

115TH CONGRESS
1ST SESSION

H. R. 2592

To amend the definitions relating to HUBZones in the Small Business Act,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2017

Ms. VELÁZQUEZ introduced the following bill; which was referred to the
Committee on Small Business

A BILL

To amend the definitions relating to HUBZones in the Small
Business Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Expanding the Impact
5 of the HUBZone Program Act of 2017”.

6 **SEC. 2. AMENDMENTS TO HUBZONE DEFINITIONS.**

7 (a) IN GENERAL.—Section 3(p) of the Small Busi-
8 ness Act (15 U.S.C. 632(p)) is amended—

(1) in paragraph (1) by inserting “designated on a map by the Administrator that is” after “any area”;

(2) in paragraph (4)—

(A) by amending clause (ii) of subparagraph (D) to read as follows:

“(ii) LIMITATION.—With respect to a base closure area that is a census tract or nonmetropolitan county described in clause (i), such census tract or nonmetropolitan shall be treated as a HUBZone for a period beginning on the date the military installation undergoes final closure and ending on the date the Administrator makes a final determination as to whether or not to implement the applicable designation described in subparagraph (A) or (B) in accordance with the results of the decennial census conducted after the area was initially designated as a base closure area.”;

(B) by amending subparagraph (E) to read as follows:

“(E) QUALIFIED DISASTER AREA.—

“(i) IN GENERAL.—Subject to clauses (ii) and (iii), the term ‘qualified disaster

1 area' means any census tract or nonmetro-
2 politan county located in a major disaster
3 area or an area in which a catastrophic in-
4 cident has occurred if such census tract or
5 nonmetropolitan county ceased to be quali-
6 fied under subparagraph (A) or (B), as ap-
7 plicable, during the period beginning 5
8 years before the date on which the Presi-
9 dent declared the major disaster or the
10 catastrophic incident occurred.

11 “(ii) DURATION.—A census tract or
12 nonmetropolitan county shall be considered
13 to be a qualified disaster area only for the
14 period of time ending on the date on which
15 the Administrator makes a final deter-
16 mination as to whether or not to imple-
17 ment the applicable designation described
18 in subparagraph (A) or (B) in accordance
19 with the results of the decennial census
20 conducted after the area was initially des-
21 ignated as a qualified disaster area and be-
22 ginning—

23 “(I) in the case of a major dis-
24 aster declared by the President, on
25 the date the President declared the

1 major disaster for the area in which
2 the census tract or nonmetropolitan
3 county, as applicable, is located; or

4 “(II) in the case of a cata-
5 strophic incident, on the date on
6 which the catastrophic incident oc-
7 curred in the area in which the census
8 tract or nonmetropolitan county, as
9 applicable, is located.

10 “(iii) EXTENSION.—With respect to a
11 census tract or nonmetropolitan county
12 that is a qualified disaster area because it
13 is located in an area in which a cata-
14 strophic incident occurred, the Adminis-
15 trator may extend the period described in
16 clause (ii) if the Administrator determines
17 that the census tract or nonmetropolitan
18 county has not fully recovered from the
19 catastrophic incident.

20 “(iv) DEFINITIONS.—In this subpara-
21 graph:

22 “(I) MAJOR DISASTER AREA.—
23 The term ‘major disaster area’ means
24 an area for which the President has
25 declared a major disaster under sec-

1 tion 401 of the Robert T. Stafford
2 Disaster Relief and Emergency Assist-
3 ance Act (42 U.S.C. 5170).

4 “(II) OTHER DEFINITIONS.—The
5 terms ‘census tract’ and ‘nonmetro-
6 politan county’ have the meanings
7 given such terms in subparagraph
8 (D)(iii).”; and

9 (3) by amending paragraph (5) to read as fol-
10 lows:

11 “(5) QUALIFIED HUBZONE SMALL BUSINESS
12 CONCERN.—The term ‘qualified HUBZone small
13 business concern’ means a HUBZone small business
14 concern that has been certified by the Administrator
15 in accordance with the procedures described in sec-
16 tion 31.”.

17 (b) DETERMINATION OF CERTAIN QUALIFIED
18 AREAS.—The Administrator of the Small Business Ad-
19 ministration shall make any determination as to whether
20 or not to implement the applicable designation described
21 in subparagraph (A) or (B) of section 3(p)(4) of the Small
22 Business Act (15 U.S.C. 632(p)(4)) immediately after the
23 Census Bureau publicly releases the first results from the
24 decennial census that occurs after the date of the enact-
25 ment of this Act.

