

*EIDL Loan Application Deadline Date:* 05/01/2009.

**ADDRESSES:** Submit completed loan applications to:

U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

**FOR FURTHER INFORMATION CONTACT:** M. Mitrovich, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street, SW., Suite 6050, Washington, DC 20416.

**SUPPLEMENTARY INFORMATION:** The notice of the President's major disaster declaration for the State of Texas, dated 07/31/2008 is hereby amended to establish the incident period for this disaster as beginning 07/22/2008 and continuing through 08/01/2008.

All other information in the original declaration remains unchanged.

(Catalog of Federal Domestic Assistance Numbers 59002 and 59008)

**Herbert L. Mitchell,**

*Associate Administrator for Disaster Assistance.*

[FR Doc. E8-18916 Filed 8-14-08; 8:45 am]

**BILLING CODE 8025-01-P**

## SMALL BUSINESS ADMINISTRATION

[Disaster Declaration # 11288 and # 11289]

### Wisconsin Disaster Number WI-00013

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Amendment 8.

**SUMMARY:** This is an amendment of the Presidential declaration of a major disaster for the State of Wisconsin (FEMA-1768-DR), dated 06/14/2008.

*Incident:* Severe Storms, Tornadoes, and Flooding.

*Incident Period:* 06/05/2008 through 07/25/2008.

*Effective Date:* 07/29/2008.

*Physical Loan Application Deadline Date:* 09/15/2008.

*EIDL Loan Application Deadline Date:* 03/13/2009.

**ADDRESSES:** Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

**FOR FURTHER INFORMATION CONTACT:** A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street, SW., Suite 6050, Washington, DC 20416.

**SUPPLEMENTARY INFORMATION:** The notice of the President's major disaster declaration for the State of Wisconsin, dated 06/14/2008 is hereby amended to

extend the deadline for filing applications for physical damages as a result of this disaster to 09/15/2008.

All other information in the original declaration remains unchanged.

(Catalog of Federal Domestic Assistance Numbers 59002 and 59008)

**Herbert L. Mitchell,**

*Associate Administrator for Disaster Assistance.*

[FR Doc. E8-18797 Filed 8-14-08; 8:45 am]

**BILLING CODE 8025-01-M**

## SMALL BUSINESS ADMINISTRATION

RIN 3245-AF61

### Small Business Innovation Research Program Policy Directive

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notice of proposed amendments to Policy Directive.

**SUMMARY:** The U.S. Small Business Administration (SBA) proposes to adjust the Small Business Innovation Research (SBIR) Program award threshold amounts to offset the effect of inflation that has occurred since the amounts were last set in 1992. Current threshold amounts were set by Congress in 1992 at \$100,000 for Phase I awards and \$750,000 for Phase II awards. SBA is authorized by statute to adjust the award amounts once every 5 years to reflect economic adjustments and programmatic considerations. SBA proposes to increase the award amounts to \$150,000 and \$1,000,000, respectively, to account for increases in the costs of performing research and development.

**DATES:** Comments must be received on or before September 15, 2008. SBA intends to make these comments available to the public.

**ADDRESSES:** You may submit comments, identified by RIN 3245-AF61 by any of the following methods: (1) Federal Rulemaking Portal: <http://www.regulations.gov>, follow the instructions for submitting comments; (2) Mail: Office of Technology, 409 Third Street, SW., Washington, DC 20416; or (3) Hand Delivery/Courier: Edsel Brown, Assistant Director, Office of Technology, 409 Third Street, SW., Washington, DC 20416.

**FOR FURTHER INFORMATION CONTACT:** Edsel Brown, Assistant Director, Office of Technology, at (202) 205-7343. You may also e-mail questions to [technology@sba.gov](mailto:technology@sba.gov).

**SUPPLEMENTARY INFORMATION:**

## A. Background

The statutory purpose of the SBIR program is to stimulate innovation in the economy through a stronger role for innovative small business concerns in Federally-funded research and research and development (R/R&D). The SBIR program is a competitive program wherein agencies offer solicitations for proposals and award-phased funding agreements for R/R&D to meet stated agency needs or missions. Phase I and Phase II agreements are funded through the portion of agency budgets reserved by statute for the program. Phase III funding comes from other Federal or non-federal sources.

At the inception of the SBIR program in 1982, award guideline, or threshold, amounts were established at \$50,000 for Phase I and \$500,000 for Phase II. SBA's first SBIR policy directive required agencies to notify SBA within 30 days after award of any funding agreement exceeding these amounts, and to justify the award. 48 FR 38794, 38802 (Aug. 26, 1983). In the program's 1992 reauthorization legislation, Congress established award thresholds of up to \$100,000 for Phase I and up to \$750,000 for Phase II. SBA has statutory authority to increase these award amounts to adjust for inflation or other economic or programmatic considerations once every five years. 15 U.S.C. 638(j)(2)(D).

