, Die Set, Jig and Fixture Manufacturing	500	.....
333515	Cutting Tool and Machine Tool Accessory Manufacturing	500	.....
333516	Rolling Mill Machinery and Equipment Manufacturing	500	.....
333518	Other Metalworking Machinery Manufacturing	500	.....
333611	Turbine and Turbine Generator Set Unit Manufacturing	1,000	.....
333612	Speed Changer, Industrial High-Speed Drive and Gear Manufacturing	500	.....
333613	Mechanical Power Transmission Equipment Manufacturing	500	.....
333618	Other Engine Equipment Manufacturing	1,000	.....
333911	Pump and Pumping Equipment Manufacturing	500	.....
333912	Air and Gas Compressor Manufacturing	500	.....
333913	Measuring and Dispensing Pump Manufacturing	500	.....
333921	Elevator and Moving Stairway Manufacturing	500	.....
333922	Conveyor and Conveying Equipment Manufacturing	500	.....
333923	Overhead Traveling Crane, Hoist and Monorail System Manufacturing	500	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
333924	Industrial Truck, Tractor, Trailer and Stacker Machinery Manufacturing	750	.....
333991	Power-Driven Hand Tool Manufacturing	500	.....
333992	Welding and Soldering Equipment Manufacturing	500	.....
333993	Packaging Machinery Manufacturing	500	.....
333994	Industrial Process Furnace and Oven Manufacturing	500	.....
333995	Fluid Power Cylinder and Actuator Manufacturing	500	.....
333996	Fluid Power Pump and Motor Manufacturing	500	.....
333997	Scale and Balance (except Laboratory) Manufacturing	500	.....
333999	All Other Miscellaneous General Purpose Machinery Manufacturing	500	.....

Subsector 334—Computer and Electronic Product Manufacturing⁶

334111	Electronic Computer Manufacturing	1,000	.....
334112	Computer Storage Device Manufacturing	1,000	.....
334113	Computer Terminal Manufacturing	1,000	.....
334119	Other Computer Peripheral Equipment Manufacturing	1,000	.....
334210	Telephone Apparatus Manufacturing	1,000	.....
334220	Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing	750	.....
334290	Other Communications Equipment Manufacturing	750	.....
334310	Audio and Video Equipment Manufacturing	750	.....
334411	Electron Tube Manufacturing	750	.....
334412	Bare Printed Circuit Board Manufacturing	500	.....
334413	Semiconductor and Related Device Manufacturing	500	.....
334414	Electronic Capacitor Manufacturing	500	.....
334415	Electronic Resistor Manufacturing	500	.....
334416	Electronic Coil, Transformer, and Other Inductor Manufacturing	500	.....
334417	Electronic Connector Manufacturing	500	.....
334418	Printed Circuit Assembly (Electronic Assembly) Manufacturing	500	.....
334419	Other Electronic Component Manufacturing	500	.....
334510	Electromedical and Electrotherapeutic Apparatus Manufacturing	500	.....
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing	750	.....
334512	Automatic Environmental Control Manufacturing for Residential, Commercial and Appliance Use	500	.....
334513	Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables	500	.....
334514	Totalizing Fluid Meter and Counting Device Manufacturing	500	.....
334515	Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals	500	.....
334516	Analytical Laboratory Instrument Manufacturing	500	.....
334517	Irradiation Apparatus Manufacturing	500	.....
334518	Watch, Clock, and Part Manufacturing	500	.....
334519	Other Measuring and Controlling Device Manufacturing	500	.....
334611	Software Reproducing	500	.....
334612	Prerecorded Compact Disc (except Software), Tape, and Record Reproducing	750	.....
334613	Magnetic and Optical Recording Media Manufacturing	1,000	.....

