entities, and all educational and nonprofit organizations who are interested in participating in Government acquisitions. The proposed rule establishes the simplified acquisition threshold and sets forth policies and guidance for the implementation of FACNET pursuant to the Act. The implementation of FACNET will provide for electronic exchange of acquisition information between the private sector and the Federal Government that will increase the opportunities for vendors currently doing business with the Government, particularly small businesses. As a result of the Act, procurements between \$2,500 and \$100,000 are exclusively reserved for small business. It is recognized that an initial start-up cost will be incurred for purchase of personal computer, modem, software, and telephone lines estimated to be \$1,500. Additionally, it is anticipated that most small businesses will subscribe to third party value added network (VAN) service to facilitate their communications with the Government's computers. The cost of advance subscription ranges from approximately \$30 to \$100 per month, depending on the type of services obtained. The benefit of increased business opportunities should far outweigh these initial start-up costs.

An Initial Regulatory Flexibility Analysis (IRFA) has been prepared and will be provided to the Chief Council for Advocacy for the Small Business Administration. A copy of the IRFA may be obtained from the FAR Secretariat. Comments from small entities concerning the affected FAR parts will also be considered in accordance with 5 U.S.C. 610. Such comments must be submitted separately and cite 5 U.S.C. 601, et seq. (FAR case 94–770), in correspondence.

C. Paperwork Reduction Act

The Paperwork Reduction Act (Pub. L. 96-511) applies because the proposed rule contains information collection requirements that need the approval of the Office of Management and Budget (OMB) under 44. U.S.C. 3501 et seq. Contractors will be required to electronically register with the Federal Contractor Registration System operated by the Defense Information Megacenter. The information to be provided electronically is information currently reported under several existing forms, including SF-129, Solicitation Mailing List Application, the SF-3881, ACH vendor/Miscellaneous Payment Enrollment Form, and the DD-2051, request for Assignment of a Commercial and Government Entity information

pertaining to their EDI capabilities. Establishment of a central registration system should eliminate the need to submit multiple registrations with each contracting office the contractor is doing business with.

A request for approval of a new information collection requirement concerning simplified acquisition procedures is being submitted to the OMB. Public comments concerning this request are invited through a **Federal Register** notice published elsewhere in this issue.

List of Subjects in 48 CFR Parts 2, 3, 4, 5, 6, 8, 9, 13, 15, 16, 22, 23, 25, 27, 28, 29, 32, 36, 41, 42, 43, 44, 45, 46, 47, 49, 52, and 53

Government procurement.

Edward C. Loeb,

Deputy Project Manager for Implementation of the Federal Acquisition Streamlining Act of 1994.

Therefore, 48 CFR Chapter 1 is proposed to be amended as set forth below:

1. The authority citation for 48 CFR Parts 2, 3, 4, 5, 6, 8, 9, 13, 15, 16, 22, 23, 25, 27, 28, 29, 32, 36, 41, 42, 43, 44, 45, 46, 47, 49, 52, and 53 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).

PART 2—DEFINITIONS OF WORDS AND TERMS

2. Section 2.201 is revised to read as follows:

2.201 Contract clause.

The contracting officer shall insert the clause at 52.202–1, Definitions, in solicitations and contracts except when the contract is not expected to exceed the simplified acquisition threshold in Part 13. If the contract is for personal services, construction, architectengineer services, or dismantling, demolition, or removal of improvements, the contracting officer shall use the clause with its Alternate I. Additional definitions may be included, provided they are consistent with the clause and the FAR.

PART 3—IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST

3. Section 3.103–1 is amended by revising paragraph (a) to read as follows:

3.103-1 Solicitation provision.

* * * * *

(a) The acquisition is to be made under the simplified acquisition procedures in Part 13;

* * * * *

4. Section 3.104–10 is amended by revising paragraph (c) to read as follows:

3.104–10 Solicitation provision and contract clauses.

* * * * *

- (c) The contracting officer shall insert the clause at 52.203–10, Price or Fee Adjustment for Illegal or Improper Activity, in all solicitations where the resultant contract award is expected to exceed the simplified acquisition threshold (see 13.000) and all contracts and modifications to contracts exceeding that threshold which do not already contain the clause when the modification is expected to exceed that threshold.
- 5. Section 3.404 is amended by revising paragraphs (b)(1) and (c) to read as follows:

3.404 Solicitation provision and contract clause.

* * * * * * (b) * * *

(1) The contract amount is expected to be at or below the simplified acquisition threshold in Part 13;

(c) The contracting officer shall insert the clause at 52.203–5, Covenant Against Contingent Fees, in solicitations and contracts exceeding the simplified acquisition threshold.

6. Section 3.502–3 is revised to read as follows:

3.502-3 Contract clause.

The contracting officer shall insert the clause at 52.203–7, Anti-Kickback Procedures, in solicitations and contracts exceeding the simplified acquisition threshold in Part 13.

7. Section 3.503–2 is revised to read as follows:

3.503-2 Contract clause.

The contracting officer shall insert the clause at 52.203–6, Restrictions on Subcontractor Sales to the Government, in solicitations and contracts exceeding the simplified acquisition threshold in Part 13.

PART 4—ADMINISTRATIVE MATTERS

8. Part 4 is amended by adding Subpart 4.5, consisting of sections 4.500 through 4.507, to read as follows:

Subpart 4.5—Electronic Commerce in Contracting

Sec.

4.500 Scope of subpart.

4.501 Definitions.

4.502 Policy.

4.503 Contractor registration.

4.504 FACNET functions.

4.505 FACNET certification.