The regulatory guideline for the SBIR award amounts can be found in § 7(h)(1) of the SBIR Policy Directive. 67 FR 60072, 60088 (Sept. 24, 2002). Participating agencies are to keep the majority of their awards close to these amounts; however, they may exceed them occasionally, provided they submit to SBA a written justification for doing so. SBIR Policy Directive, § 7(h)(2), 67 FR 60088. In addition, agencies have the flexibility to make awards at levels below these amounts.

As the costs of conducting R&D have increased over time, along with general price level increases and increases in wages and salaries, the real value of a typical, guideline amount, SBIR award has declined. Since 1992, the general price level has increased by almost 39 percent. SBA has determined that to restore the average economic value of the SBIR awards, the award threshold amounts should be increased at this time. SBA's analysis is explained in further detail below.

## B. Proposed Amendments

SBA proposes to amend Sections 7(h) and 10(b) of the current SBIR Policy Directive to raise SBIR Phase I award threshold amounts from \$100,000 to \$150,000, and Phase II award threshold

amounts from \$750,000 to \$1,000,000. SBA believes these changes will cover general increases in the costs of conducting SBIR-funded projects that have occurred since 1992 due to inflation.

SBIR awards fund cutting-edge research and technology design and development. They are used to cover the costs of performing innovative R&D activity. Therefore, when assessing the effect of inflation on SBIR award amounts over time, the most appropriate index to use is one that tracks the prices of R&D inputs (e.g., researcher salaries, cost of equipment and materials, etc.). The U.S. Department of Commerce's Bureau of Economic Analysis (BEA), an entity charged with producing economic accounts statistics that enable the Federal Government and others to understand the performance of the Nation's economy, has developed an R&D Satellite Account that includes a set of R&D output price indexes that are based on input costs, and thus present a good proxy for the costs of performing innovative R&D activity. Estimates are now available covering the years 1959–2004 (see *Survey of Current Business: Research and Development Satellite Account Update, Estimates for 1959–2004: New Estimates for Industry, Regional, and International Accounts*, October 2007; [http://www.bea.gov/scb/pdf/2007/10%20October/1007\\_rd\\_text.pdf](http://www.bea.gov/scb/pdf/2007/10%20October/1007_rd_text.pdf)).

BEA's R&D Satellite Account estimates for the Aggregate Input Price Index for R&D Investment show costs of Federal Extramural R&D investment increasing by 24 percent from 1992 to 2004 (see [http://www.bea.gov/scb/pdf/2007/10%20October/1007\\_rd\\_tables.pdf](http://www.bea.gov/scb/pdf/2007/10%20October/1007_rd_tables.pdf); Table 4.1). Although this index was estimated only through 2004, it closely tracks the implicit Gross Domestic Product (GDP) price index for the economy as a whole which is currently estimated through 2006 (see NIPA Table 1.1.4, at <http://www.bea.gov/bea/dn/nipaweb>).

The U.S. GDP implicit price index, which provides an aggregated measure of inflation for the national economy, increased by 38.5 percent from 1992 to 2007 (NIPA Table 1.1.9). Using the GDP price index, \$100,000 in 1992 is equivalent to about \$138,500 in 2007, and \$750,000 in 1992 is equivalent to about \$1,039,000 in 2007.

When comparing the R&D and GDP price indexes, SBA found that the R&D index showed lower rates of price increase in the early 1990s, and similar rates thereafter. Over the 1992–2004 period, the R&D index shows a 24 percent inflation rate while the GDP index shows a rate of 27 percent. As a

result, SBA considers the GDP estimate of 39 percent to be an upper bound aggregate estimate for SBIR-related R&D work, with the actual change in SBIR-related R&D input costs likely lying somewhat below that.

SBA recognizes that the costs of R&D and innovative activity vary considerably by industry and consequently by Federal agency. R&D costs have risen faster in some industries than in others during this period. For example, according to the Biomedical Research and Development Price Index (BRDPI) developed by BEA and used by National Institutes of Health, biomedical research input prices increased by 68 percent from 1992 to 2007 (available at <http://officeofbudget.od.nih.gov>). By comparison, another available price index for R&D-related activity is the index for National Defense Consumption Expenditures for R&D services. This price index rose by just under 40 percent over this period, closely tracking the overall inflation rate for the period (see BEA NIPA Table 3.11.4).