Subsector 335—Electrical Equipment, Appliance and Component Manufacturing⁶

335110	Electric Lamp Bulb and Part Manufacturing	1,000	.....
335121	Residential Electric Lighting Fixture Manufacturing	500	.....
335122	Commercial, Industrial and Institutional Electric Lighting Fixture Manufacturing	500	.....
335129	Other Lighting Equipment Manufacturing	500	.....
335211	Electric Housewares and Household Fan Manufacturing	750	.....
335212	Household Vacuum Cleaner Manufacturing	750	.....
335221	Household Cooking Appliance Manufacturing	750	.....
335222	Household Refrigerator and Home Freezer Manufacturing	1,000	.....
335224	Household Laundry Equipment Manufacturing	1,000	.....
335228	Other Major Household Appliance Manufacturing	500	.....
335311	Power, Distribution and Specialty Transformer Manufacturing	750	.....
335312	Motor and Generator Manufacturing	1,000	.....
335313	Switchgear and Switchboard Apparatus Manufacturing	750	.....
335314	Relay and Industrial Control Manufacturing	750	.....
335911	Storage Battery Manufacturing	500	.....
335912	Primary Battery Manufacturing	1,000	.....
335921	Fiber Optic Cable Manufacturing	1,000	.....
335929	Other Communication and Energy Wire Manufacturing	1,000	.....
335931	Current-Carrying Wiring Device Manufacturing	500	.....
335932	Noncurrent-Carrying Wiring Device Manufacturing	500	.....
335991	Carbon and Graphite Product Manufacturing	750	.....
335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing	500	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
Subsector 336—Transportation Equipment Manufacturing⁷			
336111	Automobile Manufacturing	1,000	.....
336112	Light Truck and Utility Vehicle Manufacturing	1,000	.....
336120	Heavy Duty Truck Manufacturing	1,000	.....
336211	Motor Vehicle Body Manufacturing	1,000	.....
336212	Truck Trailer Manufacturing	500	.....
336213	Motor Home Manufacturing	1,000	.....
336214	Travel Trailer and Camper Manufacturing	500	.....
336311	Carburetor, Piston, Piston Ring and Valve Manufacturing	500	.....
336312	Gasoline Engine and Engine Parts Manufacturing	750	.....
336321	Vehicular Lighting Equipment Manufacturing	500	.....
336322	Other Motor Vehicle Electrical and Electronic Equipment Manufacturing	750	.....
336330	Motor Vehicle Steering and Suspension Components (except Spring) Manufacturing	750	.....
336340	Motor Vehicle Brake System Manufacturing	750	.....
336350	Motor Vehicle Transmission and Power Train Parts Manufacturing	750	.....
336360	Motor Vehicle Seating and Interior Trim Manufacturing	500	.....
336370	Motor Vehicle Metal Stamping	500	.....
336391	Motor Vehicle Air-Conditioning Manufacturing	750	.....
336399	All Other Motor Vehicle Parts Manufacturing	750	.....
336411	Aircraft Manufacturing	1,500	.....
336412	Aircraft Engine and Engine Parts Manufacturing	1,000	.....
336413	Other Aircraft Part and Auxiliary Equipment Manufacturing ⁷	⁷ 1,000	.....
336414	Guided Missile and Space Vehicle Manufacturing	1,000	.....
336415	Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Parts Manufacturing	1,000	.....
336419	Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing	1,000	.....
336510	Railroad Rolling Stock Manufacturing	1,000	.....
336611	Ship Building and Repairing	1,000	.....
336612	Boat Building	500	.....
336991	Motorcycle, Bicycle and Parts Manufacturing	500	.....
336992	Military Armored Vehicle, Tank and Tank Component Manufacturing	1,000	.....
336999	All Other Transportation Equipment Manufacturing	500	.....
Subsector 337—Furniture and Related Product Manufacturing			
337110	Wood Kitchen Cabinet and Counter Top Manufacturing	500	.....
337121	Upholstered Household Furniture Manufacturing	500	.....
337122	Nonupholstered Wood Household Furniture Manufacturing	500	.....
337124	Metal Household Furniture Manufacturing	500	.....
337125	Household Furniture (except Wood and Metal) Manufacturing	500	.....
337127	Institutional Furniture Manufacturing	500	.....
337129	Wood Television, Radio, and Sewing Machine Cabinet Manufacturing	500	.....
337211	Wood Office Furniture Manufacturing	500	.....
337212	Custom Architectural Woodwork and Millwork Manufacturing	500	.....
337214	Office Furniture (except Wood) Manufacturing	500	.....
337215	Showcase, Partition, Shelving, and Locker Manufacturing	500	.....
337910	Mattress Manufacturing	500	.....
337920	Blind and Shade Manufacturing	500	.....
Subsector 339—Miscellaneous Manufacturing			
339111	Laboratory Apparatus and Furniture Manufacturing	500	.....
339112	Surgical and Medical Instrument Manufacturing	500	.....
339113	Surgical Appliance and Supplies Manufacturing	500	.....
339114	Dental Equipment and Supplies Manufacturing	500	.....
339115	Ophthalmic Goods Manufacturing	500	.....
339116	Dental Laboratories	500	.....
339911	Jewelry (except Costume) Manufacturing	500	.....
339912	Silverware and Hollowware Manufacturing	500	.....
339913	Jewelers' Material and Lapidary Work Manufacturing	500	.....
339914	Costume Jewelry and Novelty Manufacturing	500	.....
339920	Sporting and Athletic Goods Manufacturing	500	.....
339931	Doll and Stuffed Toy Manufacturing	500	.....
339932	Game, Toy, and Children's Vehicle Manufacturing	500	.....
339941	Pen and Mechanical Pencil Manufacturing	500	.....
339942	Lead Pencil and Art Good Manufacturing	500	.....
339943	Marking Device Manufacturing	500	.....
339944	Carbon Paper and Inked Ribbon Manufacturing	500	.....
339950	Sign Manufacturing	500	.....
339991	Gasket, Packing, and Sealing Device Manufacturing	500	.....
339992	Musical Instrument Manufacturing	500	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
339993	Fastener, Button, Needle and Pin Manufacturing	500	.....
339994	Broom, Brush and Mop Manufacturing	500	.....
339995	Burial Casket Manufacturing	500	.....
339999	All Other Miscellaneous Manufacturing	500	.....

Sector 42—Wholesale Trade**Subsector 423—Merchant Wholesalers, Durable Goods**

423110	Automobile and Other Motor Vehicle Merchant Wholesalers	100	.....
423120	Motor Vehicle Supplies and New Parts Merchant Wholesalers	100	.....
423130	Tire and Tube Merchant Wholesalers	100	.....
423140	Motor Vehicle Parts (Used) Merchant Wholesalers	100	.....
423210	Furniture Merchant Wholesalers	100	.....
423220	Home Furnishing Merchant Wholesalers	100	.....
423310	Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers	100	.....
423320	Brick, Stone, and Related Construction Material Merchant Wholesalers	100	.....
423330	Roofing, Siding, and Insulation Material Merchant Wholesalers	100	.....
423390	Other Construction Material Merchant Wholesalers	100	.....
423410	Photographic Equipment and Supplies Merchant Wholesalers	100	.....
423420	Office Equipment Merchant Wholesalers	100	.....
423430	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	100	.....
423440	Other Commercial Equipment Merchant Wholesalers	100	.....
423450	Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers	100	.....
423460	Ophthalmic Goods Merchant Wholesalers	100	.....
423490	Other Professional Equipment and Supplies Merchant Wholesalers	100	.....
423510	Metal Service Centers and Other Metal Merchant Wholesalers	100	.....
423520	Coal and Other Mineral and Ore Merchant Wholesalers	100	.....
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	100	.....
423620	Electrical and Electronic Appliance, Television, and Radio Set Merchant Wholesalers	100	.....
423690	Other Electronic Parts and Equipment Merchant Wholesalers	100	.....
423710	Hardware Merchant Wholesalers	100	.....
423720	Plumbing and Heating Equipment and Supplies (Hydronics) Merchant Wholesalers	100	.....
423730	Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers	100	.....
423740	Refrigeration Equipment and Supplies Merchant Wholesalers	100	.....
423810	Construction and Mining (except Oil Well) Machinery and Equipment Merchant Wholesalers	100	.....
423820	Farm and Garden Machinery and Equipment Merchant Wholesalers	100	.....
423830	Industrial Machinery and Equipment Merchant Wholesalers	100	.....
423840	Industrial Supplies Merchant Wholesalers	100	.....
423850	Service Establishment Equipment and Supplies Merchant Wholesalers	100	.....
423860	Transportation Equipment and Supplies (except Motor Vehicle) Merchant Wholesalers	100	.....
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers	100	.....
423920	Toy and Hobby Goods and Supplies Merchant Wholesalers	100	.....
423930	Recyclable Material Merchant Wholesalers	100	.....
423940	Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers	100	.....
423990	Other Miscellaneous Durable Goods Merchant Wholesalers	100	.....