1 (c) TECHNICAL AMENDMENTS.—Section 3(p)(4)(B)
 2 of the Small Business Act (15 U.S.C. 632(p)(4)(B)) is
 3 amended—

4 (1) in clause (i), by striking “section
 5 42(d)(5)(C)(ii) of the Internal Revenue Code of
 6 1986” and inserting “section 42(d)(5)(B)(ii) of the
 7 Internal Revenue Code of 1986”; and

8 (2) in clause (ii)(III), by striking “section
 9 42(d)(5)(C)(iii) of the Internal Revenue Code of
 10 1986” and inserting “section 42(d)(5)(B)(iii) of the
 11 Internal Revenue Code of 1986”.

12 **SEC. 3. REPEAL OF 5-YEAR LIMITATION ON HUBZONE STA-**
 13 **TUS OF BASE CLOSURE AREAS.**

14 Section 152(a) of title I of division K of the Consoli-
 15 dated Appropriations Act, 2005 (15 U.S.C. 632 note) is
 16 amended by repealing paragraph (2).

17 **SEC. 4. AMENDMENTS TO HUBZONE PROGRAM.**

18 (a) CLARIFICATIONS TO ELIGIBILITY FOR HUBZONE
 19 PROGRAM.—Section 31(c) of the Small Business Act (15
 20 U.S.C. 657a(c)) is amended to read as follows:

21 “(c) ELIGIBILITY REQUIREMENTS; ENFORCE-
 22 MENT.—

23 “(1) CERTIFICATION.—In order to be certified
 24 by the Administrator as a qualified HUBZone small
 25 business concern, a HUBZone small business con-

1 cern shall submit documentation the Administrator
2 stating that—

3 “(A) at the time of certification and at
4 each examination conducted pursuant to para-
5 graph (4), the principal office of the concern is
6 located in a HUBZone and not fewer than 35
7 percent of its employees reside in a HUBZone;

8 “(B) the concern will attempt to maintain
9 the applicable employment percentage under
10 subparagraph (A) during the performance of
11 any contract awarded to such concern on the
12 basis of a preference provided under subsection
13 (b); and

14 “(C) the concern will ensure that the re-
15 quirements of section 46 are satisfied with re-
16 spect to any subcontract entered into by such
17 concern pursuant to a contract awarded under
18 this section.

19 “(2) VERIFICATION.—In carrying out this sec-
20 tion, the Administrator shall establish procedures re-
21 lating to—

22 “(A) the filing, investigation, and disposi-
23 tion by the Administration of any challenge to
24 the eligibility of a HUBZone small business
25 concern to receive assistance under this section

(including a challenge, filed by an interested party, relating to the veracity of documentation provided to the Administration by such a concern under paragraph (1)); and

“(B) verification by the Administrator of the accuracy of any documentation provided to the Administration by a HUBZone small business concern under paragraph (1).

“(3) TIMING.—The Administrator shall complete the verification procedures described in paragraph (2) in a reasonable time, not later than 30 days after the date on which the Administrator receives sufficient and complete documentation from a HUBZone small business concern under paragraph (1).

“(4) EXAMINATIONS.—The Administrator shall conduct biennial and random program examinations of qualified HUBZone small business concerns to ensure that such a concern meets the requirements of paragraph (1).

“(5) LENGTH OF ELIGIBILITY.—

“(A) IN GENERAL.—A certification given to a qualified HUBZone small business concern under paragraph (1) shall be valid for a period of not more than 10 years.

1 “(B) RECERTIFICATION.—At the end of
2 the period described in subparagraph (A), a
3 HUBZone small business concern that meets
4 the requirements of paragraph (1) may apply to
5 be recertified as a qualified HUBZone small
6 business concern by the Administrator for a
7 subsequent period of not more than 10 years.

8 “(6) LOSS OF CERTIFICATION.—A HUBZone
9 small business concern that, based on the results of
10 an examination conducted pursuant to paragraph
11 (4) no longer meets the requirements of paragraph
12 (1), shall have 60 days to submit documentation to
13 the Administrator to be recertified as a qualified
14 HUBZone small business concern. During the 60-
15 day period, such concern may not compete for or be
16 awarded a contract under this section. If such con-
17 cern fails to meet the requirements of paragraph (1)
18 by the last day of the 60-day period, such concern
19 will not be certified as a qualified HUBZone small
20 business concern.