Taking into account the broad range of industries active in the SBIR program, SBA feels that adjusting the award threshold amounts to \$150,000 for Phase I and \$1,000,000 for Phase II adequately offsets the general effects of inflation, maintains a degree of stability and simplicity to the threshold levels, and continues to provide participating agencies with an appropriate degree of flexibility in award size.

SBA welcomes comments on these proposed changes.

#### **Paperwork Reduction Act**

SBA has determined that this rule imposes no additional reporting or recordkeeping requirements under the Paperwork Reduction Act, 44 U.S.C., chapter 35.

#### **Regulatory Impact Analysis**

The Office of Management and Budget (OMB) has determined that this rule constitutes a “significant regulatory action” under Executive Order 12866. Therefore, a general discussion of the need for this regulatory action and its potential costs and benefits follows.

##### *I. Need for the Regulatory Action*

SBA has specific statutory authority to increase the award amounts to adjust for inflation or other economic or programmatic considerations once every five years. 15 U.S.C. 638(j)(2)(D). Based on the rise in the general level of prices and the rise in R&D costs, SBA believes that an inflation adjustment to the award amounts is needed.

##### *II. The Potential Benefits and Costs of This Regulatory Action*

The SBIR Phase I and II threshold amounts appear to have served well during the 1990s. SBIR program managers did not express concern over the effects of inflation to SBA during that time period. In recent years, however, some of the participating agencies have increasingly felt the need to make larger awards to cover the higher nominal value of research costs. SBA has received no information indicating that the real value of SBIR awards should be intentionally reduced, or allowed to diminish, from the levels set in 1992.

One effect of maintaining the nominal value of the award thresholds since 1992 has been that, as total SBIR obligations increased with the sizes of agency budgets, the number of awards made increased faster than if frequent inflation adjustments had been made. Adjusting the threshold levels to restore the real value of the awards may offset to some extent this expansion in the number of awards. If the threshold levels reflect the average amount per award, the increase in Phase 1 award amounts from \$100,000 to \$150,000 could result in one-third fewer awards and the increase in Phase 2 award amounts from \$750,000 to \$1,000,000 could result in one-fourth fewer awards.

However, SBA expects the resulting changes in award numbers to be less significant than described above because (1) The size of agency SBIR budgets are likely to continue to increase in proportion to their extramural R&D budgets; (2) some SBIR agencies will likely continue to make awards below the threshold amounts; and (3) for those agencies that adjust their average award size proportionally to the new threshold amounts, this adjustment is likely to be made over several years.

SBA notes that the SBIR program has experienced considerable growth since its inception in 1983. In that first year of awarding activity, the program made 686 Phase I awards for \$44.5 million to small high technology firms. In FY 2006, the program produced 3,835 Phase I awards and 2,026 Phase II awards for approximately \$2.1 billion dollars. With each year, the number of awards and total value of awards has increased, primarily as a result of an increase in the agencies' SBIR budgets and utilization of the program.

Because some costs of administering SBIR awards are fixed, any decrease in the number of awards resulting from the proposed increase in award threshold amounts may tend to reduce the costs to

the Federal Government associated with the awarding and monitoring of SBIR funding agreements.

As a result, SBA believes there will be negligible costs to the Federal Government with respect to the award and monitoring of SBIR funding agreements as a result of this rule. In addition, the potential decrease in the number of SBIR awards is not enough to significantly affect current small businesses.

SBA expects the increase in award amount guidelines to allow participating agencies to more effectively cover the costs of some SBIR projects. This could increase the likelihood of success for some SBIR-funded projects.

### III. Alternatives to Regulatory Action

In determining the appropriate adjustment to the threshold amounts, SBA considered the past changes in prices for the economy as a whole and for inputs into R&D activity. While different technology sectors have increased at different rates, SBA identified the general rise in prices of R&D inputs and decided to adjust the program-wide threshold amounts accordingly. SBA also determined that there are program advantages and efficiencies to maintaining the threshold amounts as relatively stable and rounded figures. SBA therefore rounded the inflation-adjusted amounts.

#### Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) requires agencies to analyze the economic impact of proposed regulations on small entities and consider alternatives that would minimize the burden on these entities. 5 U.S.C. 603. This RFA requirement only applies to regulations that are subject to notice and comment under the Administrative Procedure Act (APA) or any other law. 5 U.S.C. 533(b). Generally, the notice and comment requirement does not apply to interpretive rules, general statements of policy, or rules of agency organization, procedure and practice. *Id.* at § 553(b)(A). The SBIR Policy Directive is not a rule for RFA purposes. The Policy Directive is issued under authority of the Small Business Act (Act), which provides that the SBA shall "issue policy directives for the general conduct of the SBIR program within the Federal Government \* \* \* " 15 U.S.C. 638(j)(1). Therefore, no RFA analysis is required.