Subsector 424—Merchant Wholesalers, Nondurable Goods

424110	Printing and Writing Paper Merchant Wholesalers	100	.....
424120	Stationary and Office Supplies Merchant Wholesalers	100	.....
424130	Industrial and Personal Service Paper Merchant Wholesalers	100	.....
424210	Drugs and Druggists' Sundries Merchant Wholesalers	100	.....
424310	Piece Goods, Notions, and Other Dry Goods Merchant Wholesalers	100	.....
424320	Men's and Boys' Clothing and Furnishings Merchant Wholesalers	100	.....
424330	Women's, Children's, and Infants' Clothing and Accessories Merchant Wholesalers	100	.....
424340	Footwear Merchant Wholesalers	100	.....
424410	General Line Grocery Merchant Wholesalers	100	.....
424420	Packaged Frozen Food Merchant Wholesalers	100	.....
424430	Dairy Product (except Dried or Canned) Merchant Wholesalers	100	.....
424440	Poultry and Poultry Product Merchant Wholesalers	100	.....
424450	Confectionery Merchant Wholesalers	100	.....
424460	Fish and Seafood Merchant Wholesalers	100	.....
424470	Meat and Meat Product Merchant Wholesalers	100	.....
424480	Fresh Fruit and Vegetable Merchant Wholesalers	100	.....
424490	Other Grocery and Related Products Merchant Wholesalers	100	.....
424510	Grain and Field Bean Merchant Wholesalers	100	.....
424520	Livestock Merchant Wholesalers	100	.....
424590	Other Farm Product Raw Material Merchant Wholesalers	100	.....
424610	Plastics Materials and Basic Forms and Shapes Merchant Wholesalers	100	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
424690	Other Chemical and Allied Products Merchant Wholesalers	100	.....
424710	Petroleum Bulk Stations and Terminals	100	.....
424720	Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)	100	.....
424810	Beer and Ale Merchant Wholesalers	100	.....
424820	Wine and Distilled Alcoholic Beverage Merchant Wholesalers	100	.....
424910	Farm Supplies Merchant Wholesalers	100	.....
424920	Book, Periodical, and Newspaper Merchant Wholesalers	100	.....
424930	Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers	100	.....
424940	Tobacco and Tobacco Product Merchant Wholesalers	100	.....
424950	Paint, Varnish, and Supplies Merchant Wholesalers	100	.....
424990	Other Miscellaneous Nondurable Goods Merchant Wholesalers	100	.....

Subsector 425—Wholesale Electronic Markets and Agents and Brokers

425110	Business to Business Electronic Markets	100	.....
425120	Wholesale Trade Agents and Brokers	100	.....

Sectors 44–45—Retail Trade**Subsector 441—Motor Vehicle and Parts Dealers**

441110	New Car Dealers	50	.....
441120	Used Car Dealers	50	.....
441210	Recreational Vehicle Dealers	50	.....
441221	Motorcycle Dealers	50	.....
441222	Boat Dealers	50	.....
441229	All Other Motor Vehicle Dealers	50	.....
441310	Automotive Parts and Accessories Stores	50	.....
441320	Tire Dealers	50	.....

Subsector 442—Furniture and Home Furnishings Stores

442110	Furniture Stores	50	.....
442210	Floor Covering Stores	50	.....
442291	Window Treatment Stores	50	.....
442299	All Other Home Furnishings Stores	50	.....

Subsector 443—Electronics and Appliance Stores

443111	Household Appliance Stores	50	.....
443112	Radio, Television and Other Electronics Stores	50	.....
443120	Computer and Software Stores	50	.....
443130	Camera and Photographic Supplies Stores	50	.....

Subsector 444—Building Material and Garden Equipment and Supplies Dealers

444110	Home Centers	50	.....
444120	Paint and Wallpaper Stores	50	.....
444130	Hardware Stores	50	.....
444190	Other Building Material Dealers	50	.....
444210	Outdoor Power Equipment Stores	50	.....
444220	Nursery and Garden Centers	50	.....

Subsector 445—Food and Beverage Stores

445110	Supermarkets and Other Grocery (except Convenience) Stores	150	.....
445120	Convenience Stores	150	.....
445210	Meat Markets	50	.....
445220	Fish and Seafood Markets	50	.....
445230	Fruit and Vegetable Markets	50	.....
445291	Baked Goods Stores	50	.....
445292	Confectionery and Nut Stores	50	.....
445299	All Other Specialty Food Stores	50	.....
445310	Beer, Wine and Liquor Stores	50	.....

