



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 15, 2018

S. 3562 **Small Business Runway Extension Act of 2018**

*As reported by the Senate Committee on Small Business and Entrepreneurship
on October 11, 2018*

Under current law, a business must report its average gross receipts over the prior three years to determine their eligibility for access to certain resources, programs, and assistance offered to small businesses by the Small Business Administration (SBA) and other federal agencies. S. 3562 would extend that reporting period to five years.

The new reporting period under S. 3562 could affect the number of businesses eligible for certain SBA assistance programs or loan programs and thus raise or lower both the number of participants in those program and the SBA's administrative costs. However, CBO has no basis for estimating the number of entities that either would newly qualify or would no longer qualify as small businesses under S. 3562 for such programs nor whether the costs of making loans or loan guarantees to those entities would be higher or lower. Furthermore, because S. 3562 does not authorize any change in appropriations for small business assistance programs or contract awards for small businesses, CBO expects that the net effect on spending on those programs and contracts would be negligible.

Using information from the SBA on the costs of similar activities, CBO estimates that updating the rules to reflect the revised reporting period would cost less than \$500,000; such spending would be subject to the availability of appropriated funds.

Enacting S. 3562 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting S. 3562 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 3562 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

On September 13, 2018, CBO transmitted a cost estimate for H.R. 6330, the Small Business Runway Extension Act of 2018, as reported by the House Committee on Small Business on September 12, 2018. The two pieces of legislation are similar and CBO's estimates of their budgetary effects is the same.

The CBO staff contact for this estimate is Stephen Rabent. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.