

HUBZone **“Historically Underutilized Business Zone”**

The HUBZone program was enacted formally in the Small Business Reauthorization Act of 1997 (Public Law 105-135). The purpose of the program is to provide federal contracts to provide federal contract preferences to qualified small businesses located in any of the more than 8,000 HUBZone areas in an effort to increase employment, capital investment, and economic development.

The program provides for set-aside, sole source awards, and prime evaluation preferences, subcontracting opportunities for HUBZone small businesses, and establishes government wide goals at the prime and subcontract level. As of October 1, 2000, Public Law 105-135 set annual contracting goals for the HUBZone program at one percent of the total value of all federal prime contracts in FY 1999 and will increase the value annually by .5 percent until the level reaches a maximum of 3 percent in FY 2003.

A small business must have a principal office, as defined by the Small Business Administration (SBA), in a designated HUBZone and must generally draw a portion of its workforce from these areas; the location of the actual work site can be anywhere except in construction. HUBZone contracts are not limited just to HUBZone areas. To qualify for the program, a company must meet the following criteria:

- It must be a small business by SBA size standards;
- It must be owned and controlled by one or more U.S. citizens, a Community Development Corporation or Indian tribe;
- Its principal office (defined as the location where the greatest number of employees work) Must be located in a HUBZone, except for tribally-owned concerns; and
- At least 35 percent of its employees must reside in any area designated as a HUBZone. Here again, there is an exception for tribally owned concerns.

For additional information on the HUBZone Program visit the SBA's Web site at <http://www.sba.gov/hubzone/>.