Subsector 446—Health and Personal Care Stores

446110	Pharmacies and Drug Stores	50	.....
446120	Cosmetics, Beauty Supplies and Perfume Stores	50	.....
446130	Optical Goods Stores	50	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
446191	Food (Health) Supplement Stores	50	.....
446199	All Other Health and Personal Care Stores	50	.....
Subsector 447—Gasoline Stations			
447110	Gasoline Stations with Convenience Stores	100	.....
447190	Other Gasoline Stations	50	.....
Subsector 448—Clothing and Clothing Accessories Stores			
448110	Men's Clothing Stores	50	.....
448120	Women's Clothing Stores	50	.....
448130	Children's and Infants' Clothing Stores	50	.....
448140	Family Clothing Stores	50	.....
448150	Clothing Accessories Stores	50	.....
448190	Other Clothing Stores	50	.....
448210	Shoe Stores	50	.....
448310	Jewelry Stores	50	.....
448320	Luggage and Leather Goods Stores	50	.....
Subsector 451—Sporting Good, Hobby, Book and Music Stores			
451110	Sporting Goods Stores	50	.....
451120	Hobby, Toy and Game Stores	50	.....
451130	Sewing, Needlework and Piece Goods Stores	50	.....
451140	Musical Instrument and Supplies Stores	50	.....
451211	Book Stores	50	.....
451212	News Dealers and Newsstands	50	.....
451220	Prerecorded Tape, Compact Disc and Record Stores	50	.....
Subsector 452—General Merchandise Stores			
452111	Department Stores (except Discount Department Stores)	150	.....
452112	Discount Department Stores	150	.....
452910	Warehouse Clubs and Superstores	150	.....
452990	All Other General Merchandise Stores	100	.....
Subsector 453—Miscellaneous Store Retailers			
453110	Florists	50	.....
453210	Office Supplies and Stationery Stores	50	.....
453220	Gift, Novelty and Souvenir Stores	50	.....
453310	Used Merchandise Stores	50	.....
453910	Pet and Pet Supplies Stores	50	.....
453920	Art Dealers	50	.....
453930	Manufactured (Mobile) Home Dealers	50	.....
453991	Tobacco Stores	50	.....
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	50	.....
Subsector 454—Nonstore Retailers			
454111	Electronic Shopping	50	.....
454112	Electronic Auctions	50	.....
454113	Mail-Order Houses	50	.....
454210	Vending Machine Operators	50	.....
454311	Heating Oil Dealers	50	.....
454312	Liquefied Petroleum Gas (Bottled Gas) Dealers	50	.....
454319	Other Fuel Dealers	50	.....
454390	Other Direct Selling Establishments	50	.....
Sectors 48–49—Transportation			
Subsector 481—Air Transportation			
481111	Scheduled Passenger Air Transportation	1,500	.....
481112	Scheduled Freight Air Transportation	1,500	.....
481211	Nonscheduled Chartered Passenger Air Transportation	1,500	.....
Except,	Offshore Marine Air Transportation Services	150	.....
481212	Nonscheduled Chartered Freight Air Transportation	1,500	.....
Except,	Offshore Marine Air Transportation Services	150	.....
481219	Other Nonscheduled Air Transportation	50	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
Subsector 482—Rail Transportation			
482111	Line-Haul Railroads	1,500	.....
482112	Short Line Railroads	500	.....
Subsector 483—Water Transportation⁸			
483111	Deep Sea Freight Transportation	500	.....
483112	Deep Sea Passenger Transportation	500	.....
483113	Coastal and Great Lakes Freight Transportation	500	.....
483114	Coastal and Great Lakes Passenger Transportation	500	.....
483211	Inland Water Freight Transportation	500	.....
483212	Inland Water Passenger Transportation	500	.....
Subsector 484—Truck Transportation			
484110	General Freight Trucking, Local	200	.....
484121	General Freight Trucking, Long-Distance, Truckload	200	.....
484122	General Freight Trucking, Long-Distance, Less Than Truckload	200	.....
484210	Used Household and Office Goods Moving	200	.....
484220	Specialized Freight (except Used Goods) Trucking, Local	200	.....
484230	Specialized Freight (except Used Goods) Trucking, Long-Distance	200	.....
Subsector 485—Transit and Ground Passenger Transportation			
485111	Mixed Mode Transit Systems	100	.....
485112	Commuter Rail Systems	100	.....
485113	Bus and Motor Vehicle Transit Systems	100	.....
485119	Other Urban Transit Systems	100	.....
485210	Interurban and Rural Bus Transportation	100	.....
485310	Taxi Service	50	.....
485320	Limousine Service	50	.....
485410	School and Employee Bus Transportation	100	.....
485510	Charter Bus Industry	100	.....
485991	Special Needs Transportation	50	.....
485999	All Other Transit and Ground Passenger Transportation	50	.....
Subsector 486—Pipeline Transportation			
486110	Pipeline Transportation of Crude Oil	1,500	.....
486210	Pipeline Transportation of Natural Gas	100	.....
486910	Pipeline Transportation of Refined Petroleum Products	1,500	.....
486990	All Other Pipeline Transportation	100	.....
Subsector 487—Scenic and Sightseeing Transportation			
487110	Scenic and Sightseeing Transportation, Land	50	.....
487210	Scenic and Sightseeing Transportation, Water	50	.....
487990	Scenic and Sightseeing Transportation, Other	50	.....
Subsector 488—Support Activities for Transportation			
488111	Air Traffic Control	50	.....
488119	Other Airport Operations	100	.....
488190	Other Support Activities for Air Transportation	100	.....
488210	Support Activities for Rail Transportation	50	.....
488310	Port and Harbor Operations	200	.....
488320	Marine Cargo Handling	200	.....
488330	Navigational Services to Shipping	50	.....
488390	Other Support Activities for Water Transportation	50	.....
488410	Motor Vehicle Towing	50	.....
488490	Other Support Activities for Road Transportation	50	.....
488510	Freight Transportation Arrangement	50	.....
488991	Packing and Crating	100	.....
488999	All Other Support Activities for Transportation	50	.....
Subsector 491—Postal Service			
491110	Postal Service	50	.....
Subsector 492—Couriers and Messengers			

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
492110	Couriers	1,500	.....
492210	Local Messengers and Local Delivery	200	.....
Subsector 493—Warehousing and Storage			
493110	General Warehousing and Storage	200	.....
493120	Refrigerated Warehousing and Storage	200	.....
493130	Farm Product Warehousing and Storage	200	.....
493190	Other Warehousing and Storage	200	.....
Sector 51—Information			
Subsector 511—Publishing Industries (except Internet)			
511110	Newspaper Publishers	500	.....
511120	Periodical Publishers	500	.....
511130	Book Publishers	500	.....
511140	Directory and Mailing List Publishers	500	.....
511191	Greeting Card Publishers	500	.....
511199	All Other Publishers	500	.....
511210	Software Publishers	150	.....
Subsector 512—Motion Picture and Sound Recording Industries			
512110	Motion Picture and Video Production	100	.....
512120	Motion Picture and Video Distribution	100	.....
512131	Motion Picture Theaters (except Drive-Ins)	100	.....
512132	Drive-In Motion Picture Theaters	50	.....
512191	Teleproduction and Other Postproduction Services	100	.....
512199	Other Motion Picture and Video Industries	50	.....
512210	Record Production	50	.....
512220	Integrated Record Production/Distribution	750	.....
512230	Music Publishers	500	.....
512240	Sound Recording Studios	50	.....
512290	Other Sound Recording Industries	50	.....
Subsector 515—Broadcasting (except Internet)			
515111	Radio Networks	50	.....
515112	Radio Stations	50	.....
515120	Television Broadcasting	100	.....
515210	Cable and Other Subscription Programming	100	.....
Subsector 516—Internet Publishing and Broadcasting			
516110	Internet Publishing and Broadcasting	500	.....
Subsector 517—Telecommunications			
517110	Wired Telecommunications Carriers	1,500	.....
517211	Paging	1,500	.....
517212	Cellular and Other Wireless Telecommunications	1,500	.....
517310	Telecommunications Resellers	1,500	.....
517410	Satellite Telecommunications	100	.....
517510	Cable and Other Program Distribution	100	.....
517910	Other Telecommunications	100	.....
Subsector 518—Internet Service Providers, Web Search Portals, and Data Processing Services			
518111	Internet Service Providers	150	.....
518112	Web Search Portals	150	.....
518210	Data Processing, Hosting, and Related Services	150	\$30.0
Subsector 519—Other Information Services			
519110	News Syndicates	50	.....
519120	Libraries and Archives	50	.....
519190	All Other Information Services	50	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
Sector 52—Finance and Insurance			
Subsector 522—Credit Intermediation and Related Activities			
522110	Commercial Banking	50	.....
522120	Savings Institutions	50	.....
522130	Credit Unions	50	.....
522190	Other Depository Credit Intermediation	50	.....
522210	Credit Card Issuing	50	.....
522220	Sales Financing	50	.....
522291	Consumer Lending	50	.....
522292	Real Estate Credit	50	.....
522293	International Trade Financing	50	.....
522294	Secondary Market Financing	50	.....
522298	All Other Non-Depository Credit Intermediation	50	.....
522310	Mortgage and Nonmortgage Loan Brokers	50	.....
522320	Financial Transactions Processing, Reserve, and Clearing House Activities	50	.....
522390	Other Activities Related to Credit Intermediation	50	.....
Subsector 523—Financial Investments and Related Activities			
523110	Investment Banking and Securities Dealing	50	.....
523120	Securities Brokerage	50	.....
523130	Commodity Contracts Dealing	50	.....
523140	Commodity Contracts Brokerage	50	.....
523210	Securities and Commodity Exchanges	50	.....
523910	Miscellaneous Intermediation	50	.....
523920	Portfolio Management	50	.....
523930	Investment Advice	50	.....
523991	Trust, Fiduciary and Custody Activities	50	.....
523999	Miscellaneous Financial Investment Activities	50	.....
Subsector 524—Insurance Carriers and Related Activities			
524113	Direct Life Insurance Carriers	50	.....
524114	Direct Health and Medical Insurance Carriers	50	.....
524126	Direct Property and Casualty Insurance Carriers	1,500	.....
524127	Direct Title Insurance Carriers	50	.....
524128	Other Direct Insurance (except Life, Health and Medical) Carriers	50	.....
524130	Reinsurance Carriers	50	.....
524210	Insurance Agencies and Brokerages	50	.....
524291	Claims Adjusting	50	.....
524292	Third Party Administration of Insurance and Pension Funds	50	.....
524298	All Other Insurance Related Activities	50	.....
Subsector 525—Funds, Trusts and Other Financial Vehicles			
525110	Pension Funds	50	.....
525120	Health and Welfare Funds	50	.....
525190	Other Insurance Funds	50	.....
525910	Open-End Investment Funds	50	.....
525920	Trusts, Estates, and Agency Accounts	50	.....
525930	Real Estate Investment Trusts	50	.....
525990	Other Financial Vehicles	50	.....
Sector 53—Real Estate and Rental and Leasing			
Subsector 531—Real Estate			
531110	Lessors of Residential Buildings and Dwellings	50	.....
531120	Lessors of Nonresidential Buildings (except Miniwarehouses)	50	.....
531130	Lessors of Miniwarehouses and Self Storage Units	150	.....
531190	Lessors of Other Real Estate Property	50	.....
Except,	Leasing of Building Space to Federal Government by Owners ⁹	⁹ 150	.....
531210	Offices of Real Estate Agents and Brokers	50	.....
531311	Residential Property Managers	50	.....
531312	Nonresidential Property Managers	50	.....
531320	Offices of Real Estate Appraisers	50	.....
531390	Other Activities Related to Real Estate	50	.....
Subsector 532—Rental and Leasing Services			