21 “(7) HUBZONE MAPS.—The Administrator shall
22 annually update maps designating HUBZones and
23 the Administrator may annually designate new
24 HUBZones pursuant to subparagraph (C), (D), or
25 (E) of section 3(p)(4).

1 “(8) LIST OF QUALIFIED HUBZONE SMALL
2 BUSINESS CONCERNS.—The Administrator shall es-
3 tablish and maintain on the Internet a list of quali-
4 fied HUBZone small business concerns that shall—

5 “(A) to the extent practicable, include the
6 name, address, and type of business with re-
7 spect to such concern;

8 “(B) be updated by the Administrator not
9 less than annually; and

10 “(C) be provided upon request to any Fed-
11 eral agency or other entity.

12 “(9) PROVISION OF DATA.—Upon the request
13 of the Administrator, the Secretary of Labor, the
14 Administrator of the Federal Emergency Manage-
15 ment Agency, the Secretary of Housing and Urban
16 Development, and the Secretary of the Interior (or
17 the Assistant Secretary for Indian Affairs), shall
18 promptly provide to the Administrator such informa-
19 tion as the Administrator determines to be necessary
20 to carry out this subsection.

21 “(10) PENALTIES.—In addition to the penalties
22 described in section 16(d), any small business con-
23 cern that is determined by the Administrator to have
24 misrepresented the status of that concern as a
25 ‘qualified HUBZone small business concern’ for pur-

1 poses of this section, shall be subject to liability for
2 fraud, including section 1001 of title 18, United
3 States Code, and sections 3729 through 3733 of
4 title 31, United States Code.”.

5 (b) PERFORMANCE METRICS.—Section 31 of the
6 Small Business Act (15 U.S.C. 657a) is amended—

7 (1) in subsection (a), by inserting “, including
8 promoting economic development in economically
9 distressed areas (as defined in section 7(m)(11)),”
10 after “assistance”;

11 (2) by redesignating subsection (d) as sub-
12 section (e); and

13 (3) by inserting after subsection (c) the fol-
14 lowing new subsection:

15 “(d) PERFORMANCE METRICS.—

16 “(1) IN GENERAL.—Not later than 1 year after
17 enactment of this Act, the Administrator shall pub-
18 lish performance metrics designed to measure the
19 success of the HUBZone program established under
20 this section in meeting the program’s objective of
21 promoting economic development in economically
22 distressed areas (as defined in section 7(m)(11)).

23 “(2) REPORT.—Not later than 90 days after
24 the last date of each fiscal year, the Administrator
25 shall submit to the Committee on Small Business

1 and Entrepreneurship of the Senate and the Com-
 2 mittee on Small Business of the House of Rep-
 3 resentatives a report—

4 “(A) analyzing the data from the perform-
 5 ance metrics; and

6 “(B) including the number of HUBZone
 7 small business concerns that lost certification as
 8 a qualified HUBZone small business concern
 9 because of the results of an examination per-
 10 formed under subsection (c)(4), and the number
 11 of those concerns that did not submit docu-
 12 mentation to be recertified under subsection
 13 (c)(5)(B).”.

14 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
 15 31(e) of the Small Business Act (15 U.S.C. 657a), as re-
 16 designated by subsection (b), is amended by striking “fis-
 17 cal years 2004 through 2006” and inserting “fiscal years
 18 2017 through 2020”.

19 **SEC. 5. CURRENT HUBZONE SMALL BUSINESS CONCERNS.**

20 A HUBZone small business concern that was quali-
 21 fied pursuant to section 3(p)(5) of the Small Business Act
 22 on or before the date of the enactment of this Act shall
 23 be deemed to be a “qualified HUBZone small business
 24 concern”, as defined in section 3(p)(5) of the Small Busi-
 25 ness Act, for a period not to exceed 10 years beginning

1 on the date on which the concern was first qualified. At
2 the end of such period, the concern may reapply to be cer-
3 tified as qualified HUBZone small business concern pur-
4 suant to the procedures described in section 31(c) of the
5 Small Business Act.

