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Commentary

Big Victory on 'Small' Issue



By Thomas J. Donohue, President and CEO, U.S. Chamber of Commerce
July 6, 2004

Thanks in large part to the U.S. Chamber's efforts, the Small Business Administration is withdrawing a proposed rule that would have revised the standards used to determine which businesses qualify as "small" for purposes of federal contracting, agency outreach in the regulatory process, and eligibility for loan programs.

SBA maintained that the proposed change would simplify the application process for government programs by reducing the number of different size standards. In most cases, SBA proposed setting size standards for small businesses according to the industry and the number of employees.

The agency received more than 3,700 comments on the rule after extending the comment period a month and a half from the original May 18 deadline. The deadline was extended because of "significant interest" by the Chamber and other groups who felt that the reclassification of small businesses would have unintentionally had a severe and profoundly negative impact on small business and many of our members.

In the comments filed by the U.S. Chamber on behalf of our small business members, we explained that we opposed the proposed regulation because:

- The SBA hasn't shown us a good reason to change the current system.
- It would have a potentially negative impact on small businesses contracting with the government.
- There was no transition plan for the businesses that would be reclassified.
- The SBA didn't, as it was required to by law, research the proposal's potential impact.
- It would have complicated the statutory process for federal outreach and aid to small businesses.
- It would not be flexible enough for the diverse and evolving nature of small business.

As the world's largest business federation, the U.S. Chamber got the administration's attention. An SBA spokesperson said that further review of the issues we raised may result in substantive changes to the proposal.

More info:

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