

**Tribal Economic Development Principles-at-a-Glance Series**

# Native American HUBZones



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### **Native American HUBZones**

*This is the thirteenth in a series of economic development primers produced by the Division of Economic Development (DED), Indian Affairs Office of Indian Energy and Economic Development (IEED), to offer answers to fundamental questions about creating jobs and expanding economies in tribal communities.*

*If you would like to discuss HUBZones in more detail, please contact the Division of Economic Development at (202) 208-0740.*

#### **What is the “HUBZone” Program?**

The HUBZone Program is the popular, abbreviated name for the “Historically Underutilized Business Zone Program.” This program creates incentives for U.S. federal agencies to purchase goods and services from businesses that operate and employ persons in areas designated as HUBZones. These incentives are called “preferences.”

#### **What is a HUBZone?**

A HUBZone is a historically impoverished (“underutilized”) business zone meeting one or more of five statutorily defined criteria.

#### **What is a Native American HUBZone?**

Indian reservations and other Indian Country locations automatically qualify as HUBZones. This includes portions of the state of Oklahoma which are designated as Indian reservations by the Internal Revenue Service (Oklahoma tribal statistical areas) and Alaska Native village statistical areas.

The BIA defines “Indian country” as “(a) all land within the limits of any Indian reservation under the jurisdiction of the United States government, notwithstanding the issuance of any patent, and including rights-of-way running through the reservation, (b) all dependent Indian communities within the borders of the United States whether within the original or subsequently acquired territory thereof, and whether within or without the limits of a state, and (c) all Indian allotments, the Indian titles to which have not been extinguished, including rights-of-way running through the same.”<sup>1</sup>

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<sup>1</sup> 18 U.S. Code § 1151.

### **Is there a map showing designated HUBZones?**

Yes, the U.S. Small Business Administration (SBA) has developed and maintains an interactive map identifying all areas, including Indian Country locations, which are eligible for HUBZones.

To locate areas eligible for the HUBZone Program using the [SBA HUBZone Map](#).

### **Which federal entity is charged with overseeing the HUBZone Program?**

The SBA oversees the HUBZone Program. The SBA was created in 1953 as an independent agency of the federal government to assist and protect the interests of small businesses, to preserve competitive free enterprise, and to maintain and strengthen the overall economy of the nation.

### **How do federal contract preferences apply to Indian country HUBZones?**

Every year, the federal government allows for “set-asides,” where it reserves a specified percentage of federal contracting dollars for goods and services from the private sector. The federal government purchases approximately \$400 billion in goods and services from the private sector annually. Currently, government-wide procurement goals stipulate that at least 23% of all federal government contracting dollars should be awarded to small businesses.<sup>2</sup>

### **What types of federal contract preferences are available in a HUBZone?**

- Set-asides:
  - Accounted for 78.6% of HUBZone contract dollars in FY 2017
- Sole-source awards:
  - Accounted for 3.4% of HUBZone contract dollars in FY 2017
- Price-evaluation preferences:
  - Accounted for 18% of HUBZone contract dollars in FY 2017<sup>3</sup>

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<sup>2</sup> [U.S. Small Business Administration](#).

<sup>3</sup> [U.S. Small Business Administration](#).

### **What is a “set-aside” federal contract?**

A set-aside narrows the competition for a federal contract to certain kinds of contractors. For example, the competition for the set-aside contracts may be restricted to SBA-certified HUBZone businesses if there is a reasonable expectation that there will be at least two SBA-certified HUBZone bidders who offer a fair market price.

### **What is a “sole-source award”?**

Sole-source awards are federal contracts awarded without competition.

### **What is a “price-evaluation preference” award?**

A price-evaluation preference award gives a “leg up” to a HUBZone business in a full and open competition whose bid is 10% or more lower than an equally qualified, larger firm that is not a HUBZone business.

### **What are the kinds of services the federal government seeks to fulfill from HUBZone contract bidders?**

The top categories of HUBZone contracts can change from year to year, but in the past, they have included commercial and institutional building construction; heavy engineering and civil engineering construction; computer related services; highway, street, and bridge construction; facilities support services; engineering services; security guards and patrol services; research and development; consulting services; and apparel.

