

115TH CONGRESS
1ST SESSION

H. R. 3294

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

IN THE HOUSE OF REPRESENTATIVES

JULY 19, 2017

Ms. VELÁZQUEZ (for herself and Mr. CHABOT) introduced the following bill;
which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to clarify the definitions relating to HUBZones, 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 “HUBZone Unification
5 and Business Stability Act of 2017”.

6 **SEC. 2. TRANSFER OF HUBZONE DEFINITIONS.**

7 (a) REDESIGNATION.—Section 31 of the Small Busi-
8 ness Act (15 U.S.C. 657a) is amended by redesignating
9 subsections (b), (c), and (d) as subsections (c), (d), and
10 (e), respectively.

1 (b) TRANSFER.—Subsection (p) of section 3 of the
 2 Small Business Act (15 U.S.C. 632(p)) is transferred to
 3 section 31 of the Small Business Act (15 U.S.C. 657a),
 4 inserted so as to appear after subsection (a), and redesign-
 5 nated as subsection (b), and is amended—

6 (1) by striking “In this Act:” and inserting “In
 7 this section:”;

8 (2) in paragraph (1)—

9 (A) by striking “term” and inserting
 10 “terms”; and

11 (B) by striking “means” and inserting “or
 12 ‘HUBZone’ mean”; and

13 (3) by striking paragraph (2) (and redesign-
 14 ating subsequent paragraphs accordingly).

15 (c) DEFINITION OF QUALIFIED HUBZONE SMALL
 16 BUSINESS CONCERN.—Section 3 of the Small Business
 17 Act (15 U.S.C. 632), as amended by subsection (a), is fur-
 18 ther amended by inserting after subsection (o) the fol-
 19 lowing new subsection (p):

20 “(p) QUALIFIED HUBZONE SMALL BUSINESS CON-
 21 CERN.—In this Act, the term ‘qualified HUBZone small
 22 business concern’ has the meaning given such term in sec-
 23 tion 31(b).”.

24 (d) CONFORMING AMENDMENTS.—

1 (1) MENTOR-PROTEGE PROGRAM.—Section
 2 831(n)(2)(G) of the National Defense Authorization
 3 Act for Fiscal Year 1991 (Public Law 101–510; 104
 4 Stat. 1607; 10 U.S.C. 2302 note) is amended by
 5 striking “section 3(p) of the Small Business Act (15
 6 U.S.C. 632(p))” and inserting “section 31(b) of the
 7 Small Business Act (15 U.S.C. 657a(b))”.

8 (2) TITLE 10.—Section 2323 of title 10, United
 9 States Code, is amended by striking “section 3(p) of
 10 the Small Business Act” each place it appears and
 11 inserting “section 31(b) of the Small Business Act
 12 (15 U.S.C. 657a(b))”.

13 (3) SMALL BUSINESS ACT.—Section 8(d)(3)(G)
 14 of the Small Business Act (15 U.S.C. 637(d)(3)(G))
 15 is amended by striking “section 3(p) of the Small
 16 Business Act” and inserting “section 31(b)”.

17 (4) COMPREHENSIVE SMALL BUSINESS SUB-
 18 CONTRACTING PLANS.—Section 834 of the National
 19 Defense Authorization Act for Fiscal Years 1990
 20 and 1991 (15 U.S.C. 637 note) is amended by strik-
 21 ing “section 3(p)(5) of such Act (15 U.S.C.
 22 632(p)(5))” and inserting “section 31(b) of such Act
 23 (15 U.S.C. 657a(b))”.

24 (5) CONTRACTS FOR COLLECTION SERVICES.—
 25 Section 3718 of title 31, United States Code, is

1 amended by striking “section 3(p) of the Small
2 Business Act” each place it appears and inserting
3 “section 31(b) of the Small Business Act”.