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
532111	Passenger Car Rental	150	.....
532112	Passenger Car Leasing	150	.....
532120	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing	150	.....
532210	Consumer Electronics and Appliances Rental	50	.....
532220	Formal Wear and Costume Rental	50	.....
532230	Video Tape and Disc Rental	50	.....
532291	Home Health Equipment Rental	50	.....
532292	Recreational Goods Rental	50	.....
532299	All Other Consumer Goods Rental	50	.....
532310	General Rental Centers	50	.....
532411	Commercial Air, Rail, and Water Transportation Equipment Rental and Leasing	50	.....
532412	Construction, Mining and Forestry Machinery and Equipment Rental and Leasing	50	.....
532420	Office Machinery and Equipment Rental and Leasing	50	.....
532490	Other Commercial and Industrial Machinery and Equipment Rental and Leasing	50	.....

Subsector 533—Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)

533110	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	50	
--------------	--	----	-------

Sector 54—Professional, Scientific and Technical Services**Subsector 541— Professional, Scientific and Technical Services**

541110	Offices of Lawyers	50	.....
541191	Title Abstract and Settlement Offices	50	.....
541199	All Other Legal Services	50	.....
541211	Offices of Certified Public Accountants	100	.....
541213	Tax Preparation Services	50	.....
541214	Payroll Services	100	.....
541219	Other Accounting Services	100	.....
541310	Architectural Services	50	\$7.0
541320	Landscape Architectural Services	50	.....
541330	Engineering Services	50	\$7.0
Except,	Military and Aerospace Equipment and Military Weapons	200	\$30.0
Except,	Contracts and Subcontracts for Engineering Services Awarded Under the National Energy Policy Act of 1992	200	\$30.0
Except,	Marine Engineering and Naval Architecture	150	\$30.0
541340	Drafting Services	50	.....
541350	Building Inspection Services	50	.....
541360	Geophysical Surveying and Mapping Services	50	.....
541370	Surveying and Mapping (except Geophysical) Services	50	.....
541380	Testing Laboratories	100	.....
541410	Interior Design Services	50	.....
541420	Industrial Design Services	50	.....
541430	Graphic Design Services	50	.....
541490	Other Specialized Design Services	50	.....
541511	Custom Computer Programming Services	150	\$30.0
541512	Computer Systems Design Services	150	\$30.0
541513	Computer Facilities Management Services	150	\$30.0
541519	Other Computer Related Services	150	\$30.0
Except,	Information Technology Value Added Resellers ¹⁵	¹⁵ 150	.....
541611	Administrative Management and General Management Consulting Services	50	\$10.0
541612	Human Resources and Executive Search Consulting Services	50	\$10.0
541613	Marketing Consulting Services	50	\$10.0
541614	Process, Physical Distribution and Logistics Consulting Services	50	\$10.0
541618	Other Management Consulting Services	50	\$10.0
541620	Environmental Consulting Services	50	\$10.0
541690	Other Scientific and Technical Consulting Services	50	\$10.0
541710	Research and Development in the Physical, Engineering, and Life Sciences ¹⁰	¹⁰ 500	.....
Except,	Aircraft	1,500	.....
Except,	Aircraft Parts, and Auxiliary Equipment, and Aircraft Engine Parts	1,000	.....
Except,	Space Vehicles and Guided Missiles, their Propulsion Units, their Propulsion Units Parts, and their Auxiliary Equipment and Parts	1,000	.....
541720	Research and Development in the Social Sciences and Humanities	50	.....
541810	Advertising Agencies	50	.....
541820	Public Relations Agencies	50	.....
541830	Media Buying Agencies	50	.....
541840	Media Representatives	50	.....
541850	Display Advertising	50	.....
541860	Direct Mail Advertising	50	.....
541870	Advertising Material Distribution Services	50	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
541890	Other Services Related to Advertising	50	.....
541910	Marketing Research and Public Opinion Polling	50	.....
541921	Photography Studios, Portrait	50	.....
541922	Commercial Photography	50	.....
541930	Translation and Interpretation Services	50	.....
541940	Veterinary Services	50	.....
541990	All Other Professional, Scientific and Technical Services	50	\$10.0