### **Do all federal departments and agencies participate in the HUBZone Program?**

Yes. The federal government has a goal of awarding at least three percent of *all* contracts to companies and firms located in HUBZones. This means that a HUBZone business may attract buyers representing every federal agency and department.

### **If my Native-owned business is located in a HUBZone, does it automatically qualify for these contract preferences?**

No. Your business must be certified by the SBA.

## **What is required for SBA certification?**

To become certified, your business must be an SBA standard small business that is owned and operated at least 51% by U.S. citizens, or by a Community Development Corporation, an agricultural cooperative, or an Indian tribe. Also, 35% of your company's employees must reside in a HUBZone (though it may be a HUBZone other than the one where your company's headquarters are located). Lastly, your company's primary office must be located in the HUBZone.

## **When does the 35% residency requirement come into play?**

Your company must meet this requirement as of the date it submits its initial offer for a HUBZone set-aside contract.

## **How does a company determine if 35% of its employees reside in the HUBZone?**

The employee must reside in a primary residence at a place for at least 180 days, or as a currently registered voter, with the intent to live there indefinitely. Employers should be aware that it makes no difference which HUBZone their employees reside in. An employee can live in one HUBZone, work in another, and still meet the standards for the residency requirement.

## **What does a "small business by SBA standards mean"?**

The SBA has established numerical definitions of small businesses, or "size standards," for all for-profit industries. Size standards represent the largest size that a business (including its subsidiaries and affiliates) may be to remain classified as a small business.

To determine if your business qualifies as a small business for government contracting purposes, view standards [here](#).

## **Can a tribally owned company or firm qualify for certification under the HUBZone Program?**

Yes, but in order to do so, the tribe must have at least 51% ownership of the company or firm.

## **Can a company be owned by multiple tribal governments, or owned partially by a tribal government, to qualify for HUBZone certification?**

Yes. A company may qualify for certification under the HUBZone if it is wholly owned by a corporation that is wholly owned by one or more tribal governments; owned in part by one or

more tribal governments where all other owners are either U.S. citizens or small business concerns (SBCs); or owned in part by a corporation, which is wholly owned by one or more tribal governments, and all other owners are either U.S. citizens or small businesses.

### **What must my tribal government do to apply for HUBZone certification?**

To apply online for HUBZone certification, your tribe must:

- (1) Obtain a Data Universal Numbering System (DUNS number). DUNS stands for “data universal numbering system.” Dun & Bradstreet created this nine-digit numbering system to establish a unique identity for a particular business. Once a firm obtains this number, federal procurement officers and other interested parties can locate it in a database which shows the name of the company, its address, telephone number, number of employees, and kind of business;
- (2) Register its Employer’s Identification Number/Tax Identification Number (EIN/TIN);
- (3) Enter the principal office address of the company applying for HUBZone certification into the System Award Management (SAM) profile. The SAM, which serves as the federal government’s database for procurement purposes, is a valuable marketing tool because it is the primary means for federal purchasers to find prospective vendors and verify their identities and qualifications. So, to be a seller in the federal market, a Native firm must register in the [SAM](#). Companies are required to update their SAM profiles every 12 months. To learn more about preparing a profile for and registering on the SAM, consult the “[SAM User Guide](#)”.
- (4) Complete registration for each individual who can update information regarding certification via the SBA’s General Login System (GLS); and
- (5) Apply for the HUBZone Certification online.

### ***SBA Contact Information***

Small Business Administration HUBZone at [hubzone@sba.gov](mailto:hubzone@sba.gov)

Small Business Administration HUBZone Office Conference Call Schedule:

Days: Tuesday/Thursday  
Time: 2:00 p.m. – 3:00 p.m. Eastern Standard Time  
Phone: 888-858-2144  
Access Code: 1875223#

*Additional Resources*

[SBA HUBZone Primer](#)

[SBA HUBZone Program](#)

[SBA HUBZone Certification FAQs](#)

[SBA HUBZone Application Guide](#)

[SBA HUBZone General Login System \(GLS\) Instructions](#)

[SBA HUBZone Program Certification for Applicants Owned by Indian Tribal Governments](#)