

offerors of exempt commercial items to provide information other than cost or pricing data; and

- The role and responsibility of support organizations in determining price reasonableness.

This interim rule also revises FAR 15.403-3(a) to implement Section 808 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Pub. L. 105-261). Section 808 requires amending the FAR to—

- Clarify procedures associated with obtaining information other than cost or pricing data when acquiring commercial items;

- Establish that offerors who fail to comply with requirements to provide the information shall be ineligible for award; and

- Establish exceptions, as appropriate.

Item VII—Conforming Late Offer Treatment (FAR Case 97-030)

This final rule amends FAR 14.201-6, 14.304, and 15.208, the provisions at 52.212-1, 52.214-7, 52.214-23, and 52.215-1, and removes 52.214-32 and 52.214-33 to provide uniform guidance regarding receipt of late offers for commercial, sealed bid, and negotiated acquisitions.

Item VIII—Evaluation of Proposals for Professional Services (FAR Case 97-038)

This final rule amends FAR 15.305(a)(1) and 37.115-2(c) to provide guidance on the evaluation of proposals that include uncompensated overtime hours.

Item IX—Option Clause Consistency (FAR Case 98-606)

This final rule amends FAR 17.208(g) to clarify that the time period for providing a preliminary notice of the Government's intent to exercise a contract option in the clause at FAR 52.217-9 may be tailored and amends the clause at FAR 52.217-8 to make the format of the Option to Extend Services clause consistent with the format of other option clauses in the FAR.

Item X—Compensation for Senior Executives (FAR Case 98-301)

This final rule covers the interim rule published as Item VIII of FAC 97-11 to a final rule without change. The rule amends FAR Part 31 to implement Section 804 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Pub. L. 105-261). Section 804 revises the definition of "senior executive" at 10 U.S.C. 2324(1)(5) and at 41 U.S.C. 256(m)(2) to be "the five most highly compensated

employees in management positions at each home office and each segment of the contractor" even though the home office or segment might not report directly to the contractor's headquarters.

Item XI—Interest and Other Financial Costs (FAR Case 98-006)

This final rule amends FAR 31.205-20 to make minor changes to the cost principle concerning "interest and other financial costs."

Item XII—Cost-Reimbursement Architect-Engineer Contracts (FAR Case 97-043)

This final rule amends the clause prescriptions at FAR 36.609, 44.204, 49.503, and the clause preface at 52.236-25, Requirements for Registration of Designers, to include application of certain clauses to cost-reimbursement architect-engineer contracts.

Item XIII—Conditionally Accepted Items (FAR Case 98-002)

This final rule amends FAR 46.101 to add a definition of conditional acceptance; and FAR 46.407 to require that, when conditionally accepting nonconforming items, amounts withheld from payments should be at least sufficient to cover the cost and related profit to correct deficiencies and complete unfinished work. FAR 46.407 has also been revised to require that the basis for the amounts withheld be documented in the contract file.

Item XIV—Value Engineering Change Proposals/PAT (FAR Case 97-031)

This final rule amends the value engineering change proposal (VECP) guidance in FAR 48.001, 48.102, 48.104, 48.201, and the FAR clause at 52.248-1 to allow the contracting officer to increase the sharing period from 36 to a range of 36 to 60 months; increase the contractor's share of instant, concurrent and future savings under the incentive/voluntary sharing arrangement from 50 to a range of 50 to 75 percent; and increase the contractor's share of collateral savings from 20 to a range of 20 to 100 percent on a case-by-case basis for each VECP.

Item XV—Cost Accounting Standards Post-Award Notification (FAR Case 98-003)

This final rule revises paragraph (e) of the clause at FAR 52.230-6, Administration of Cost Accounting Standards, to reduce the subcontractor information that a contractor is required to provide to its cognizant contract administration office (CAO) when requesting the CAO to perform

administration for Cost Accounting Standards matters.

Item XVI—Technical Amendments

Amendments are being made at 1.106, 15.305, 19.102, 52.211-6, and 52.219-18 in order to update references and make editorial changes.

Dated: September 14, 1999.

Edward C. Loeb,

Director, Federal Acquisition Policy Division.

Federal Acquisition Circular

Federal Acquisition Circular (FAC) 97-14 is issued under the authority of the Secretary of Defense, the Administrator of General Services, and the Administrator for the National Aeronautics and Space Administration.

Unless otherwise specified, all Federal Acquisition Regulation (FAR) and other directive material contained in FAC 97-14 are effective November 23, 1999, except for Items VI and XVI, which are effective September 24, 1999. Sections 19.102 and 52.219-18, which are included in Item XVI, are effective November 23, 1999.

Dated: September 10, 1999.

Eleanor R. Spector,

Director, Defense Procurement.

Dated: September 13, 1999.

J. Les Davison,

Acting Deputy Associate Administrator, Office of Acquisition Policy, General Services Administration.

Dated: September 13, 1999.

Tom Luedtke,

Associate Administrator for Procurement, National Aeronautics and Space Administration.

