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(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R.

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

IN THE HOUSE OF REPRESENTATIVES

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

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

1 subsections (b), (c), and (d) as subsections (c), (d), and
2 (e), respectively.

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

8 (1) by striking “In this Act:” and inserting “In
9 this section:”;

10 (2) in paragraph (1)—

11 (A) by striking “term” and inserting
12 “terms”;

13 (B) by striking “means” inserting “or
14 ‘HUBZone’ mean”;

15 (3) by striking paragraph (2) (and redesignig-
16 nating subsequent paragraphs accordingly); and

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

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

1 (d) CONFORMING AMENDMENTS.—

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

9 (2) TITLE 10.—Section 2323 of title 10, United
10 States Code, is amended by striking “section 3(p) of
11 the Small Business Act” each place it appears and
12 inserting “section 31(b) of the Small Business Act
13 (15 U.S.C. 657a(b))”.

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

18 (4) COMPREHENSIVE SMALL BUSINESS SUB-
19 CONTRACTING PLANS.—Section 834 of the National
20 Defense Authorization Act for Fiscal Years 1990
21 and 1991 (15 U.S.C. 637 note) is amended by strik-
22 ing “section 3(p)(5) of such Act (15 U.S.C.
23 632(p)(5))” and inserting “section 31(b) of such Act
24 (15 U.S.C. 657a(b))”.

1 (5) CONTRACTS FOR COLLECTION SERVICES.—
2 Section 3718 of title 31, United States Code, is
3 amended by striking “section 3(p) of the Small
4 Business Act” each place it appears and inserting
5 “section 31(b) of the Small Business Act”.

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

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

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

17 (7) TITLE 49.—Title 49, United States Code, is
18 amended—

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

23 (B) in section 47113(a)(3), by striking
24 “section 3(p) of the Small Business Act (15

1 U.S.C. 632(o))” and inserting “section 31(b) of
2 the Small Business Act (15 U.S.C. 657a(b))”.

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

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

9 (1) in subparagraph (A)—

10 (A) by amending clause (i) to read as fol-
11 lows:

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

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

22 (2) in subparagraph (B)—

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

1 (B) in clause (ii)—

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

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

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

12 (1) in clause (i), by striking “section
13 42(d)(5)(C)(ii) of the Internal Revenue Code of
14 1986” and inserting “section 42(d)(5)(B)(ii) of the
15 Internal Revenue Code of 1986”; and

16 (2) in clause (ii)(III), by striking “section
17 42(d)(5)(C)(iii) of the Internal Revenue Code of
18 1986” and inserting “section 42(d)(5)(B)(iii) of the
19 Internal Revenue Code of 1986”.

20 **SEC. 4. AMENDMENTS TO DEFINITIONS OF BASE CLOSURE**
21 **AREA AND QUALIFIED DISASTER AREA.**

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

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

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

17 (2) by amending subparagraph (E) to read as
18 follows:

19 “(E) QUALIFIED DISASTER AREA.—
20 “(i) IN GENERAL.—Subject to clauses
21 (ii) and (iii), the term ‘qualified disaster
22 area’ means any census tract or nonmetro-
23 politan county located in a major disaster
24 area or an area in which a catastrophic in-
25 cident has occurred if such census tract or

1 nonmetropolitan county ceased to be quali-
2 fied under subparagraph (A) or (B), as ap-
3 plicable, during the period beginning 5
4 years before the date on which the Presi-
5 dent declared the major disaster or the
6 catastrophic incident occurred.

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

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

23 “(II) in the case of a cata-
24 strophic incident, on the date on
25 which the catastrophic incident oc-

1 curred in the area in which the census
2 tract or nonmetropolitan county, as
3 applicable, is located.

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

14 “(iv) DEFINITIONS.—In this subpara-
15 graph:

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

23 “(II) OTHER DEFINITIONS.—The
24 terms ‘census tract’ and ‘nonmetro-
25 politan county’ have the meanings

1 given such terms in subparagraph
2 (D)(iii).”.

3 **SEC. 5. AMENDMENT TO DEFINITION OF REDESIGNATED**
4 **AREAS.**

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

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

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

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

1 **SEC. 7. AMENDMENT TO DEFINITION OF QUALIFIED**
2 **HUBZONE SMALL BUSINESS CONCERN.**

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

6 “(4) **QUALIFIED HUBZONE SMALL BUSINESS**
7 **CONCERN.**—The term ‘qualified HUBZone small
8 business concern’ means a HUBZone small business
9 concern that has been certified by the Administrator
10 in accordance with the procedures described in this
11 section.”.

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

13 (a) **CLARIFICATIONS TO ELIGIBILITY FOR HUBZONE**
14 **PROGRAM.**—Section 31(d) of the Small Business Act, as
15 redesignated by section 2, is amended to read as follows:

16 “(d) **ELIGIBILITY REQUIREMENTS; ENFORCE-**
17 **MENT.**—

18 “(1) **CERTIFICATION.**—In order to be certified
19 by the Administrator as a qualified HUBZone small
20 business concern, a HUBZone small business con-
21 cern shall submit documentation the Administrator
22 stating that—

23 “(A) at the time of certification and at
24 each examination conducted pursuant to para-
25 graph (4), the principal office of the concern is

1 located in a HUBZone and not fewer than 35
2 percent of its employees reside in a HUBZone;

3 “(B) the concern will attempt to maintain
4 the applicable employment percentage under
5 subparagraph (A) during the performance of
6 any contract awarded to such concern on the
7 basis of a preference provided under subsection
8 (b); and

9 “(C) the concern will ensure that the re-
10 quirements of section 46 are satisfied with re-
11 spect to any subcontract entered into by such
12 concern pursuant to a contract awarded under
13 this section.