4 (6) TITLE 41.—Title 41, United States Code, is
5 amended—

6 (A) in section 1122, by striking “section
7 3(p) of the Small Business Act (15 U.S.C.
8 632(p))” each place it appears and inserting
9 “section 31(b) of the Small Business Act (15
10 U.S.C. 657a(b))”; and

11 (B) in section 1713, by striking “section
12 3(p) of the Small Business Act (15 U.S.C.
13 632(p))” and inserting “section 31(b) of the
14 Small Business Act (15 U.S.C. 657a(b))”.

15 (7) TITLE 49.—Title 49, United States Code, is
16 amended—

17 (A) in section 47107, by striking “section
18 3(p) of the Small Business Act” each place it
19 appears and inserting “section 31(b) of the
20 Small Business Act (15 U.S.C. 657a(b))”; and

21 (B) in section 47113(a)(3), by striking
22 “section 3(p) of the Small Business Act (15
23 U.S.C. 632(o))” and inserting “section 31(b) of
24 the Small Business Act (15 U.S.C. 657a(b))”.

1 **SEC. 3. AMENDMENTS TO DEFINITIONS OF QUALIFIED CEN-**
2 **SUS TRACT AND QUALIFIED NONMETROPOLI-**
3 **TAN COUNTY.**

4 (a) IN GENERAL.—Paragraph (3) of section 31(b) of
5 the Small Business Act (as transferred and redesignated
6 by section 2 of this Act) is amended—

7 (1) in subparagraph (A)—

8 (A) by amending clause (i) to read as fol-
9 lows:

10 “(i) IN GENERAL.—The term ‘quali-
11 fied census tract’ means a qualified census
12 tract as defined in section 42(d)(5)(B)(ii)
13 of the Internal Revenue Code of 1986 that
14 is reflected in an online tool prepared by
15 the Administrator described under sub-
16 section (d)(7).”; and

17 (B) in clause (ii) by inserting “and that is
18 reflected in the online tool described under
19 clause (i)” after “such section”; and

20 (2) in subparagraph (B)—

21 (A) by inserting “and that is reflected in
22 the online tool described under subparagraph
23 (A)(i)” after “any county”; and

24 (B) in clause (ii)—

25 (i) in subclause (I), by striking “non-
26 metropolitan”; and

1 (ii) by striking “the most recent data
 2 available” each place such term appears
 3 and inserting “a 5-year average of the
 4 available data”.

5 (b) TECHNICAL AMENDMENTS.—Paragraph (3)(B)
 6 of section 31(b) of the Small Business Act (as transferred
 7 and redesignated by section 2 of this Act), as amended
 8 by subsection (a), is further amended—

9 (1) in clause (i), by striking “section
 10 42(d)(5)(C)(ii) of the Internal Revenue Code of
 11 1986” and inserting “section 42(d)(5)(B)(ii) of the
 12 Internal Revenue Code of 1986”; and

13 (2) in clause (ii)(III), by striking “section
 14 42(d)(5)(C)(iii) of the Internal Revenue Code of
 15 1986” and inserting “section 42(d)(5)(B)(iii) of the
 16 Internal Revenue Code of 1986”.

17 **SEC. 4. AMENDMENTS TO DEFINITIONS OF BASE CLOSURE**
 18 **AREA AND QUALIFIED DISASTER AREA.**

19 Paragraph (3) of section 31(b) of the Small Business
 20 Act (as transferred and redesignated by section 2 of this
 21 Act), as amended by section 3, is further amended—

22 (1) by amending clause (ii) of subparagraph
 23 (D) to read as follows:

24 “(ii) LIMITATION.—With respect to a
 25 base closure area that is a census tract or

1 nonmetropolitan county described in clause
2 (i), such census tract or nonmetropolitan
3 shall be treated as a HUBZone for a pe-
4 riod beginning on the date the military in-
5 stallation undergoes final closure and end-
6 ing on the date the base closure area
7 ceases to be a qualified census tract under
8 subparagraph (A) or a qualified nonmetro-
9 politan county under subparagraph (B) in
10 accordance with the online tool prepared
11 by the Administrator described under sub-
12 section (d)(7).”; and

13 (2) by amending subparagraph (E) to read as
14 follows:

15 “(E) QUALIFIED DISASTER AREA.—

16 “(i) IN GENERAL.—Subject to clauses
17 (ii) and (iii), the term ‘qualified disaster
18 area’ means any census tract or nonmetro-
19 politan county located in a major disaster
20 area or an area in which a catastrophic in-
21 cident has occurred if such census tract or
22 nonmetropolitan county ceased to be quali-
23 fied under subparagraph (A) or (B), as ap-
24 plicable, during the period beginning 5
25 years before the date on which the Presi-

1 dent declared the major disaster or the
2 catastrophic incident occurred.

