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Regulatory Changes to the HUBZone Program
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Executive Summary

Today, the Federal Register reflected new regulations put into place by the SBA regarding the HUBZone program. The regulations are effective on October 3, 2016, unless significant adverse comment is received, in which case, the effective date will be adjusted for a comment and response period. The Federal Register is not long on this subject, and this update will reflect that fact.

The regulations implement the National Defense Authorization Act (“NDAA”) of 2016 and expands the HUBZone program in the following ways: (1) assists small businesses in disaster areas; (2) assists small businesses in base closure areas; and (3) provides equal treatments for small businesses owned by Native Hawaiian Organizations (“NHO”). To implement these changes, the SBA is amending 13 CFR 126.103 and 13 CFR 126.200. Here is a direct link to the Federal Register: <https://www.gpo.gov/fdsys/pkg/FR-2016-08-04/pdf/2016-18251.pdf>

Expanded Summary

Major Disaster Areas. Treats major disaster areas as HUBZones for a period of five years. This applies to census tracts and nonmetropolitan counties if such an area lost its eligibility for HUBZone status in the past 5 years or will lose it in the next two years after the major disaster.

Catastrophic Incident. Treats areas where catastrophic incidents occurred as HUBZone for a period of 10 years. Applies to census areas and nonmetropolitan counties if such an area lost its HUBZone status in the past 5 years or will lose it within two years of the catastrophic incident.

Base Closure Areas (“BRAC”). Extends HUBZone eligibility for BRACs to 8 years (up from 5) and expands HUBZone eligibility to census tracts and nonmetropolitan counties that (1) contain BRACs, (2) intersect with BRACs, (3) are contiguous to BRACs, or (4) are contiguous to any census tract or nonmetropolitan counties described in (1) through (3).

Native Hawaiian Organizations Eligibility. Allows small businesses owned by Native Hawaiian Organizations to qualify as HUBZone companies.