### Notice of Proposed Amendments to the Policy Directive; Small Business Innovation Research Program

To: The Directors, Small Business Innovation Research (SBIR) Program  
Subject: Proposed Revisions to the SBIR Program Policy Directive concerning Phase I and Phase II Threshold Amounts

1. *Purpose.* Section 9(j)(3) of the Small Business Act (Act) (15 U.S.C. 638(j)(3)) requires the Administrator of the U.S. Small Business Administration (SBA) to modify the SBIR Program Policy Directive as required for the general conduct of the SBIR Program within the Federal Government. Specifically, § 9(j)(2) of the Act requires the SBA to increase the award amounts for Phase I and II to adjust for inflation or other economic or programmatic considerations once every five years.

2. *Authority.* These proposed amendments to the Policy Directive are issued under the authority of 15 U.S.C. 638(j).

3. *Procurement Regulations.* The Federal Acquisition Regulations may need to be modified to conform to the requirements. Regulatory provisions that pertain to the areas of SBA responsibility will require approval of the SBA Administrator or designee. The SBA's Office of Technology is the appropriate office for coordinating such regulatory provisions.

4. *Personnel Concerned.* All Federal Government personnel who are involved in the administration of the program, including those involved with the issuance and management of funding agreements of the SBIR Program and the establishment of goals for small business concerns in research or research and development procurements or grants.

5. *Distribution.* Federal Government agencies and departments participating in the SBIR Program and those required to establish small business research development goals as directed by § 9 of the Act (15 U.S.C. 638(j)).

6. *Originator.* Office of Technology, SBA.

7. *Dates.* The SBIR Program is authorized through September 30, 2008. These proposed amendments will be effective when issued as final in the **Federal Register**.

Authorized By: Edsel Brown, Jr.,  
Assistant Director, Office of  
Technology, U.S. Small Business  
Administration.

For the reasons set forth in the preamble, SBA proposes to amend the SBIR Policy Directive as follows:

1. Amend § 7(h)(1) by removing "\$100,000" and adding in its place

"150,000" and by removing "\$750,000" and replacing it with "\$1,000,000".

2. Amend § 7(h)(2) by removing "\$100,000" and adding in its place "150,000" and by removing "\$750,000" and adding in its place "\$1,000,000".

3. Amend § 10(b)(7) by removing "\$100,000" and adding in its place "150,000" and by removing "\$750,000" and adding in its place "\$1,000,000".

**Jovita Carranza,**

*Acting Administrator, U.S. Small Business Administration.*

[FR Doc. E8-18914 Filed 8-14-08; 8:45 am]

**BILLING CODE 8025-01-P**

### SMALL BUSINESS ADMINISTRATION

#### Rustic Canyon Ventures SBIC, L.P. License No. 09/79-0450; Notice Seeking Exemption Under Section 312 of the Small Business Investment Act, Conflicts of Interest

Notice is hereby given that Rustic Canyon Ventures SBIC, L.P., 2425 Olympic Blvd., Suite 6050 West, Santa Monica, CA 90404, a Federal Licensee under the Small Business Investment Act of 1958, as amended ("the Act"), in connection with the financing of a small concern, has sought an exemption under Section 312 of the Act and Section 107.730, *Financings which Constitute Conflicts of Interest of the Small Business Administration* ("SBA") Rules and Regulations (13 CFR 107.730 (2008)). Rustic Canyon Ventures SBIC, L.P. proposes to provide equity security financing to Fulcrum BioEnergy, Inc., 2425 Olympic Blvd., Suite 560 East, Santa Monica, CA 90404. The financing is contemplated for development and expansion of production facilities and for general corporate purposes.

The financing is brought within the purview of § 107.730(a)(1) of the Regulations because US Renewables Group HoldCo III, LLC ("USRG"), an Associate of Rustic Canyon Ventures SBIC, L.P., owns more than ten percent of Fulcrum BioEnergy, Inc. Therefore, Fulcrum BioEnergy, Inc., is also considered an Associate of Rustic Canyon Ventures SBIC, L.P., as defined at 13 CFR 107.50 of the SBIC Regulations.

Notice is hereby given that any interested person may submit written comments on the transaction to the Associate Administrator for Investment, U.S. Small Business Administration,