3 “(ii) DURATION.—A census tract or
4 nonmetropolitan county shall be considered
5 to be a qualified disaster area only for the
6 period of time ending on the date the area
7 ceases to be a qualified census tract under
8 subparagraph (A) or a qualified nonmetro-
9 politan county under subparagraph (B), in
10 accordance with the online tool prepared
11 by the Administrator described under sub-
12 section (d)(7) and beginning—

13 “(I) in the case of a major dis-
14 aster declared by the President, on
15 the date the President declared the
16 major disaster for the area in which
17 the census tract or nonmetropolitan
18 county, as applicable, is located; or

19 “(II) in the case of a cata-
20 strophic incident, on the date on
21 which the catastrophic incident oc-
22 curred in the area in which the census
23 tract or nonmetropolitan county, as
24 applicable, is located.

1 “(iii) EXTENSION.—With respect to a
2 census tract or nonmetropolitan county
3 that is a qualified disaster area because it
4 is located in an area in which a cata-
5 strophic incident occurred, the Adminis-
6 trator may extend the period described in
7 clause (ii) if the Administrator determines
8 that the census tract or nonmetropolitan
9 county has not fully recovered from the
10 catastrophic incident.

11 “(iv) DEFINITIONS.—In this subpara-
12 graph:

13 “(I) MAJOR DISASTER AREA.—

14 The term ‘major disaster area’ means
15 an area for which the President has
16 declared a major disaster under sec-
17 tion 401 of the Robert T. Stafford
18 Disaster Relief and Emergency Assist-
19 ance Act (42 U.S.C. 5170).

20 “(II) OTHER DEFINITIONS.—The

21 terms ‘census tract’ and ‘nonmetro-
22 politan county’ have the meanings
23 given such terms in subparagraph
24 (D)(iii).”.

1 **SEC. 5. AMENDMENT TO DEFINITION OF REDESIGNATED**
2 **AREAS.**

3 Paragraph (3) of section 31(b) of the Small Business
4 Act (as transferred and redesignated by section 2 of this
5 Act), as amended by section 4, is further amended by
6 amending subparagraph (C) to read as follows:

7 “(C) REDESIGNATED AREA.—The term
8 ‘redesignated area’ means any census tract that
9 ceases to be qualified under subparagraph (A)
10 and any nonmetropolitan county that ceases to
11 be qualified under subparagraph (B) for a pe-
12 riod of 3 years after the date on which the cen-
13 sus tract or nonmetropolitan county ceased to
14 be so qualified.”.

15 **SEC. 6. REPEAL OF 5-YEAR LIMITATION ON HUBZONE STA-**
16 **TUS OF BASE CLOSURE AREAS.**

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

20 **SEC. 7. AMENDMENT TO DEFINITION OF QUALIFIED**
21 **HUBZONE SMALL BUSINESS CONCERN.**

22 Paragraph (4) of section 31(b) of the Small Business
23 Act (as transferred and redesignated by section 2 of this
24 Act) is amended to read as follows:

25 “(4) QUALIFIED HUBZONE SMALL BUSINESS
26 CONCERN.—The term ‘qualified HUBZone small

1 business concern’ means a HUBZone small business
 2 concern that has been certified by the Administrator
 3 in accordance with the procedures described in this
 4 section.”.

