



**United States
Department of
Agriculture**

Farm and Foreign
Agricultural
Services

Farm Service
Agency

Kansas City
Commodity Office
P.O. Box 419205
Kansas City,
Missouri
64141-6205

September 3, 2003

EOD-124
BCD-57

NOTICE TO THE TRADE

Subject: Notice to Commodity Suppliers on Changes in Applying HUBZone Price Preference Regulations

Effective immediately, the method used in evaluating HUBZone price preference for the purchase of raw agricultural commodities for use in food assistance programs will be revised.

Specifically, this will involve the qualifications of firms as HUBZone small business concerns when subcontracting for the purchase of agricultural commodities by the Department of Agriculture. The language at 15 USC 632(p)(5)(A)(i)(III)(cc) states that no commodities will be obtained by subcontract in substantially the final form supplied to the government. It has been determined that the cleaning, sorting, dividing, subdividing, and bagging of whole corn, wheat, sorghum, soybeans, peas, beans, and lentils do not substantially change the final form of the agricultural commodity. The prime contractor would need to physically or chemically alter the commodity on a granular level to substantially change the final form of the commodity.

Therefore, the Commodity Credit Corporation will no longer apply a price evaluation preference to those HUBZone businesses that subcontract for whole grains, peas, beans, or lentils and subsequently perform the cleaning, sorting, dividing, sub-dividing, and bagging.

The preference as it applies to processed commodities will remain unchanged.

Please contact Austen Merrick, Chief, Export Operations Division, at 816-926-6715, if you have questions regarding this notice.

/s/

George W. Aldaya
Director