

SBA Rules Changes – Definition of a Small Business

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In the quest to compete and survive, small businesses should embrace all opportunities for revenue growth available to them. One of the largest potential customers in the world is the US Government. Small businesses have a unique opportunity to do business with Uncle Sam because nearly one-quarter of the tens of billions of dollars in government contracts are intended for small business concerns.

In order to take advantage of the opportunity created by US government contracting policy, each small business has to meet government size standards in order to qualify as a “small business”. These size standards are uniquely set for each industry.

The [Table of Small Business Size Standards](#) published by the Small Business Administration (“SBA”) sets forth these guidelines.

It’s important to know that “small business” does not mean a Mom & Pop store. In some industries, a business can be generating tens of millions of dollars in yearly revenue and still qualify as a “small business” under the SBA rules.

This is especially true as the size standards are reviewed and updated from time-to-time to reflect marketplace conditions, a process required by the Small Business Jobs Act of 2010.

Recently, the SBA announced new revisions that took effect on October 24, 2012, which increase small business size standards in fifty-eight (58) categories, that, according to one [report](#), includes real estate agents, property managers, schools, medical facilities, rental car companies, ambulance services, nursing homes, specialty hospitals and colleges, among others.

In some cases, the increases are substantial. For example, the revenue limit for companies that lease construction equipment went to \$30 million from \$12.5 million.

A company generating \$30 million in annual revenue may not be considered “small” by many, but for purposes of contracting for dollars set aside by the Federal Government for small business, a company of that size qualifies.

It is vital that small and medium sized companies investigate the SBA size standards that define a small business in their industry so as not miss an opportunity to take advantage of pursuing US government work as a “small business”.

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