

SUPPORTING STATEMENT FOR SBA FORM 480
SIZE STATUS DECLARATION

A. Justification

1. Circumstances necessitating the collection of information. The Investment Division of the Small Business Administration (SBA) licenses and regulates small business investment companies (“SBICs”). Pursuant to section 102 of the Small Business Investment Act, as amended, and 13 CFR 107.700, an SBIC may provide financial and consulting/advisory assistance only to concerns that qualify as “small business concerns”. Accordingly, it is necessary for an SBIC to determine if a prospective recipient of financing or consulting services (“Applicant”) meets SBA size standards for a small business concern.

13 CFR 121.301(c) sets forth the size standards that the SBIC program uses to establish the eligibility of Applicants. An Applicant can qualify based on either of two alternative size standards; one is based on the tangible net worth and net income of the Applicant and the other is a standard based on the specific industry in which the Applicant is primarily engaged. SBA Form 480, Size Status Declaration, is used to certify that an Applicant qualifies for assistance by meeting at least one of these small business size standards.

SBA is making one minor change to the form. SBA regulations require the size of an Applicant to be determined including its “affiliates”. It may be difficult for many respondents, who are not familiar with the regulations, to know whether or not another entity should be affiliated for size determination purposes. To help make respondents aware of the relevant criteria, the revised form asks whether the Applicant has any affiliates and provides a summary of the types of relationships that are likely to constitute affiliation.

2. How, by whom, and for what purpose information will be used. The information collected is a certification of small business size status. The completed form is retained by the SBIC in its files as required by section 308(h) of the Small Business Investment Act. Completed forms are reviewed periodically by an SBA examiner as part of his/her on-site examination of the SBIC. SBA conducts these examinations pursuant to the statutory requirement of section 310(c) of the Small Business Investment Act, as amended, and 13 CFR 107.690. The purpose of the examination as stated in the statute is to determine, in part, whether or not the SBIC has engaged “solely in lawful activities and those [activities] contemplated” by title III of the Small Business Investment Act.

The information collected on Form 480 is used to confirm that all financings by SBICs are made to small business concerns as defined by section 103(5) of the Small Business Investment Act and 13 CFR 121.301(c). Without such a certification, it is more likely that larger businesses that do not conform to SBA’s size standards would benefit from program resources meant for small businesses.

3. Technological collection techniques. SBA Form 480 is available to SBICs and Applicants at http://www.sba.gov/idc/groups/public/documents/sba_program_office/inv_form480.pdf. This is a fillable form that can be printed out when completed and/or saved as a pdf file. No provision has been made for electronic submission of the form because it is retained by the SBIC in its own files and is not submitted to SBA.
4. Avoidance of Duplication. SBA Form 480 is a self-certification of the size of an Applicant. This information is not reported in any other format. Therefore, there is no duplication of information with this form.
5. Impact on small business or other small entities. The Applicants asked to complete the form are small businesses, but the impact on these businesses is not significant. Most companies that receive assistance from SBICs qualify under Part A of the form, which requires a yes/no response to only two questions. For those that do not qualify under Part A and must complete Part B, the required information concerning annual receipts or number of employees is the type of information that companies would generally maintain in the normal course of business. SBA Form 480 has been designed to capture the minimum amount of information necessary to determine compliance with the Small Business Investment Act and SBA regulations.
6. Consequences if collection of information is not conducted. There is no similar information available that can be used to accomplish the purposes of this collection. Without this information collection, businesses that do not conform to SBA size standards could benefit from SBA programs created to assist only small businesses.
7. Existence of special circumstances. Applicants are required to complete SBA Form 480 prior to the provision of assistance by an SBIC. The SBIC, in turn, will certify that the Applicant does meet current size standards, based on all the information available to the SBIC. Since the form must be completed in conjunction with each initial financing of a small business, the frequency of collection may be more than quarterly. In SBA's experience, this procedure is necessary to ensure that an Applicant is a small business concern as defined by the Small Business Investment Act and SBA regulations. In addition, collection of the information prior to the provision of financial assistance is necessary to meet the statutory requirement for certification of a small business' size pursuant to section 308(h) of the Small Business Investment Act.
8. Solicitation of public comment. A notice was published in the Federal Register on May 11, 2010, Volume 75, Number 90, page 26295. No comments were received.
9. Payment or gifts. No payments or gifts are provided to respondents.
10. Assurance of confidentiality. The information collected includes financial data of the portfolio company, which is protected from disclosure under the Freedom of Information Act; exemptions 4, 6 and 8 of the Freedom of Information Act allow SBA to withhold financial data on individual companies. The information collected will be protected to the extent permitted by law.

11. Questions of a sensitive nature. No questions of a sensitive nature are asked.
12. Estimate of the hourly burden of the collection of information. When the form was developed, a small sample of respondents was consulted regarding the amount of time required to prepare SBA Form 480. Estimated annual hour burden of collection:

Estimated number of respondents – 2,500
Number of responses per respondent – 1
Estimated hours to complete form – 0.1667 hours (10 minutes)
Total burden hours – 417

The estimated aggregate cost of the hour burden is computed as follows:

Completion Time per Response – 10 minutes (.1667 hour)
Hourly Wage for Bookkeeper – \$25
Total Cost per Form – \$4.17
Estimated Number of Responses – 2,500
Total Cost – \$10,425

13. Estimate of total annual cost burden. There is no cost to respondents exclusive of the cost of the hour burden given in item 12.
14. Estimated annualized cost to the Federal government. The information collected in SBA Form 480 is retained by each SBIC in its own files. SBIC program examiners review the information collected at the time of their examination of a SBIC. The review of Form 480 is a very small part of the total examination. As a result, the cost to the Federal government is negligible.
15. Explanation of program changes in Items 13 or 14 on OMB Form 83-I. Annual hour burden (item 13 of OMB 83-I) has decreased because the estimated number of respondents has been reduced. The reduction reflects a decline in the number of small business financings by SBICs, resulting primarily from the continuing wind-down of the participating securities program and the trend towards fewer but larger financings by debenture SBICs. The hour burden per response has not changed.
16. Collection of information whose results will be published. Results of this collection of information will not be published.
17. Expiration date for collection of information. Not applicable.
18. Exceptions to certifications in Block 19 on OMB Form 83-I. Not applicable.

B. Collection of Information Employing Statistical Methods

This collection of information does not employ statistical methods.