5 **SEC. 8. AMENDMENTS TO HUBZONE PROGRAM.**

6 (a) CLARIFICATIONS TO ELIGIBILITY FOR HUBZONE
 7 PROGRAM.—Section 31(d) of the Small Business Act, as
 8 redesignated by section 2, is amended to read as follows:
 9 “(d) ELIGIBILITY REQUIREMENTS; ENFORCE-
 10 MENT.—

11 “(1) CERTIFICATION.—In order to be certified
 12 by the Administrator as a qualified HUBZone small
 13 business concern, a HUBZone small business con-
 14 cern shall submit documentation the Administrator
 15 stating that—

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

21 “(B) the concern will attempt to maintain
 22 the applicable employment percentage under
 23 subparagraph (A) during the performance of
 24 any contract awarded to such concern on the

1 basis of a preference provided under subsection
2 (b); and

3 “(C) the concern will ensure that the re-
4 quirements of section 46 are satisfied with re-
5 spect to any subcontract entered into by such
6 concern pursuant to a contract awarded under
7 this section.

8 “(2) VERIFICATION.—In carrying out this sec-
9 tion, the Administrator shall establish procedures re-
10 lating to—

11 “(A) the filing, investigation, and disposi-
12 tion by the Administration of any challenge to
13 the eligibility of a HUBZone small business
14 concern to receive assistance under this section
15 (including a challenge, filed by an interested
16 party, relating to the veracity of documentation
17 provided to the Administration by such a con-
18 cern under paragraph (1)); and

19 “(B) verification by the Administrator of
20 the accuracy of any documentation provided by
21 a HUBZone small business concern under para-
22 graph (1).

23 “(3) TIMING.—The Administrator shall com-
24 plete the verification procedures described in para-
25 graph (2) in a reasonable time, not later than 30

1 days after the date on which the Administrator re-
2 ceives sufficient and complete documentation from a
3 HUBZone small business concern under paragraph
4 (1).

5 “(4) EXAMINATIONS.—The Administrator shall
6 conduct program examinations of qualified
7 HUBZone small business concerns, using a risk-
8 based analysis to select such concerns, to ensure
9 that each such concern meets the requirements of
10 paragraph (1).

11 “(5) RECERTIFICATION.—The Administrator
12 shall verify the accuracy of any documentation pro-
13 vided by a HUBZone small business concern under
14 paragraph (1) to determine if such HUBZone small
15 business concern is a qualified HUBZone small busi-
16 ness concern 3 years after the date that such
17 HUBZone small business concern has been certified
18 as a qualified HUBZone small business concern, and
19 every 3 years thereafter.

20 “(6) LOSS OF CERTIFICATION.—A HUBZone
21 small business concern that, based on the results of
22 an examination conducted pursuant to paragraph
23 (4) no longer meets the requirements of paragraph
24 (1), shall have 30 days to submit documentation to
25 the Administrator to be eligible to be certified as a

1 qualified HUBZone small business concern. During
2 the 30-day period, such concern may not compete
3 for or be awarded a contract under this section. If
4 such concern fails to meet the requirements of para-
5 graph (1) by the last day of the 30-day period, such
6 concern will not be certified as a qualified HUBZone
7 small business concern.

8 “(7) HUBZONE ONLINE TOOL.—

9 “(A) IN GENERAL.—The Administrator
10 shall develop a publicly accessible online tool
11 that depicts HUBZones. Such online tool shall
12 be updated—

13 “(i) with respect to qualified areas de-
14 scribed under subparagraphs (A) and (B)
15 of subsection (b)(3), beginning on January
16 1, 2020, and every 5 years thereafter;

17 “(ii) with respect to qualified areas
18 described under subsection (b)(3)(C), im-
19 mediately after an area ceases to be a re-
20 designated area; and

21 “(iii) with respect to qualified areas
22 described under subparagraphs (D) and
23 (E) of subsection (b)(3), immediately after
24 an area is designated as a base closure
25 area or a qualified disaster area.

1 “(B) DATA.—The online tool required
2 under subparagraph (A) shall clearly and con-
3 spicuously provide access to the data used by
4 the Administrator to determine whether or not
5 an area is a qualified area in the year in which
6 the online tool was prepared.

