



News Release

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SBA Revises Small Business Size Standards To Account for Fluctuating Oil Prices and Inflation

WASHINGTON – The U.S. Small Business Administration has revised its small business size standards for small businesses in the Heating Oil and Liquefied Petroleum Gas Dealers industries and restored small business eligibility to those firms that may have exceeded their existing size standards due to higher receipts generated by higher oil prices.

In addition to the rule changes for the Heating Oil and Liquefied Petroleum Gas Dealers industries, the SBA has finalized the December 2005 Interim final rule that amended monetary-based small business size standards for inflation.

The SBA announced the revision of the size standard in a Final Rule published on July 22, 2008. The new rule will convert the existing receipts-based size standards from \$11.5 million in average annual receipts in the Heating Oil Dealer industry and \$6.5 million in the Liquefied Petroleum Gas Dealers industry to a 50-employee size standard to provide a more stable size definition for small businesses and provide an accurate measure of their operations.

Before the rule change, many small businesses in the Heating Oil and Liquefied Petroleum Gas Dealers industries were exceeding their existing size standards due to large and unpredictable increases in oil costs but continued to deliver the same quantity of fuel products. The dealers in these industries supplemented the higher costs by increasing prices for their customers.

“We recognize that these are challenging economic times for small businesses, so we made these changes to the size standards to help small businesses reduce the impact of volatility in heating oil prices and ensure their continued eligibility to receive help from SBA’s financial and contracting assistance programs,” said SBA Acting Administrator Jovita Carranza.

According to the U.S. Energy Information Administration, heating oil and propane average weekly prices have increased by 95.9 percent and 74.5 percent and have fluctuated by more than 35 percent between 2002 and 2007. Besides determining eligibility for SBA assistance, a firm’s small business status determines the cost of the registration fees that small businesses in these industries have to pay to the U.S. Department of Transportation for transporting hazardous materials. Before this rule change, small businesses that exceeded their current size standard and encountered higher heating oil and propane prices would also have been subjected to higher registration fees.

The inflation adjustments were applied to SBA's dollar-based small business size standards, which are based on receipts, net worth and financial assets, to reflect inflation that has occurred since December 2005, when SBA last adjusted them for the same reason. Since the 2002 inflation adjustment in 2005, prices have generally increased 8.7 percent. With this new rule change, SBA increases the familiar "anchor" size standard from \$6.5 million to \$7 million. Size standards that are higher than \$7 million also reflect similar percentage increases.

The Final Rule for the Heating Oil Dealers and Liquefied Petroleum Gas Dealers Industries will become effective on August 21, 2008 and the final rule for the inflation adjustment for size standards and the EIDL loan program will become effective on August 18, 2008. For more information about SBA's revisions to its small business size standards, visit <http://www.sba.gov/size/indexwhatsnew.html> and click on "**What's New about Small Business Size Standards.**"

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