What is SBA's definition of a small business concern?

Answer:
SBA defines a small business concern as one that is independently owned and operated, is organized for profit, and is not dominant in its field. Depending on the industry, size standard eligibility is based on the average number of employees for the preceding twelve months or on sales volume averaged over a three-year period. Examples of SBA general size standards include the following:

- Manufacturing: Maximum number of employees may range from 500 to 1500, depending on the type of product manufactured;
- Wholesaling: Maximum number of employees may range from 100 to 500 depending on the particular product being provided;
- Services: Annual receipts may not exceed $2.5 to $21.5 million, depending on the particular service being provided;
- Retailing: Annual receipts may not exceed $5.0 to $21.0 million, depending on the particular product being provided;
- General and Heavy Construction: General construction annual receipts may not exceed $13.5 to $17 million, depending on the type of construction;
- Special Trade Construction: Annual receipts may not exceed $7 million; and
- Agriculture: Annual receipts may not exceed $0.5 to $9.0 million, depending on the agricultural product.

Program Office:
Office of Government Contracting
Small Business Jobs Act of 2010

On Sept. 27, 2010, President Obama signed into law the Small Business Jobs Act, the most significant piece of small business legislation in over a decade. The new law provides critical resources to help small businesses continue to drive economic recovery and create jobs. The new law extended the successful SBA enhanced loan provisions while offering billions more in lending support, tax cuts, and other opportunities for entrepreneurs and small business owners.

New Law Puts More Capital in the Hands of Entrepreneurs and Small Business Owners

- **SBA Enhanced Loan Provisions** – more than $12 billion in lending support
  - SBA loan provisions, with the 90% guarantee and reduced fees, were extended through 2010. The $505 million in subsidy for Jobs Act loans supported more than $12 billion in overall small business lending.
  - According to self-reported data, a significant share of Jobs Act loans went to rural (22%), minority-owned (21%), women-owned (16%) and veteran-owned (7%) businesses.

- **Higher Loan Limits** – increased maximum loan sizes in top loan programs
  - The law permanently increased 7(a) and 504 limits from $2 million to $5 million (for manufacturers in 504 loan program, up to $5.5 million).
  - The law permanently increased microloan limits from $35,000 to $50,000, helping more entrepreneurs with startup costs and small business owners in underserved communities.
  - The law temporarily increased the maximum amount of quick-turnaround SBA Express loans from $350,000 to $1 million (expires 9/27/2011).

- **Alternate Size Standards** – more small businesses eligible to get SBA loans
  - The law expanded the number of small businesses eligible for SBA loans by increasing the alternate size standard to those with less than $15 million in net worth and $5 million in average net income.

- **Temporarily Allow for Commercial Real Estate Refinancing**
  - Beginning in spring 2011, the law will allow some small businesses to refinance their owner-occupied commercial real estate mortgages into the 504 loan program (expires 9/27/2012).

- **Dealer Floor Plan (DFP) Pilot Program**
  - Building on the agency’s previous DFP pilot program, the new pilot will expand financing opportunities for small businesses that sell cars, RVs, boats, other valuable inventory (target rollout first quarter of 2011, effective through 2013).

- **Small Business “Intermediary” Lending Pilot**
  - The law provides for funding up to $20 million per year over the next three years for a pilot program that leverages local nonprofit organizations and other organizations that help small businesses that need loans up to $200,000 (target rollout mid-2011).

*New Law Strengthens Small Businesses’ Ability to Compete for and Win Contracts, Including Implementing Recommendations from the President’s Task Force on Federal Contracting Opportunities for Small Business*
The law reaffirmed "parity" among federal small-business contracting programs. When awarding contracts that are set-aside for small businesses, contracting officers are free to choose among businesses owned by women and service-disabled veterans, as well as businesses participating in HUBZone and 8(a) programs.

More Opportunities for Small Businesses
- The law eliminates the "Competitiveness Demonstration" program, which limited opportunities for small contractors in 11 industries where they excel, such as construction, landscaping, and pest control. This will build on the $24 billion small businesses won in those industries in Fiscal Year 2009 (effective January 31, 2011).
- The law gives contracting officers the ability to reserve orders for small business participation on contracts with multiple awards including the Federal Supply Schedule (GSA Multiple Award Schedule). The law makes it harder for agencies to "bundle" contracts, a practice that makes it more difficult for small businesses to compete.

Combating Fraud, Waste and Abuse
- The law establishes a legal standing of "presumption of loss" when a business misrepresents its ownership status or size in winning a government contract. This allows a federal agency to claim a loss on the purchase, enabling those agencies, including the Department of Justice, to vigorously pursue fraudulent firms.
- The law holds large prime contractors more accountable to their own subcontracting plans by requiring written justification when plans aren't met and when small business subcontractors aren't paid on time. This helps eliminate "bait-and-switch" tactics that occur when large primes - after winning the prime contract - don't follow through with their own plans to give subcontracts to small businesses.

New Law Promotes Small Business Exporting, Building on the President's National Export Initiative
- Higher Loan Limits - increased maximum size of top export loan program
  - The law permanently increased the maximum size of 7(a) International Trade Loans and Export Working Capital Loans to $5 million.
- Export Express Pilot Becomes Permanent
  - The law turned the Export Express pilot loan program into a permanent program with 90% guarantees for loans up to $350,000 and 75% for loans between $350,000 and $500,000.
- State Trade and Export Promotion Grants Pilot
  - The law will provide $90 million in competitive grants over next three years for states to help small businesses with exporting (target rollout summer 2011).
- Increased Staff and Additional Export Counseling Resources.

Law Expands Training and Counseling
- Major Investment in Counseling and Training
  - The law provides up to $50 million in grants to Small Business Development Centers across the country starting January 2011.

New Law Provides $12 Billion in Tax Relief to Help Small Businesses Invest in their Firms, Create Jobs
- Extension, Expansion of Tax Cuts – 8 Small Business Tax Cuts
  1. The law increases the small business expensing limit to $500,000 for 2010 and 2011.
  2. The law makes a permanent change to allow qualified small businesses to carry back their general business credits to offset five years of taxes.
  3. The law temporarily puts in place for 2010 the elimination of all capital gains taxes for those who invest in small business.
  4. The law temporarily increases the amount of start-up expenditures entrepreneurs can deduct for 2010.
  5. The law permanently provides deductions for employer-provided cell phones.
  6. The law allows the self-employed to deduct health insurance costs for themselves and their family members this year.
  7. The law changes, beginning this year, the limitations on penalties for errors in tax reporting that disproportionately affect small business.
  8. The law extended 50% bonus depreciation through 2010; however, the new Tax Relief Act of 2010 further extends and expands this to 100% of
Treasury Department Provisions

- Small Business Lending Fund – $30 billion
  - The law provides smaller community banks with low-cost capital (as low as 1%) if they go above and beyond 2009 small business lending levels.
- Establishes State Small Business Credit Initiative
  - The law provides up to $1.5 billion to support state-run small business lending programs.

Aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns.

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