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SBA Proposes Size Standards For Construction, Utilities, Arts, Entertainment & Recreation

The U.S. Small Business Administration (SBA) published on July 19, 2012, three proposed rules that would revise the size standards for small businesses in the Utilities, Construction and Arts, Entertainment & Recreation industries. Comments on the proposed rules can be submitted to the SBA on or before September 17, 2012.

The rules change revises the standards for nine Utilities industries, including by changing the standard from one based on megawatt hours in electric output to an employee-based standard (maximum ceiling of 500 employees) in six industries dealing with electric power generation, distribution, and generation (NAICS 221111, NAICS 221112, NAICS 221113, NAICS 221119, NAICS 221121 and NAICS 221122). The proposed rule also increases the small business revenue ceiling for water supply and irrigation system businesses (NAICS 221310) from \$7 million to \$25.5 million, for sewage treatment facilities ((NAICS 221320) from \$7 million to \$19 million, and for steam and air-conditioning supply businesses (NAICS 221330) from \$12.5 million to \$14 million. According to the SBA, the new ceilings will enable as many as 400 additional companies to become eligible for SBA small business programs. The proposed rule for Utilities is [here](#).

Similarly, the SBA estimates that an additional 400 businesses will qualify for SBA programs and services as a result of the proposed increases in size standards for businesses in Construction industries. The proposed rule raises the small business revenue ceiling for companies in the Land Subdivision industry (NAICS 237210) from \$7 million to \$25 million, and for companies in the Dredging and Surface Cleanup sub-industry of the Other Heavy and Civil Engineering Construction industry (NAICS 237990) from \$20 million to \$30 million. The proposed rule for Construction is [here](#).

The SBA proposes to increase the small business size standards for companies in 17 industries engaged in Arts, Entertainment & Recreation (NAICS Sector 71), including Theater and Dance Companies, Musical Groups and Artists, Sports Teams, Promoters, Museums, and Casinos. The proposed rule increases the small business revenue ceiling from \$7 million to ceilings ranging from \$10 million to \$35.5 million, depending on the particular industry. The SBA estimates that an additional 1,450 companies will become eligible for small business programs as a result of the increases in the size standards. The proposed rule for Arts, Entertainment & Recreation is [here](#).

In October 2009, the SBA posted a White Paper entitled "Size Standards Methodology" that explains how the SBA establishes, reviews and modifies its small business size standards. The White Paper can be found [here](#).

If you have any questions about the proposed rules or SBA size standards, please feel free to contact Mark A. Amadeo, Esq.

Contact

Mark A. Amadeo, Esq.

Principal

Direct: (301) 703-9287

mamadeo@amadeolaw.com

www.amadeolaw.com

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