

U.S. Small Business Administration (SBA)
Size Status Declaration
OMB Control Number 3245-0009
Justification – Part A Supporting Statement

Overview of Information Collection: The U.S. Small Business Administration (SBA) is seeking approval for an Extension of this Existing Collection with Revisions to include recent changes in size standards applicable to the Small Business Investment Company (SBIC) program.

1. Need & Method for the Information Collection. Pursuant to sections 102, 304 and 305 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 12.301(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, with affiliates, whichever is higher.

SBA Form 480, Size Status Declaration, OMB Control Number 3245-0009 (SBA Form 480), is used by SBICs and Applicants to determine eligibility of Applicants for SBIC financing, prior to the first financing by an SBIC. The completed and certified SBA Form 480 is kept on file by an SBIC and must be made available to an SBIC Examiner during a required examination of an SBIC by SBA’s Office of SBIC Examinations.

SBA seeks OMB’s approval to extend this collection of information with revisions necessary to implement recent rule making ([Federal Register :: Small Business Size Standards: Adjustment of Monetary-Based Size Standards, Disadvantage Thresholds, and 8\(a\) Eligibility Thresholds for Inflation](#)) by SBA’s Office of Size Standards ([88 FR 69118](#)) applicable to the SBIC program to: 1) adjust the monetary-based industry size standards (i.e. receipts and assets-based) for inflation that occurred since 2014 (pursuant to the Small Business Jobs Act of 2010), and 2) make permanent changes to the calculation of average annual receipts to show that businesses applying for SBIC program assistance have the option of a 3-year or 5-year averaging period (pursuant to the Small Business Runway Extension Act of 2018).

2. Use of the information. The information on SBA Form 480, which must be certified by the SBIC, is provided by the Applicant to show that it meets at least one of the 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 SBIC Examiner from SBA’s Office of SBIC Examinations, 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 an SBIC has engaged “solely in lawful activities and those [activities] contemplated” by title III of the Act.

3. Use of Information Technology. SBA Form 480 is available to both SBICs and Applicants at <https://www.sba.gov/document/sba-form-480-size-status-declaration> as a fillable form that may be printed when completed and/or saved in an electronic file. SBA Form 480 is also available to licensed SBICs in SBIC-WEB as a fillable form that, once completed, may be scanned, uploaded and filed electronically in the SBIC's registered user account. 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 an SBIC examination.
4. Non-duplication. SBA Form 480 is a self-certification of the size of an Applicant seeking SBIC financing at the time of the initial financing by an SBIC. This information is not reported in any other format. Therefore, there is no duplication of information with this form.
5. Burden on Small Business. The Applicants asked to complete SBA Form 480 are small businesses, and the impact is not significant. The majority of small businesses that receive assistance from SBICs qualify for such under Part A of SBA Form 480, 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. Less Frequent Collection. There is no similar information available that can be used to accomplish the purpose of this collection. Failure to collect the information to determine a small business size status would increase the likelihood that businesses that do not conform to SBA's size standards could benefit from SBIC financing and associated management services intended for small businesses.
7. Paperwork Reduction Act Guidelines. Applicants are required to complete SBA Form 480 prior to SBIC financing and any associated management services. The SBIC must certify that the Applicant meets current size standards, based on all the information available to the SBIC. Because the form must be completed in conjunction with each initial financing of a small business to determine eligibility, 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. Consultation and Public Comments. A 60-day notice was published in the Federal Register on Tuesday, October 17, 2022, [87 FR 62913](#). The comment period closed on December 16, 2022.

SBA received comments from the leading industry trade group falling into the following categories: 1) supporting the continued use of SBA Form 480, 2) suggesting modifications consistent with changes made by the SBA Office of Size Standards, and 3) suggesting several alternatives to defining "Tangible Net Worth".

All comments were incorporated, except for changing the parenthetical clarification in SBA Form 480, Part A.2., which states "(Tangible net worth = total net worth minus goodwill)".

