

Facts About

HUBZone Empowerment Contracting Program

Contract Benefits

There are three types of HUBZone contracts:

- **Competitive** HUBZone contracts can be awarded if the contracting officer has a reasonable expectation that at least two qualified HUBZone small business concerns (SBCs) will submit offers and that the contract will be awarded at a fair market price.
- **Sole-source** HUBZone contracts can be awarded if the contracting officer determines that:
 - ◆ one qualified HUBZone SBC is responsible to perform the contract,
 - ◆ two or more qualified HUBZone SBCs are not likely to submit offers and
 - ◆ the anticipated award price of the proposed contract, including options, will not exceed:
 - \$5,000,000 for a requirement within the North American Industry Classification System (NAICS) code for manufacturing or
 - \$3,000,000 for a requirement within all other NAICS codes
- **Full and open** competitive contracts can be awarded with a price evaluation preference. The offer of the HUBZone small business must not be 10 percent higher than the offer of a non-small business.

Other Benefits

- Eligible HUBZone firms can qualify for higher SBA-guaranteed surety bonds on construction and service contract bids.
- Firms in Empowerment Zones and Enterprise Communities (EZ/EC) can also benefit from employer tax credits, tax-free facility bonds, and investment tax deductions.

Requirements

To qualify for the program, a business must meet the following criteria:

- It must be a small business by SBA standards;
- Its principal office must be located within a “Historically Underutilized Business Zone,” which includes lands on federally recognized Indian reservations;
- It must be owned and controlled by one or more U.S. citizens, a Community Development Corporation or an Indian tribe; and
- At least 35% of its employees must reside in a HUBZone.

Existing businesses that choose to move to qualified areas are eligible. To fulfill the requirement that 35% of a HUBZone firm’s employees reside in the HUBZone, employees must live in a primary residence within that area for at least 180 days or be a currently registered voter in that area.

One Small Business at a Time

Locating Eligible Areas

Computer mapping software available on SBA's website allows firms to search a database to determine whether they are located in a qualified HUBZone. The system allows searches by address, county, or town and displays metropolitan areas, Indian reservations, and counties that qualify by income, unemployment rate, or both.

Access the site at <http://www.sba.gov/hubzone>. Select the option that lets you determine if you're in a HUBZone.

Applying to the Program

To apply, companies are encouraged to use the electronic application on the HUBZone website listed above. Doing so can shave days off the decision-making timeline. Paper applications, while still available, usually result in longer time frames for review and as such are strongly discouraged. Applicants can download the paper version from the website or obtain it from any local SBA district office before submitting it to SBA Headquarters in Washington, D.C.

Participating Federal Agencies

As of October 1, 2000, the program applies to all federal departments and agencies.

Identifying HUBZone firms

To search for eligible HUBZone businesses, contracting officers can use SBA's Procurement Marketing and Access Network (PRO-Net). The direct URL for that site is <http://pro-net.sba.gov>

Background

The HUBZone program was enacted into law as part of the Small Business Reauthorization Act of 1997. The SBA regulates and implements the program, determines which businesses are eligible to receive HUBZone contracts, maintains a listing of qualified HUBZone small businesses federal agencies can use to locate vendors, and adjudicates protests of eligibility to receive HUBZone contracts.

For additional information:

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