Sector 55—Management of Companies and Enterprises**Subsector 551—Management of Companies and Enterprises**

551111	Offices of Bank Holding Companies	50	.....
551112	Offices of Other Holding Companies	50	.....

Sector 56—Administrative and Support, Waste Management and Remediation Services**Subsector 561—Administrative and Support Services**

561110	Office Administrative Services	50	\$10.0
561210	Facilities Support Services ¹¹	¹¹ 400	¹¹ \$40.0
561310	Employment Placement Agencies	50	.....
561320	Temporary Help Services	500	.....
561330	Employee Leasing Services	500	.....
561410	Document Preparation Services	50	.....
561421	Telephone Answering Services	50	.....
561422	Telemarketing Bureaus	150	.....
561431	Private Mail Centers	50	.....
561439	Other Business Service Centers (including Copy Shops)	50	.....
561440	Collection Agencies	50	.....
561450	Credit Bureaus	50	.....
561491	Repossession Services	50	.....
561492	Court Reporting and Stenotype Services	50	.....
561499	All Other Business Support Services	50	.....
561510	Travel Agencies	50	.....
561520	Tour Operators	50	.....
561591	Convention and Visitors Bureaus	50	.....
561599	All Other Travel Arrangement and Reservation Services	50	.....
561611	Investigation Services	200	.....
561612	Security Guards and Patrol Services	500	.....
561613	Armored Car Services	200	.....
561621	Security Systems Services (except Locksmiths)	200	.....
561622	Locksmiths	50	.....
561710	Exterminating and Pest Control Services	50	.....
561720	Janitorial Services	500	.....
561730	Landscaping Services	50	.....
561740	Carpet and Upholstery Cleaning Services	50	.....
561790	Other Services to Buildings and Dwellings	50	.....
561910	Packaging and Labeling Services	50	.....
561920	Convention and Trade Show Organizers	50	.....
561990	All Other Support Services	50	.....

Subsector 562—Waste Management and Remediation Services

562111	Solid Waste Collection	100	.....
562112	Hazardous Waste Collection	100	.....
562119	Other Waste Collection	100	.....
562211	Hazardous Waste Treatment and Disposal	100	.....
562212	Solid Waste Landfill	100	.....
562213	Solid Waste Combustors and Incinerators	100	.....
562219	Other Nonhazardous Waste Treatment and Disposal	100	.....
562910	Remediation Services	100	.....
Except,	Environmental Remediation Services ¹²	¹² 500	.....
562920	Materials Recovery Facilities	100	.....
562991	Septic Tank and Related Services	50	.....
562998	All Other Miscellaneous Waste Management Services	50	.....

Sector 61—Educational Services**Subsector 611—Educational Services**

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
611110	Elementary and Secondary Schools	50	.....
611210	Junior Colleges	50	.....
611310	Colleges, Universities and Professional Schools	50	.....
611410	Business and Secretarial Schools	50	.....
611420	Computer Training	50	.....
611430	Professional and Management Development Training	50	.....
611511	Cosmetology and Barber Schools	50	.....
611512	Flight Training	200	.....
611513	Apprenticeship Training	50	.....
611519	Other Technical and Trade Schools	50	.....
Except,	Job Corps Centers ¹³	¹³ 400	¹³ \$30.0
611610	Fine Arts Schools	50	.....
611620	Sports and Recreation Instruction	50	.....
611630	Language Schools	50	.....
611691	Exam Preparation and Tutoring	50	.....
611692	Automobile Driving Schools	50	.....
611699	All Other Miscellaneous Schools and Instruction	50	.....
611710	Educational Support Services	50	.....

Sector 62—Health Care and Social Assistance

Subsector 621—Ambulatory Health Care Services

621111	Offices of Physicians (except Mental Health Specialists)	100	.....
621112	Offices of Physicians, Mental Health Specialists	100	.....
621210	Offices of Dentists	50	.....
621310	Offices of Chiropractors	50	.....
621320	Offices of Optometrists	50	.....
621330	Offices of Mental Health Practitioners (except Physicians)	50	.....
621340	Offices of Physical, Occupational and Speech Therapists and Audiologists	50	.....
621391	Offices of Podiatrists	50	.....
621399	Offices of All Other Miscellaneous Health Practitioners	50	.....
621410	Family Planning Centers	100	.....
621420	Outpatient Mental Health and Substance Abuse Centers	100	.....
621491	HMO Medical Centers	100	.....
621492	Kidney Dialysis Centers	200	.....
621493	Freestanding Ambulatory Surgical and Emergency Centers	100	.....
621498	All Other Outpatient Care Centers	100	.....
621511	Medical Laboratories	100	.....
621512	Diagnostic Imaging Centers	100	.....
621610	Home Health Care Services	300	.....
621910	Ambulance Services	100	.....
621991	Blood and Organ Banks	100	.....
621999	All Other Miscellaneous Ambulatory Health Care Services	100	.....

Subsector 622—Hospitals

622110	General Medical and Surgical Hospitals	400	.....
622210	Psychiatric and Substance Abuse Hospitals	400	.....
622310	Specialty (except Psychiatric and Substance Abuse) Hospitals	400	.....

Subsector 623—Nursing and Residential Care Facilities

623110	Nursing Care Facilities	300	.....
623210	Residential Mental Retardation Facilities	300	.....
623220	Residential Mental Health and Substance Abuse Facilities	50	.....
623311	Continuing Care Retirement Communities	300	.....
623312	Homes for the Elderly	50	.....
623990	Other Residential Care Facilities	50	.....

Subsector 624—Social Assistance

624110	Child and Youth Services	50	.....
624120	Services for the Elderly and Persons with Disabilities	50	.....
624190	Other Individual and Family Services	50	.....
624210	Community Food Services	50	.....
624221	Temporary Shelters	50	.....
624229	Other Community Housing Services	50	.....
624230	Emergency and Other Relief Services	50	.....
624310	Vocational Rehabilitation Services	50	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
624410	Child Day Care Services	50	.....

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

711110	Theater Companies and Dinner Theaters	50	.....
711120	Dance Companies	50	.....
711130	Musical Groups and Artists	50	.....
711190	Other Performing Arts Companies	50	.....
711211	Sports Teams and Clubs	50	.....
711212	Race Tracks	50	.....
711219	Other Spectator Sports	50	.....
711310	Promoters of Performing Arts, Sports and Similar Events with Facilities	100	.....
711320	Promoters of Performing Arts, Sports and Similar Events without Facilities	50	.....
711410	Agents and Managers for Artists, Athletes, Entertainers and Other Public Figures	50	.....
711510	Independent Artists, Writers, and Performers	50	.....

