

“business” and inserting in its place “or total small disadvantaged business set-aside (see 19.503-2 and 19.503-3).”

PART 15—CONTRACTING BY NEGOTIATION

15.705 [Amended]—

16. Section 15.705 is amended in paragraph (b) by removing “business and labor surplus area” and inserting in its place “, small disadvantaged and women-owned small business”.

15.706 [Amended]—

17. Section 15.706 is amended in paragraph (d)(4) by removing “labor surplus area” and inserting in its place “women-owned small business”.

15.905-1 [Amended]

18. Section 15.905-1 is amended in the first sentence of paragraph (c) by inserting after the word “individuals,” the phrase “women-owned small businesses,”; and removing the phrase “labor surplus areas,”.

15.1001 [Amended]

19. Section 15.1001 is amended in paragraph (b)(2) by
a. inserting after the word “small” the first place it occurs the phrase “or small disadvantaged”;—
b. removing the comma after “19.5)” and inserting the phrase “or an award based on an evaluation preference (subpart 19.11),” in its place; and—
c. in (b)(2)(ii) by inserting after the word “size” the phrase “or small disadvantaged business”.

PART 16—TYPES OF CONTRACTS

16.103 [Amended]—

20. Section 16.103 is amended in paragraph (d)(3) by removing the words “or labor surplus area concerns”.

16.505 [Amended]

21. Section 16.505 is amended in paragraphs (d)(4) and (d)(5)(ii) by removing the phrase “or labor surplus area”.

PART 17—SPECIAL CONTRACTING METHODS

17.104-1 [Amended]

22. Section 17.104-1 is amended—
a. in paragraph (a) by removing the phrase “labor surplus area” and inserting in its place “small disadvantaged business”;—
b. in paragraph (b) by removing the phrase “or labor surplus area”; and—
c. in paragraph (b)(2) by removing “(Partial labor surplus area set-asides are only authorized for DOD activities at this time.)”.

PART 19—SMALL BUSINESS PROGRAMS

23. The title of Part 19 is revised to read as set forth above.

24. Section 19.000 is amended in paragraph (a)(3) by inserting after the word “small” the phrase “and small disadvantaged”; in (a)(6) by removing the word “and”; in (a)(7) by removing the period at the end of the sentence and replacing it with “; and”; and by adding (a)(8) to read as follows:

19.000 Scope of part.

(a) * * *
(8) The evaluation preference for small disadvantaged business concerns.
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25. Section 19.001 is amended by—
a. adding, in alphabetical order, the definitions *Labor surplus area*, *Labor surplus area concern*, *Set-aside*, and *Women-owned small business concern*; and
b. revising the definition *Small disadvantaged business concern* to read as follows:

19.001 Definitions.
* * * * *

Labor surplus area means a geographical area identified by the Department of Labor in accordance with 20 CFR part 654, subpart A, as an area of concentrated unemployment or underemployment or an area of labor surplus.—

Labor surplus area concern means a concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price.
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Set-aside means an acquisition procedure under which competition is limited exclusively to small business or small disadvantaged business concerns.
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Small disadvantaged business concern means a small business concern that is at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business that has at least 51 percent of its stock unconditionally owned by one or more socially and economically disadvantaged individuals and that has its management and daily business controlled by one or more such individuals. This term also means a

small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian Organization, or a publicly owned business that has at least 51 percent of its stock unconditionally owned by one of these entities, that has its management and daily business controlled by members of an economically disadvantaged Indian tribe or Native Hawaiian Organization, and that meets the requirements of 13 CFR part 124. The definition of *small disadvantaged business concern* is different for DOD, NASA and Coast Guard; see agency regulations.

(a) *Socially disadvantaged individuals* means individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their qualities as individuals. Individuals who certify that they are members of named groups (Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent-Asian Americans) are to be considered socially and economically disadvantaged.

(1) *Subcontinent Asian Americans* means United States citizens whose origins are in India, Pakistan, Bangladesh, Sri Lanka, Bhutan, or Nepal.

(2) *Asian Pacific Americans* means United States citizens whose origins are in Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the U.S. Trust Territory of the Pacific Islands (Republic of Palau), the Northern Mariana Islands, Laos, Kampuchea (Cambodia), Taiwan, Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Republic of the Marshall Islands, or the Federated States of Micronesia.

(3) *Native Americans* means American Indians, Eskimos, Aleuts, and Native Hawaiians.

(b) *Economically disadvantaged individual* is defined as a socially disadvantaged individual whose ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared to others in the same line of business who are not socially disadvantaged (see 13 CFR part 124).

(c) *Native Hawaiian Organization* means any community service organization serving Native Hawaiians in, and chartered as a not-for-profit organization by, the State of Hawaii, which is controlled by Native Hawaiians, and whose business activities will principally benefit such Native Hawaiians.

(d) *Indian tribe* means any Indian tribe, band, nation, or other organized group or community of Indians,