

*PAPERWORK REDUCTION ACT SUBMISSION FOR
U.S. SMALL BUSINESS ADMINISTRATION'S (SBA)
SMALL BUSINESS INVESTMENT COMPANY (SBIC) PROGRAM
SBA FORM 480: SIZE STATUS DECLARATION (OMB Control Number 3245-0009)*

A. Justification

1. Circumstances necessitating the collection of information.

The Office of Investment and Innovation (OII) of the Small Business Administration (SBA) licenses and regulates small business investment companies (SBICs). According to section 102 of the Small Business Investment Act of 1958, as amended (the Act), and 13 CFR 107.700, SBICs may provide financial assistance and management services (consulting/advisory assistance) only to “small business” concerns. Accordingly, it is necessary for an SBIC to determine if a prospective recipient of financing and associated management services (Applicant) meets SBA size standards under 13 CFR 121.301(c). An Applicant may qualify under two alternative size standards, based on: 1) the tangible net worth and net income of the Applicant and its affiliates; or, 2) the designated standard for the specific industry in which the Applicant (without affiliates) is primarily engaged, or the designated standard for the primary industry of the Applicant and its affiliates, whichever is higher.

SBA seeks OMB’s approval to extend this collection of information, without revision, but with technical corrections in each of the “Warnings” provided to Applicants and Licensees regarding false statements. Specifically, SBA has modified the language to more clearly articulate the fines and penalties that may be imposed on program participants for making false statements to the agency. The fines and penalties have not changed.

2. How, by whom, and for what purpose information will be used.

The information on Form 480, which must be certified by the SBIC, is provided by the small business applicant to show that it meets at least one of the two size standards identified above and is eligible to receive financing or consulting and advisory services from the SBIC. SBA uses the information to confirm that all SBIC financings and associated management services are made to eligible small business concerns as defined in section 103(5) of the Act and eligibility size standards under 13 CFR 121.301(c). The completed form is retained by the SBIC in its files, as required by section 308(h) of the Act and 13 CFR 107.600(c)(2)(iii), and is reviewed by an examiner from SBA’s Office of SBIC Examinations as part of his/her on-site examination, pursuant to the statutory requirement of section 310(c) of the Act and 13 CFR 107.690-691. The purpose of the examination is to determine, in part, whether or not an SBIC has engaged “solely in lawful activities and those [activities] contemplated” by title III of the Act.

3. Technological collection techniques.

SBA Form 480 is available to both SBICs and Applicants at <http://www.sba.gov/content/sba-form-480-size-status-declaration> as a fillable form that can be printed when completed and/or saved in an electronic file. No provision has been made for electronic submission of the form, because it is retained by the SBIC in its own files and generally only provided to SBA during on-site visits. .

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 SBA Form 480 are small businesses, and the impact is not significant. Most companies that receive assistance from SBICs qualify under Part A of the form, which requires a yes/no response to three 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 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 purpose of this collection. Without a certification of small business size status, it is more likely that larger businesses that do not conform to SBA's size standards could benefit from SBIC financing and associated management services intended for small businesses.

7. Existence of special circumstances.

Applicants are required to complete SBA Form 480 prior to SBIC financing and associated management services. The SBIC must certify that the Applicant meets 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 Act and SBA regulations. In addition, collection of the information prior to financial assistance is necessary to meet the statutory requirement for certification of a small business' size pursuant to section 308(h) of the Act.

8. Solicitation of public comment.

A notice was published in the Federal Register on Tuesday, August 15, 2016, 81 FR 54174. The comment period closed on October 14, 2016. No comments were received.

9. Payment or gifts.

No payments or gifts are provided to respondents.

10. Assurance of confidentiality.

Assurances of confidentiality to the extent permitted by law are provided to Applicants of SBIC financing responding to this collection. SBA Form 480 includes confidential financial data, which is protected from disclosure under the Freedom of Information Act, specifically, exemptions 4, 6 and 8, which allow SBA to withhold privileged or confidential financial data on individual companies. Records are maintained under conditions designed to preclude access by persons other than Agency personnel with a need to know.

11. Questions of a sensitive nature.

SBA Form 480 requests an Applicant's confidential business and financial information, which SBA reviews to verify the information reported and to determine whether an SBIC has engaged in prohibited actions. Although this information is needed to fulfill SBA's statutory responsibilities with respect to SBIC examinations, it is not retrieved by individual/personal identifiers.

12. Estimate of the hourly burden of the collection of information.

A small sample of respondents was consulted regarding the amount of time required to prepare SBA Form 480. As stated above, the form is completed by each Applicant that is financed by an SBIC, and the information required is the type of information that a small business would maintain and have readily available as part of its normal course of business. SBICs must also certify each form, based on information provided by the Applicant and information obtained during an SBIC's own investigation and due diligence process. Annually, the 310 SBICs in the program provide assistance to approximately 4-5 Applicants each. Therefore, the estimated annual hour burden for this information collection is 233 hours, calculated as follows:

Estimated Number of respondents = 1,705 (approx. 1,395 Applicants + 310 SBICs)
Estimated number of responses = 1,395 (one per Applicant)
Estimated hours to complete form = 0.1667 hours (10 minutes)
Total burden hours: = 233 hours (1,395 x 0.1667)

The estimated hourly cost to respondents is calculated using the mean hourly wage of \$36.40 (mean annual salary rate of \$75,710) for an accounting manager of a company or enterprise (rate obtained from the 2015 Bureau of Labor Statistics, Occupational Employment Statistics):

Estimated total hour cost = [$\$36.40 \times 0.1667$] x 1,705 = \$10,346

13. Estimate of total annual cost burden.

There is no annual cost burden to respondents other than the cost of the hour burden provided 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 an SBIC. The review of SBA Form 480 is a very small part of the total examination process. 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.

Decrease in burden estimates reflect the anticipated number of respondents based upon the current size of the SBIC program.

16. Collection of information whose results will be published.

Not applicable. Results of this collection of information will not be published.

17. Expiration date for collection of information.

Not applicable. The expiration date will be displayed.

18. Exceptions to certifications in Block 19 on OMB Form 83-I.

Not applicable. There are no exceptions to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB 83-1.

B. Collection of Information Employing Statistical Methods.

This collection of information does not employ statistical methods.

Attachments:

SBA Form 480, Size Status Declaration

Federal Register Notice

Authorizing Statutory and Regulatory Provisions