7 “(C) NOTIFICATION OF UPDATE.—The Ad-
8 ministrator shall include in the online tool a no-
9 tification of the date on which the online tool,
10 and the data used to create the online tool, will
11 be updated.

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

16 “(A) to the extent practicable, include the
17 name, address, and type of business with re-
18 spect to such concern;

19 “(B) be updated by the Administrator not
20 less than annually; and

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

23 “(9) PROVISION OF DATA.—Upon the request
24 of the Administrator, the Secretary of Labor, the
25 Administrator of the Federal Emergency Manage-

1 ment Agency, the Secretary of Housing and Urban
2 Development, and the Secretary of the Interior (or
3 the Assistant Secretary for Indian Affairs), shall
4 promptly provide to the Administrator such informa-
5 tion as the Administrator determines to be necessary
6 to carry out this subsection.

7 “(10) PENALTIES.—In addition to the penalties
8 described in section 16(d), any small business con-
9 cern that is determined by the Administrator to have
10 misrepresented the status of that concern as a
11 ‘qualified HUBZone small business concern’ for pur-
12 poses of this section, shall be subject to liability for
13 fraud, including section 1001 of title 18, United
14 States Code, and sections 3729 through 3733 of
15 title 31, United States Code.”.

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

18 (1) in subsection (a), by inserting “, including
19 promoting economic development in economically
20 distressed areas (as defined in section 7(m)(11)),”
21 after “assistance”;

22 (2) by redesignating subsection (e) (as redesign-
23 ated by section 2 of this Act) as subsection (f); and

24 (3) by inserting after subsection (d) the fol-
25 lowing new subsection:

1 “(e) PERFORMANCE METRICS.—

2 “(1) IN GENERAL.—Not later than 1 year after
3 enactment of this Act, the Administrator shall pub-
4 lish performance metrics designed to measure the
5 success of the HUBZone program established under
6 this section in meeting the program’s objective of
7 promoting economic development in economically
8 distressed areas (as defined in section 7(m)(11)).

9 “(2) COLLECTING AND MANAGING HUBZONE
10 DATA.—The Administrator shall develop processes to
11 incentivize regional offices of the Administration to
12 collect and manage data on HUBZones within the
13 geographic area served by such regional office.

14 “(3) REPORT.—Not later than 90 days after
15 the last date of each fiscal year, the Administrator
16 shall submit to the Committee on Small Business
17 and Entrepreneurship of the Senate and the Com-
18 mittee on Small Business of the House of Rep-
19 resentatives a report—

20 “(A) analyzing the data from the perform-
21 ance metrics; and

22 “(B) including the number of HUBZone
23 small business concerns that lost certification as
24 a qualified HUBZone small business concern
25 because of the results of an examination per-

1 formed under subsection (d)(6), and the num-
2 ber of those concerns that did not submit docu-
3 mentation to be recertified under subsection
4 (d)(7).”.

5 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
6 31(f) of the Small Business Act, as redesignated by sub-
7 section (b), is amended by striking “fiscal years 2004
8 through 2006” and inserting “fiscal years 2017 through
9 2020”.

10 **SEC. 9. CURRENT QUALIFIED HUBZONE SMALL BUSINESS**
11 **CONCERNS.**

12 A HUBZone small business concern that was quali-
13 fied pursuant to section 3(p)(5) of the Small Business Act
14 on or before the date of the enactment of this Act shall
15 continue to be considered as a qualified HUBZone small
16 business concern during the period beginning on the date
17 of the enactment of this Act and ending on the date that
18 the Administrator of the Small Business Administration
19 prepares the online tool depicting qualified areas described
20 under section 31(d)(7) (as added by this Act).

21 **SEC. 10. EFFECTIVE DATE.**

22 The provisions of this Act shall take effect—
23 (1) with respect to section 9, on the date of the
24 enactment of this Act; and

- 1 (2) with respect to sections 1 through 8, on
- 2 January 1, 2020.

○