



## HUBZONE

1. The HUBZone Empowerment Contracting Program stimulates economic development and creates jobs in urban and rural communities by providing Federal contracting preferences to small businesses. These preferences go to small businesses that obtain HUBZone (Historically Underutilized Business Zone) certification in part by employing staff who live in a HUBZone. The company must also maintain a "principal office" in one of these specially designated areas. The program resulted from provisions contained in the Small Business Reauthorization Act of 1997.

a. To participate in the HUBZone Empowerment Contracting Program, a concern must be determined to be a "qualified HUBZone small business concern." A firm can be found to be a qualified HUBZone concern, if:

- It is small
- It is located in an "historically underutilized business zone" (HUBZone)
- It is owned and controlled by one or more U.S. Citizens, and
- At least 35% of its employees reside in a HUBZone.

b. Find if you are located in a HubZone at the following website:

<http://map.sba.gov/hubzone/init.asp#address>

2. The Benefits of being a HubZone Certified Company:

**a. Competitive:** Contracts can be set-aside for HUBZone competition when 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.

**b. Sole-source:** HUBZone contracts can be awarded if the contracting officer determines that:

- only 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 million for a requirement within the North American Industry Classification System (NAICS) code for manufacturing or
  - \$3 million for a requirement within all other NAICS codes
- c. 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.
- d. Subcontracting:** All subcontracting plans for large business Federal contractors must include a HUBZone subcontracting goal.
- e. Eligible HUBZone** firms can qualify for higher SBA-guaranteed surety bonds on construction and service contract bids.
- f. Firms** in Federal Empowerment Zones and Enterprise Communities (EZ/EC) can also benefit from employer tax credits, tax-free facility bonds, and investment tax deductions.