14 “(2) VERIFICATION.—In carrying out this sec-
15 tion, the Administrator shall establish procedures re-
16 lating to—

17 “(A) the filing, investigation, and disposi-
18 tion by the Administration of any challenge to
19 the eligibility of a HUBZone small business
20 concern to receive assistance under this section
21 (including a challenge, filed by an interested
22 party, relating to the veracity of documentation
23 provided to the Administration by such a con-
24 cern under paragraph (1); and

1 “(B) verification by the Administrator of
2 the accuracy of any documentation provided by
3 a HUBZone small business concern under para-
4 graph (1).

5 “(3) TIMING.—The Administrator shall com-
6 plete the verification procedures described in para-
7 graph (2) in a reasonable time, not later than 30
8 days after the date on which the Administrator re-
9 ceives sufficient and complete documentation from a
10 HUBZone small business concern under paragraph
11 (1).

12 “(4) EXAMINATIONS.—The Administrator shall
13 conduct program examinations of qualified
14 HUBZone small business concerns, using a risk-
15 based analysis to select such concerns, to ensure
16 that each such concern meets the requirements of
17 paragraph (1).

18 “(5) RECERTIFICATION.—The Administrator
19 shall verify the accuracy of any documentation pro-
20 vided by a HUBZone small business concern under
21 paragraph (1) to determine if such HUBZone small
22 business concern is a qualified HUBZone small busi-
23 ness concern 3 years after the date that such
24 HUBZone small business concern has been certified

1 as a qualified HUBZone small business concern, and
2 every 3 years thereafter.

3 “(6) LOSS OF CERTIFICATION.—A HUBZone
4 small business concern that, based on the results of
5 an examination conducted pursuant to paragraph
6 (4) no longer meets the requirements of paragraph
7 (1), shall have 30 days to submit documentation to
8 the Administrator to be eligible to be certified as a
9 qualified HUBZone small business concern. During
10 the 30-day period, such concern may not compete
11 for or be awarded a contract under this section. If
12 such concern fails to meet the requirements of para-
13 graph (1) by the last day of the 30-day period, such
14 concern will not be certified as a qualified HUBZone
15 small business concern.

16 “(7) HUBZONE ONLINE TOOL.—

17 “(A) IN GENERAL.—The Administrator
18 shall develop a publicly accessible online tool
19 that depicts HUBZones. Such online tool shall
20 be updated—

21 “(i) with respect to qualified areas de-
22 scribed under subparagraphs (A) and (B)
23 of subsection (b)(3), beginning on January
24 1, 2020, and every 5 years thereafter; and

1 “(ii) with respect to qualified areas
2 described under subsection (b)(3)(C), im-
3 mediately after an area ceases to be a re-
4 designated area;

5 “(iii) with respect to qualified areas
6 described under subparagraphs (D) and
7 (E) of subsection (b)(3), immediately after
8 an area is designated as a base closure
9 area or a qualified disaster area.

10 “(B) DATA.—The online tool required
11 under subparagraph (A) shall clearly and con-
12 spicuously provide access to the data used by
13 the Administrator to determine whether or not
14 an area is a qualified area in the year in which
15 the online tool was prepared.

16 “(C) NOTIFICATION OF UPDATE.—The Ad-
17 ministrator shall include in the online tool a no-
18 tification of the date on which the online tool,
19 and the data used to create the online tool, will
20 be updated.

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

1 “(A) to the extent practicable, include the
2 name, address, and type of business with re-
3 spect to such concern;

4 “(B) be updated by the Administrator not
5 less than annually; and

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

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

17 “(10) PENALTIES.—In addition to the penalties
18 described in section 16(d), any small business con-
19 cern that is determined by the Administrator to have
20 misrepresented the status of that concern as a
21 ‘qualified HUBZone small business concern’ for pur-
22 poses of this section, shall be subject to liability for
23 fraud, including section 1001 of title 18, United
24 States Code, and sections 3729 through 3733 of
25 title 31, United States Code.”.

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

3 (1) in subsection (a), by inserting “, including
4 promoting economic development in economically
5 distressed areas (as defined in section 7(m)(11)),”
6 after “assistance”;

7 (2) by redesignating subsection (e) (as redesign-
8 dated by section 2 of this Act) as subsection (f); and

9 (3) by inserting after subsection (d) the fol-
10 lowing new subsection:

11 “(e) PERFORMANCE METRICS.—

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

19 “(2) COLLECTING AND MANAGING HUBZONE
20 DATA.—The Administrator shall develop processes to
21 incentivize regional offices of the Administration to
22 collect and manage data on HUBZones within the
23 geographic area served by such regional office.

24 “(3) REPORT.—Not later than 90 days after
25 the last date of each fiscal year, the Administrator

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

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

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

15 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
16 31(f) of the Small Business Act, as redesignated by sub-
17 section (b), is amended by striking “fiscal years 2004
18 through 2006” and inserting “fiscal years 2017 through
19 2020”.

20 **SEC. 9. CURRENT QUALIFIED HUBZONE SMALL BUSINESS**
21 **CONCERNS.**

22 A HUBZone small business concern that was quali-
23 fied pursuant to section 3(p)(5) of the Small Business Act
24 on or before the date of the enactment of this Act shall
25 continue to be considered as a qualified HUBZone small

1 business concern during the period beginning on the date
2 of the enactment of this Act and ending on the date that
3 the Administrator of the Small Business Administration
4 prepares the online tool depicting qualified areas described
5 under section 31(d)(7) (as added by this Act).

6 **SEC. 10. EFFECTIVE DATE.**

7 The provisions of this Act shall take effect—

8 (1) with respect to section 9, on the date of the
9 enactment of this Act; and

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