Subsector 712—Museums, Historical Sites and Similar Institutions

712110	Museums	50	.....
712120	Historical Sites	50	.....
712130	Zoos and Botanical Gardens	50	.....
712190	Nature Parks and Other Similar Institutions	50	.....

Subsector 713—Amusement, Gambling and Recreation Industries

713110	Amusement and Theme Parks	100	.....
713120	Amusement Arcades	50	.....
713210	Casinos (except Casino Hotels)	50	.....
713290	Other Gambling Industries	50	.....
713910	Golf Courses and Country Clubs	50	.....
713920	Skiing Facilities	200	.....
713930	Marinas	50	.....
713940	Fitness and Recreational Sports Centers	50	.....
713950	Bowling Centers	50	.....
713990	All Other Amusement and Recreation Industries	50	.....

Sector 72—Accommodation and Food Services**Subsector 721—Accommodation**

721110	Hotels (except Casino Hotels) and Motels	100	.....
721120	Casino Hotels	100	.....
721191	Bed and Breakfast Inns	50	.....
721199	All Other Traveler Accommodation	50	.....
721211	RV (Recreational Vehicle) Parks and Campgrounds	50	.....
721214	Recreational and Vacation Camps (except Campgrounds)	50	.....
721310	Rooming and Boarding Houses	50	.....

Subsector 722—Food Services and Drinking Places

722110	Full-Service Restaurants	50	.....
722211	Limited-Service Restaurants	50	.....
722212	Cafeterias	50	.....
722213	Snack and Nonalcoholic Beverage Bars	50	.....
722310	Food Service Contractors	400	.....
722320	Caterers	50	.....
722330	Mobile Food Services	50	.....
722410	Drinking Places (Alcoholic Beverages)	50	.....

Sector 81—Other Services**Subsector 811—Repair and Maintenance**

811111	General Automotive Repair	50	.....
811112	Automotive Exhaust System Repair	50	.....
811113	Automotive Transmission Repair	50	.....
811118	Other Automotive Mechanical and Electrical Repair and Maintenance	50	.....
811121	Automotive Body, Paint and Interior Repair and Maintenance	50	.....
811122	Automotive Glass Replacement Shops	50	.....

NAICS codes	NAICS U.S. industry title	Size standards in number of employees	Maximum average annual receipts (\$ million)
811191	Automotive Oil Change and Lubrication Shops	50 .....	.....
811192	Car Washes	50 .....	.....
811198	All Other Automotive Repair and Maintenance	50 .....	.....
811211	Consumer Electronics Repair and Maintenance	50 .....	.....
811212	Computer and Office Machine Repair and Maintenance	150 .....	.....
811213	Communication Equipment Repair and Maintenance	50 .....	.....
811219	Other Electronic and Precision Equipment Repair and Maintenance	50 .....	.....
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	50 .....	.....
811411	Home and Garden Equipment Repair and Maintenance	50 .....	.....
811412	Appliance Repair and Maintenance	50 .....	.....
811420	Reupholstery and Furniture Repair	50 .....	.....
811430	Footwear and Leather Goods Repair	50 .....	.....
811490	Other Personal and Household Goods Repair and Maintenance	50 .....	.....

Subsector 812—Personal and Laundry Services

812111	Barber Shops	50 .....	.....
812112	Beauty Salons	50 .....	.....
812113	Nail Salons	50 .....	.....
812191	Diet and Weight Reducing Centers	50 .....	.....
812199	Other Personal Care Services	50 .....	.....
812210	Funeral Homes and Funeral Services	50 .....	.....
812220	Cemeteries and Crematories	50 .....	.....
812310	Coin-Operated Laundries and Drycleaners	50 .....	.....
812320	Drycleaning and Laundry Services (except Coin-Operated)	50 .....	.....
812331	Linen Supply	200 .....	.....
812332	Industrial Launderers	200 .....	.....
812910	Pet Care (except Veterinary) Services	50 .....	.....
812921	Photo Finishing Laboratories (except One-Hour)	50 .....	.....
812922	One-Hour Photo Finishing	50 .....	.....
812930	Parking Lots and Garages	100 .....	.....
812990	All Other Personal Services	50 .....	.....

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

813110	Religious Organizations	50 .....	.....
813211	Grantmaking Foundations	50 .....	.....
813212	Voluntary Health Organizations	50 .....	.....
813219	Other Grantmaking and Giving Services	50 .....	.....
813311	Human Rights Organizations	50 .....	.....
813312	Environment, Conservation and Wildlife Organizations	50 .....	.....
813319	Other Social Advocacy Organizations	50 .....	.....
813410	Civic and Social Organizations	50 .....	.....
813910	Business Associations	50 .....	.....
813920	Professional Organizations	50 .....	.....
813930	Labor Unions and Similar Labor Organizations	50 .....	.....
813940	Political Organizations	50 .....	.....
813990	Other Similar Organizations (except Business, Professional, Labor, and Political Organiza- tions)	50 .....	.....

Sector 92—Public Administration ¹⁴

(Small business size standards are not established for this sector. Establishments in the Public Administration sector are Federal, state, and local government agencies which administer and oversee government programs and activities that are not performed by private establishments.)

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% of the volume dredged with its own equipment or equipment owned by another small dredging concern.

³ NAICS code 238990—*Building and Property Specialty Trade Services*: If a procurement requires the use of multiple specialty trade contractors (i.e., plumbing, painting, plastering, carpentry, etc.), and no specialty trade accounts for 50% or more of the value of the procurement, all such specialty trade contractors activities are considered a single activity and classified as Building and Property Specialty Trade Services.

⁴ NAICS code 311421—*Fruit and Vegetable Canning*: For purposes of Government procurement for food canning and preserving, the standard of 500 employees excludes agricultural labor as defined in section 3306(k) of the Internal Revenue Code, 26 U.S.C. 3306(k).

⁵ NAICS code 324110—*Petroleum Refineries*: To be an eligible small business, a firm may not have more than 1,500 employees or more than 125,000 barrels per day capacity of petroleum-based inputs, including crude oil or bona fide feedstocks. Capacity includes owned or leased facilities as well as facilities under a processing agreement or an arrangement such as an exchange agreement or a throughput. In addition, for the Federal Government's procurement of refined petroleum products, the total product to be delivered under the contract must be at least 90% refined by the successful bidder from either crude oil or bona fide feedstocks.

