three years. The Commission states that it is unnecessary to propose different eligibility criteria for minority- and women-owned entities that do not meet the small business size standards in order to achieve the goals of Section 309(j) in the 900 MHz SMR service. Broadening the scope of opportunities for very small businesses in all channel blocks still has the potential to result in substantial participation by women and minorities in the provision of 900 MHz SMR service. Moreover, the Commission expects that because capital entry requirements are lower than PCS, minority- and women-owned businesses will have greater opportunities to

participate.

42. To enhance the Commission's understanding, however, of the capital requirements the 900 MHz service is likely to entail, the Commission seeks comment on the projected costs associated with acquisition, construction and operation of 900 MHz MTA licenses. In addition, to gain insight into which the degree of small business participation has resulted in opportunities for women and minorityowned businesses, the Commission seeks comment on the composition of existing 900 MHz SMR operators as well as providers in other similar services such as 800 MHz SMR. For example, what proportion of existing 900 MHz SMR businesses are owned by women or minorities? To what extent have participants in 900 MHz SMR networks been small businesses owned by women and minorities? What is the likelihood that management agreements are likely to serve as a vehicle for participation in the 900 MHz SMR service by minority and women-owned businesses? Finally, regardless of whether the Commission adopts its proposal for small businesses, the Commission proposes to request bidder information on the short-form filings as to minority and/or womenowned status in order to monitor the applicant pool and monitor participation by women and minorities. The Commission seeks comment on this monitoring proposal.

43. Small Business Definition. The Commission defines eligibility requirements for small businesses on a service-specific basis, taking into account capital requirements and other characteristics of each particular service. Second Memorandum Opinion & Order, PP Docket No. 93–253, 59 FR 44272 (August 26, 1994). Because 900 MHz SMR is expected to be less capital-intensive than PCS, a much lower gross revenue threshold is warranted. Therefore, the Commission proposes to define a small business as an entity that, together with affiliates and attributable

investors, has average gross revenues for the three preceding years of less than \$3 million. This standard appropriately accounts for build-out costs, abundant license supply, and low acquisition costs. The Commission seeks comment on this proposal. For example, is it an appropriate threshold? Should it be higher or lower, based on the types of companies that are likely to benefit from the special provisions proposed here? The Commission also tentatively concludes that it will consider the revenues of affiliates and certain investors and it proposes to apply the 25 percent attribution threshold and affiliation rules similar to those used in the PCS auction rules. See 47 CFR 24.320(b)(2)(iv), 24.720(j)(1). The Commission seeks comment on these issues

44. Finally, if the Commission adopts separate provisions for minority-owned and women-owned entities, it also seeks comment on whether it should adopt the definition of minority-owned and women owned businesses contained in Section 1.2110(b)(2) of the Commission's rules, 47 CFR 1.2110(b)(2), *i.e.*, businesses in which minorities and/or women who control the applicant have at least 50.1 percent equity ownership and, in the case of a corporate applicant, a 50.1% voting interest. Every general partner in a partnership either must be a minority and/or a woman who individually or together own at least 50.1 percent of the partnership equity.

45. Transfer Restrictions and Unjust Enrichment Provisions. In the Fifth Report & Order, PP Docket No. 93-253, 59 FR 37566 (July 22 1994), the Commission adopted restrictions on the transfer or assignment of licenses to ensure that designated entities do not take advantage of special provisions by immediately assigning or transferring control of their licenses. The Commission proposes to adopt these restrictions on transfer and assignment of 900 MHz SMR licenses won by designated entities. Under this proposal, a designated entity would be prohibited from voluntarily assigning or transferring control of its license to any other entity during the three years after license grant. In the fourth and fifth years of the license term, the designated entity would only be able to assign or transfer control of its license to another qualified designated entity, and no unjust enrichment could be gained through the transfer. Thus, if the entity to which the designated entity transfers or assigns the license were not eligible for the same provisions, the difference would have to be paid back to the U.S. Treasury as a condition of approval of

the transfer or assignment. The Commission seeks comment on these proposals.

46. For the remainder of the license term, the Commission proposes to continue to impose unjust enrichment rules on designated entities. These unjust enrichment provisions would deter speculation and participation in the licensing process by those who do not intend to offer service to the public, or who intend to use the Commission's provisions to obtain a license at a lower cost than they otherwise would have to pay, and later to sell it at the market price. Under this proposal, licensees seeking to transfer their licenses for profit must, within a specified time, remit to the government a penalty equal to a portion of the total value of the benefit conferred by the government. Therefore, if a designated entity making installment payments sells its license to an entity that does not qualify as a designated entity, the Commission would require payment of the remaining principal and any interest accrued through the date of assignment as a condition of the license assignment or transfer. If a transfer is made to another eligible designated entity, no penalty would be assessed against the original designated entity license holder. If bidding credits were awarded to a licensee, the Commission would require a designated entity approval for a transfer of control or an assignment of license to a non-designated entity, or who proposes to take any other action relating to ownership or control that will result in loss of status as an eligible designated entity, to reimburse the government for the amount for the amount of the bidding credit before transfer of the license will be permitted. The Commission proposes to apply these payment requirements for the entire license term. The Commission seeks comment on this proposal.

47. Rural Telephone Company Partitioning. Congress directed the Commission to ensure that rural telephone companies have the opportunity to participate in the provision of spectrum-based services. Rural areas tend to be less profitable to serve than more densely populated urban areas. Therefore, service to these areas may not be a priority or feasible for many licensees. Rural telephone companies, however, are well positioned to serve these areas because of their existing infrastructure. Therefore, the Commission proposes a geographic partitioning scheme to encourage participation by rural telephone companies.

48. Under this proposal, rural telephone companies would be