



# SBA Information Notice

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**TO:** All GCBD Employees

**CONTROL NO.:** 6000-180022

**SUBJECT:** Small Business Runway Extension  
Act of 2018

**EFFECTIVE:** 12-21-18

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On December 17, 2018, President Trump signed Public Law No. 115-324, the Small Business Runway Extension Act of 2018 (Runway Extension Act). The Runway Extension Act amends section 3(a)(2)(C)(ii)(II) of the Small Business Act as reflected in the appendix (next page) to this notice. In short, the Runway Extension Act modifies the method for prescribing size standards for small businesses. Under prior law, firms in industries with receipts-based size standards calculated size based on annual average gross receipts over three years. The Runway Extension Act provides that, unless specifically authorized by statute, receipts-based size standards be based on annual average gross receipts over five years.

SBA is receiving inquiries about whether the Runway Extension Act is effective immediately—that is, whether businesses can report their size today based on annual average receipts over five years instead of annual average receipts over three years. The Small Business Act still requires that new size standards be approved by the Administrator through a rulemaking process. The Runway Extension Act does not include an effective date, and the amended section 3(a)(2)(C)(ii)(II) does not make a five-year average effective immediately.

The change made by the Runway Extension Act is not presently effective and is therefore not applicable to present contracts, offers, or bids until implemented through the standard rulemaking process. The Office of Government Contracting and Business Development (GCBD) is drafting revisions to SBA's regulations and SBA's forms to implement the Runway Extension Act. Until SBA changes its regulations, businesses still must report their receipts based on a three-year average.

For more information about the Runway Extension Act, you may contact Khem Sharma, Chief, Office of Size Standards, at (202) 205-7189, or Sam Le of the Office of General Counsel at (202) 619-1789.

Robb N. Wong  
Associate Administrator  
Office of Government Contracting and Business Development

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**EXPIRES:** 12-01-19

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SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete  
Must be accompanied by SBA Form 58

**Appendix**  
**Section 3(a)(2)(C)(ii)(II) of the Small Business Act, 15 U.S.C. § 632(a)(2)(C)(ii)(II)**

SEC. 3. DEFINITIONS.

(a) Small Business Concerns.--

(1) \* \* \*

(2) Establishment of size standards.--

(A) In general.--In addition to the criteria specified in paragraph (1), the Administrator may specify detailed definitions or standards by which a business concern may be determined to be a small business concern for the purposes of this Act or any other Act.

(B) Additional criteria.--The standards described in paragraph (1) may utilize number of employees, dollar volume of business, net worth, net income, a combination thereof, or other appropriate factors.

(C) Requirements.--Unless specifically authorized by statute, no Federal department or agency may prescribe a size standard for categorizing a business concern as a small business concern, unless such proposed size standard--

(i) is proposed after an opportunity for public notice and comment;

(ii) provides for determining--

(I) the size of a manufacturing concern as measured by the manufacturing concern's average employment based upon employment during each of the manufacturing concern's pay periods for the preceding 12 months;

(II) the size of a business concern providing services on the basis of the annual average gross receipts of the business concern over a period of not less than **[3 years] 5 years;**

(III) the size of other business concerns on the basis of data over a period of not less than 3 years; or

(IV) other appropriate factors; and

(iii) is approved by the Administrator.