[FR Doc. 99-24409 Filed 9-23-99; 8:45 am]

BILLING CODE 6820-EP-P

DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 5, 8, 12, 19, and 52

[FAC 97-14; FAR Case 98-013; Item I]

RIN 9000-AI29

Federal Acquisition Regulation; Very Small Business Concerns

AGENCIES: Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Final rule.

SUMMARY: The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) have agreed on a final rule amending the Federal Acquisition Regulation (FAR) to implement the Small Business Administration's (SBA) Very Small Business Pilot Program. This program became effective on January 4, 1999.

EFFECTIVE DATE: November 23, 1999.

FOR FURTHER INFORMATION CONTACT: The FAR Secretariat, Room 4035, GS Building, Washington, DC, 20405 (202) 501-4755, for information pertaining to status or publication schedules. For clarification of content, contact Ms. Victoria Moss, Procurement Analyst, at (202) 501-4764. Please cite FAC 97-14, FAR case 98-013.

SUPPLEMENTARY INFORMATION:

A. Background

Section 304 of the Small Business Administration Reauthorization and Amendments Act of 1994 (Pub. L. 103-403) authorized the SBA Administrator to establish and carry out a pilot program for very small business (VSB) concerns. The Small Business Administration (SBA) published a final rule in the **Federal Register** on September 2, 1998, (63 FR 46640), amending 13 CFR Parts 121 and 125 to establish a pilot program for VSB business concerns. The purpose of the program is to improve access to Government contract opportunities for concerns that are substantially below SBA's size standards by reserving certain acquisitions for competition among VSB concerns. Implementation of the program is limited to geographic areas served by 10 SBA district offices. A VSB concern is defined as a small business that has 15 or fewer employees together with average annual receipts that do not exceed \$1 million. Any procurement that has an anticipated dollar value exceeding \$2,500 but not greater than \$50,000 may be set aside for VSB concerns. A contracting officer must set aside for VSB concerns any such service or construction requirement that will be performed within the geographical boundaries served by a designated SBA district office if there is a reasonable expectation of obtaining fair and reasonable offers from two or more responsible VSB concerns headquartered within the geographical area served by that designated SBA district. In the case of a procurement for supplies, a contracting officer must set aside any such requirement for VSBs if the contracting office is located within the geographical area served by a

designated SBA district, and there is a reasonable expectation of obtaining fair and reasonable offers from two or more responsible VSB concerns headquartered within the geographical area served by that designated SBA district. The program will expire on September 30, 2000.

The Councils published an interim rule in the **Federal Register** on March 4, 1999, (64 FR 10535). Five respondents submitted comments in response to the interim rule. The Councils considered all comments in the development of the final rule.

This rule was not subject to Office of Management and Budget review under Section 6(b) of Executive Order 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

B. Regulatory Flexibility Act

The Department of Defense, the General Services Administration, and the National Aeronautics and Space Administration certify that this final rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because the rule does not impose any new requirements on large or small contractors. The Small Business Administration has certified that the revisions to 13 CFR Parts 121 and 125 being implemented by this rule will not have significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act.

C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the changes to the FAR do not impose information collection requirements that require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

List of Subjects in 48 CFR Parts 5, 8, 12, 19, and 52

Government procurement.

Dated: September 14, 1999.

Edward C. Loeb,

Director, Federal Acquisition Policy Division.

Interim Rule Adopted as Final With Changes

Accordingly, DoD, GSA, and NASA adopt the interim rule amending 48 CFR Parts 5, 8, 12, 19, and 52, which was published in the **Federal Register** on March 4, 1999, (64 FR 10535), as a final rule with the following changes:

PART 19—SMALL BUSINESS PROGRAMS

1. The authority citation for 48 CFR Part 19, and continues to read as follows:

Authority: 40 U.S.C. 486(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

19.904 [Amended]

2. In section 19.904, remove from paragraphs (a) introductory text, (b), (c), and (d) "shall" and insert "must", in their places.

19.905 [Amended]

3. In section 19.905, remove from the introductory text, paragraph (a) introductory text, and paragraph (b) "The contracting officer shall use" and insert "Insert", in their places.

[FR Doc. 99-24410 Filed 9-23-99; 8:45 am]

BILLING CODE 6820-EP-P

DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 5, 6, 7, 8, 12, 13, 14, 15, 19, 26, 52, and 53

[FAC 97-14; FAR Case 97-307; Item II]

RIN 9000-AI20

Federal Acquisition Regulation; Historically Underutilized Business Zone (HUBZone) Empowerment Contracting Program

AGENCIES: Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Final rule.

SUMMARY: The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) have agreed to adopt the interim rule published in the **Federal Register** as Item I of Federal Acquisition Circular 97-10 at 63 FR 70265, December 18, 1998, and the correcting amendment published at 64 FR 3196, January 20, 1999, as a final rule with changes. The rule amends the Federal Acquisition Regulation (FAR) to implement revisions made to Small Business Administration (SBA) regulations covering the Historically Underutilized Business Zone (HUBZone) Program.

EFFECTIVE DATE: November 23, 1999.