⁶ NAICS Subsectors 333—Machinery Manufacturing; 334—Computer and Electronic Product Manufacturing; 335—Electrical Equipment, Appliance and Component Manufacturing; and 336—Transportation Equipment Manufacturing: For rebuilding machinery or equipment on a factory basis, or equivalent, use the NAICS code for a newly manufactured product. Concerns performing major rebuilding or overhaul activities do not necessarily have to meet the criteria for being a “manufacturer” although the activities may be classified under a manufacturing NAICS code. Ordinary repair services or preservation are not considered rebuilding.

⁷ NAICS code 336413—Other Aircraft Parts and Auxiliary Equipment Manufacturing: Contracts for the rebuilding or overhaul of aircraft ground support equipment on a contract basis are classified under NAICS code 336413.

⁸ Subsector 483—Water Transportation—Offshore Marine Services: The applicable size standard shall be 150 employees for firms furnishing specific transportation services to concerns engaged in offshore oil and/or natural gas exploration, drilling production, or marine research; such services encompass passenger and freight transportation, anchor handling, and related logistical services to and from the work site.

⁹ NAICS code 531190—Lessors of Other Real Property, Leasing of Building Space to the Federal Government by Owners: For Government procurement, a size standard of 150 employees applies to the owners of building space leased to the Federal Government. The standard does not apply to an agent.

¹⁰ NAICS code 541710—Research and Development in the Physical, Engineering, and Life Sciences: For research and development contracts requiring the delivery of a manufactured product, the appropriate size standard is that of the manufacturing industry.

(a) “Research and Development” means laboratory or other physical research and development. It does not include economic, educational, engineering, operations, systems, or other nonphysical research; or computer programming, data processing, commercial and/or medical laboratory testing.

(b) For purposes of the Small Business Innovation Research (SBIR) program only, a different definition has been established. See § 121.701 of these regulations.

(c) “Research and Development” for guided missiles and space vehicles includes evaluations and simulation, and other services requiring thorough knowledge of complete missiles and spacecraft.

¹¹ NAICS 561210—Facilities Support Services:

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

(b) “Facilities Support Services” requires the performance of three or more separate activities in the areas of services or specialty trade construction 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 construction activities are considered a single activity and classified as Base Housing Maintenance. Since Base Housing Maintenance is only one activity, two additional activities of separate NAICS industries are required for a procurement to be classified as “Facilities Support Services.”

¹² NAICS 562910—Environmental Remediation Services:

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

(b) For purposes of classifying a Government procurement as Environmental Remediation Services, the general purpose of the procurement must be to restore or directly support the restoration of a contaminated environment (such as, preliminary assessment, site inspection, testing, remedial investigation, feasibility studies, remedial design, remediation services, containment, removal of contaminated materials, storage of contaminated materials or security and site closeouts) and also the procurement must be composed of activities in three or more separate industries with separate NAICS codes or, in some instances (e.g., engineering), smaller sub-components of NAICS codes with separate, distinct size standards. These activities may include, but are not limited to, separate activities in industries such as: Heavy Construction; Special Trade Construction; Engineering Services; Architectural Services; Management Consulting Services; Hazardous and Other Waste Collection; Remediation Services; Testing Laboratories; and Research and Development in the Physical, Engineering and Life Sciences. If any activity in the procurement can be identified with a separate NAICS code, or component of a code with a separate distinct size standard, and that industry accounts for 50 percent or more of the value of the entire procurement, then the proper size standard is the one for that particular industry, and not the Environmental Remediation Service size standard.

¹³ 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.

¹⁴ NAICS Sector 92—Public Administration: Small Business Size Standards are not established for this sector. Establishments in the Public Administration sector are Federal, state, and local government agencies which administer and oversee government programs and activities that are not performed by private establishments. Concerns performing operational services for the administration of a government program are classified under the NAICS private sector industry based on the activities performed. Similarly, procurements for these types of services are classified under the NAICS private sector industry that best describes the activities to be performed. For example, if a government agency issues a procurement for law enforcement services, the requirement would be classified using one of the NAICS industry codes under 56161, Investigation, Guard, and Armored Car Services.

¹⁵ NAICS code 541519: An Information Technology Value Added Reseller provides a total solution to information technology acquisitions by providing multi-vendor hardware and software along with significant services. Significant value added services consist of, but are not limited to, configuration consulting and design, systems integration, installation of multi-vendor computer equipment, customization of hardware or software, training, product technical support, maintenance, and end user support. For purposes of Government procurement, an information technology procurement classified under this industry category must consist of at least 15% and not more than 50% of value added services as measured by the total price less the cost of information technology hardware, computer software, and profit. If the contract consists of less than 15% of value added services, then it must be classified under a NAICS manufacturing industry. If the contract consists of more than 50% of value added services, then it must be classified under the NAICS industry that best describes the predominate service of the procurement. To qualify as an Information Technology Value Added Reseller for purposes of SBA assistance, other than for Government procurement, a concern must be primarily engaged in providing information technology equipment and computer software and provide value added services which account for at least 15% of its receipts but not more than 50% of its receipts.

* * * * *

3. Revise § 121.301(d) to read as follows:

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

* * * * *

(d) For Surety Bond Guarantee assistance an applicant, including its affiliates, must not exceed the size standard for the industry in which the applicant is primarily engaged.

* * * * *

4. Revise § 121.406(b)(1)(i) to read as follows:

§ 121.406 How does a small business concern qualify to provide manufactured products under small business set-aside or MED procurements?

* * * * *

(b) *Nonmanufacturers.* (1) * * *

(i) Does not exceed 100 employees;

* * * * *

5. Revise § 121.502(a)(2) to read as follows:

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

(a) * * *

(2) A concern not primarily engaged in manufacturing is small for sales or leases of Government property if it does not exceed 50 employees.

* * * * *

6. Revise § 121.508(a)(2) to read as follows:

§ 121.508 What are the size standards and other requirements for the purchase of Government owned Special Salvage Timber?

(a) * * *

(2) Have, together with its affiliates, no more than 50 employees during any pay period for the last 12 months; and,

* * * * *

7. Revise § 121.509(a) to read as follows:

§ 121.509 What is the size standard for leasing of Government land for coal mining?

* * * * *

(a) Together with its affiliates, does not have more than 300 employees;

* * * * *

9. Revise § 121.512(b) to read as follows:

§ 121.512 What is the size standard for stockpile purchases?

* * * * *

(b) Together with its affiliates, it does not have more than 400 employees.

Dated: February 3, 2004.

Hector V. Barreto,

Administrator.

[FR Doc. 04-5049 Filed 3-18-04; 8:45 am]

BILLING CODE 8025-01-P