

H.R. 2345, Clarifying the Small Business Runway Extension Act

As reported by the House Committee on Small Business on June 13, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Deficit Effect	0	0	0
Spending Subject to Appropriation (Outlays)	0	*	n.e.
Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
n.e. = not estimated; * = between zero and \$500,000.			

H.R. 2345 would require the Small Business Administration (SBA) to issue a final rule implementing the Small Business Runway Extension Act of 2018 (Public Law 115-324) by December 17, 2019.¹ The bill also would require the SBA to implement a transition plan to assist small businesses and federal agencies in complying with that law. Because the SBA is already undertaking those activities, CBO estimates that those provisions would have no budgetary effect.

H.R. 2345 also would require federal agencies to use five years of data, instead of three, when determining whether a businesses can be classified as small based on the number of employees, asset size, or, in the case of oil refineries, its refining capacity. Finally, among other provisions, the General Services Administration would need to update the federal System for Award Management to reflect the new classification standards.

Implementing those provisions of H.R. 2345 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 programs and the SBA's administrative costs. However, CBO has no basis for estimating the number of entities that either would newly qualify or

1. P.L. 115-324 requires federal agencies to examine five years of gross receipts, up from three years, when classifying a business as small. The Small Business Jobs Act of 2010 (P.L. 111-240), enacted September 27, 2010, requires the SBA to review the size standards every five years. CBO expects that the SBA will amend its regulations to update those standards in 2020, reflecting the new requirement in P.L. 115-324.

would no longer qualify as small businesses under H.R. 2345 for such programs nor whether the costs of making loans or loan guarantees to those entities would be higher or lower.

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.

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