

Limitations on Subcontracting – HUBZone Set-Aside or Sole Source Award (Mar 2011)

(a) *Definitions.* See 13 CFR 125.6(e) for definitions of terms used in paragraph (c).

(b) *Agreement.* A HUBZone small business concern agrees that in the performance of the Agreement, in the case of a subcontract for—

(1) Services (except construction), at least 50 percent of the cost of personnel for Agreement performance will be spent for employees of the concern or employees of other HUBZone small business concerns;

(2) Supplies (other than acquisition from a nonmanufacturer of the supplies), at least 50 percent of the cost of manufacturing, excluding the cost of materials, will be performed by the concern or other HUBZone small business concerns;

(3) General construction.

(i) At least 15 percent of the cost of Agreement performance to be incurred for personnel will be spent on the HUBZone subcontractor's employees;

(ii) At least 50 percent of the cost of the contract performance to be incurred for personnel will be spent on the HUBZone subcontractor's employees or on a combination of the HUBZone subcontractor's employees and employees of HUBZone small business concern lower-tier subcontractors; and

(iii) No more than 50 percent of the cost of Agreement performance to be incurred for personnel will be subcontracted to concerns that are not HUBZone small business concerns; or

(4) Construction by special trade contractors.

(i) At least 25 percent of the cost of Agreement performance to be incurred for personnel will be spent on the HUBZone subcontractor's employees;

(ii) At least 50 percent of the cost of Agreement performance to be incurred for personnel will be spent on the HUBZone subcontractor's employees or on a combination of the HUBZone subcontractor's employees and employees of HUBZone small business concern lower-tier subcontractors;

(iii) No more than 50 percent of the cost of Agreement performance to be incurred for personnel will be subcontracted to concerns that are not HUBZone small business concerns.

(c) A HUBZone joint venture agrees that, in the performance of the Agreement, the applicable percentage specified in paragraph (c) of this clause will be performed by the aggregate of the HUBZone small business participants.

(d)(1) When the total value of the Agreement exceeds \$25,000, a HUBZone small business concern nonmanufacturer agrees to furnish in performing this Agreement only end items manufactured or produced by HUBZone small business concern manufacturers.

(2) When the total value of the Agreement is equal to or less than \$25,000, a HUBZone small business concern nonmanufacturer may provide end items manufactured by other than a HUBZone small business concern manufacturer provided the end items are produced or manufactured in the United States.

(3) Paragraphs (d)(1) and (e)(2) of this section do not apply in connection with construction or service contracts.