SBA provides the parenthetical clarification, because determining value of other intangible assets (e.g. intellectual property, patents, trade secrets, etc.) is often difficult to quantify and may depend on a wide range of valuation methods. Ultimately, these types of valuations lead to significant and perhaps costly investments of time on the part of: 1) the SBA, to examine and evaluate such valuations of financings, 2) the SBICs, to substantiate the intangible assets used in calculations, and 3) both the SBA and SBICs, to resolve cases of dispute, especially if resolution requires an SBIC must remove the assets from its portfolio.

- 9. Gifts or Payment. No payments or gifts are provided to respondents.
- 10. Privacy and 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.

Information collection for this form from a personal identifiable information perspective is limited to name. Name alone does not constitute to uniquely identify an individual. Therefore, a Privacy Impact Assessment is not required nor a Privacy Act Statement for this form under the provisions of the Privacy Act of 1974, as amended.

- 11. Sensitive Questions. 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, the information is not retained by SBA in its records.

SBA safeguards business proprietary information in compliance to federal laws, guidelines and SBA's Cybersecurity and Privacy Policy. Data in transit and at rest is encrypted to mitigate the potential of data spillage. Access controls and role-based permissions are just some of the other security precautions in safeguarding our customer's data.

- 12. Burden Estimate. 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.

Part A of SBA Form 480 is most predominantly used by Applicants to certify eligibility for SBIC financing. 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. The time associated with an Authorizing Official of an SBIC to certify (sign and date) is de minimis and therefore not considered in the estimated hourly burden to complete the form. Annually, approximately 300 SBICs (308 as of 3-31-2023) provide assistance to approximately 4-5 Applicants each (4.5 Applicants, per 308 SBICs).

	Requested	Change Due to Adjustment in Agency Estimate	Previously Approved
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Annual Number of Responses for this IC	1,386	Number of SBICs (308 as of 3-31-2023)	1,350
Annual IC Time Burden (Hour)	282	Number of SBICs (308 as of 3-31-2023)	255
Annual IC Cost Burden (Dollars)	\$11,083	Mean hourly wage of \$47.59 (2021 Bureau of Labor Statistics, Occupational Employment Statistics)	\$8,527

The estimated annual hour burden for this information collection is 282 hours, calculated as follows:

Estimated Number of respondents = 1,694 (approx. 1,386 Applicants + 308 SBICs)

Estimated number of responses = 1,386 (one per Applicant, 4.5 Applicants per year, x 308 SBICs)

Estimated hours to complete form = 0.1667 hours (10 minutes total, Applicant + SBIC Authorized Official signature and date)

Total burden hours: = 282 hours (1,694 x 0.1667)

The estimated hourly cost to respondents is calculated using the mean hourly wage of \$47.97 (mean annual salary rate of \$99,790) for Management of Companies and Enterprises (rate obtained from the most recently available 2022 Bureau of Labor Statistics, Occupational Employment Statistics [Management of Companies and Enterprises](#)):

Estimated total hour cost = [\$47.97 x 0.1667] x 1,386 = \$11,083

Burden per Response:

	Time Per Response	Hours	Cost Per Response
Reporting	10 minutes	0.1667	\$8

Annual Burden:

	Annual Time Burden (Hours)	Annual Cost Burden (Dollars)
Reporting	282	\$11,083

13. Estimated nonrecurring costs. There is no annual cost burden to respondents other than the cost of the hour burden provided in item 12.
14. Estimated cost to the Federal Government. The information collected in SBA Form 480 is retained by each SBIC in its own files. SBIC Examiners review the information collected at the time of an 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. Reasons for changes. The increase in the annual hour burden estimate reflects the anticipated number of respondents based upon the current size of the SBIC program.

16. Publicizing Results. Not applicable. Results of this collection of information will not be published.
 17. OMB Not to Display Approval. Not applicable. The expiration date will be displayed.
 18. Exceptions to "Certification for Paperwork Reduction Submissions." 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 is not a survey and does not employ statistical methods.

Attachments:

SBA Form 480, Size Status Declaration

[87 FR 62913](#) Federal Register 60-Day Notice

Authorizing Statutory and Regulatory Provisions