SMALL BUSINESS ADMINISTRATION

Small Business Size Standards: Waiver of the Nonmanufacturer Rule

AGENCY: U.S. Small Business Administration.

ACTION: Notice of intent to Waive the Nonmanufacturer Rule for certain Petroleum Products.

SUMMARY: The U.S. Small Business Administration (SBA) is considering granting a request for a waiver of the Nonmanufacturer Rule for Industrial Gases Manufacturing; Refinery Gases made in Petroleum Refineries; Cyrogenic Tanks, Heavy Gauge Metal Manufacturing; Liquid Oxygen Tanks Manufacturing; Liquefied Petroleum Gases (LPG) Cylinders Manufacturing; Bulk Storage Tanks, Heavy Gauge Metal, Manufacturing; Gas Storage Tanks, Heavy Gauge Metal, Manufacturing; and Cylinders, Pressure, Heavy Gauge Metal, Manufacturing.

According to the request, no small business manufacturers supply these classes of products to the Federal government. If granted, the waiver would allow otherwise qualified regular dealers to supply the products of any domestic manufacturer on a Federal contract set aside for small businesses; service-disabled veteran-owned small business or SBA's 8(a) Business Development Program.

DATES: Comments and source information must be submitted by March 13, 2006.

ADDRESSES: You may submit comments and source information to Edith Butler, Program Analyst, U.S. Small Business Administration, Office of Government Contracting, 409 3rd Street, SW., Suite 8800, Washington, DC 20416.

FOR FURTHER INFORMATI0N CONTACT: Edith Butler, Program Analyst, by telephone at (202) 619–0422; by FAX at (202) 481–1788; or by e-mail at *edith.butler@sba.gov.*

SUPPLEMENTARY INFORMATION: Section 8(a)(17) of the Small Business Act (Act), 15 U.S.C. 637(a)(17), requires that recipients of Federal contracts set aside for small businesses, service-disabled veteran-owned small businesses, or SBA's 8(a) Business Development Program provide the product of a small business manufacturer or processor, if the recipient is other than the actual manufacturer or processor of the product. This requirement is commonly referred to as the Nonmanufacturer Rule. The SBA regulations imposing this requirement are found at 13 CFR 121.406(b). Section 8(a)(17)(b)(iv) of the Act authorizes SBA to waive the Nonmanufacturer Rule for any ''class of products'' for which there are no small business manufacturers or processors available to participate in the Federal market.

As implemented in SBA's regulations at 13 CFR 121.1202(c), in order to be considered available to participate in the Federal market for a class of products, a small business manufacturer must have submitted a proposal for a contract solicitation or received a contract from the Federal government within the last 24 months. The SBA defines ''class of products'' based on six digit coding systems. The coding system is the Office of Management and Budget North American Industry Classification System (NAICS).

The SBA is currently processing a request to waive the Nonmanufacturer Rule for Industrial Gases Manufacturing; Refinery Gases made in Petroleum Refineries; Cyrogenic Tanks, Heavy Gauge Metal Manufacturing; Liquid Oxygen Tanks Manufacturing; Liquefied Petroleum Gases (LPG) Cylinders Manufacturing; Bulk Storage Tanks, Heavy Gauge Metal, Manufacturing; Gas Storage Tanks, Heavy Gauge Metal, Manufacturing; and Cylinders, Pressure, Heavy Gauge Metal, Manufacturing. North American Industry Classification System (NAICS) codes 325120, 324110 and 332420. The public is invited to comment or provide source information to SBA on the proposed waivers of the Nonmanufacturer Rule for these classes of NAICS codes within 15 days after date of publication in the **Federal Register**.

Dated: February 17, 2006.

Arthur Collins,

Deputy Associate Administrator for Government Contracting.

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SMALL BUSINESS ADMINISTRATION

Surety Bond Guarantee Program Fee

AGENCY: Small Business Administration.

ACTION: Notice of change to fee increase.

SUMMARY: This notice amends the **Federal Register** notice published on September 28, 2005 regarding the guarantee fee charged under SBA's Surety Bond Guarantee (SBG) Program. Upon further review, and in the interest of mitigating the impact of the required fee increase on a single group (Surety companies), effective April 3, 2006, the following guarantee fees will be effective:

(1) The guarantee fee payable by Principals (small businesses) will be $7.29 per thousand dollars of the contract amount, in lieu of $6.00 per thousand dollars of the contract amount, as is currently required.

(2) The guarantee fee payable by Prior Approval Sureties and by Preferred Surety Bond (PSB) Sureties will be 26% of the bond premium, in lieu of 20% of the bond premium, as is currently required, or 32% of the bond premium as was announced in the prior **Federal Register** notice.

SBA has determined that the fee increases are necessary to supplement reserves in the SBG Program's revolving fund and offset unfunded program liabilities resulting from defaults under guaranteed bonds. SBA invites public comments on this fee change.

DATES: *Effective Date:* This fee increase is effective on April 3, 2006.

Comment Period: The Agency must receive comments on or before March 27, 2006.

ADDRESSES: You may submit comments by any of the following methods: Mail or Hand Delivery/Courier: Barbara Brannan, Special Assistant, U.S. Small Business Administration, Office of Surety Guarantees, 409 Third Street, SW., Washington, DC 20416; Fax (202) 205–7600; Email: *Barbara.Brannan@sba.gov.*

FOR FURTHER INFORMATION CONTACT: Barbara Brannan, Special Assistant, Office of Surety Guarantees, (202) 205–6545; E-mail: *Barbara.Brannan@sba.gov.*

SUPPLEMENTARY INFORMATION: Reserves in the SBG Program's revolving fund have declined significantly, and are currently not sufficient to cover projected, unfunded liabilities. An increase in fees is required to maintain the program. Initially, the required adjustment was to be covered by increasing the fees to Sureties from 20% of the bond premium, to 32% of the bond premium. This amounted to a 60% increase over the rate established in 1998.

Upon further review and analysis, distributing the required increase in fees among Surety companies and small businesses mitigates the impact that would otherwise fall on a single group (the Surety companies) and achieves a more balanced distribution of costs and benefits. In accordance with 13 CFR 115.32(b) and 115.66, the guarantee fee payable by Principals (small businesses) will be $7.29 per thousand dollars of the contract amount, in lieu of $6.00 per thousand dollars of the contract amount. The guarantee fee payable by Prior Approval Sureties addressed under 13 CFR 115.32(c) and Preferred Surety Bond (PSB) Sureties addressed under 13 CFR 115.66 will be 26% of the bond