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THE SMALL BUSINESS RUNWAY EXTENSION ACT OF 2018

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Under the Small Business Runway Extension Act of 2018, the measure for small business qualification is the average of five years' gross receipts, instead of the previous average of three years. Many contractors will now retain small business status for a longer period. However, according to the SBA the change is not currently effective. See SBA Information Notice 6000-180022 (12/21/18).

While a statute is normally effective immediately the law amends the Small Business Act

in a way that requires rulemaking before contractors can use it, including changes to regulations such as 13 C.F.R. § 121.104 ("How does SBA calculate annual receipts?"). Therefore, contractors should check with the SBA before using the new period as the basis for certification as a small business.

Also, SAM.gov, the federal System for Award Management website, still displays a firm's size status using a three-year average. Hopefully, this will be resolved early in 2019. For additional information, please contact the authoring attorney.

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