

February 15, 2013

The Honorable Sam Graves  
Chair  
Committee on Small Business  
United States House of Representatives  
Washington, DC 20515

The Honorable Nydia M. Velázquez  
Ranking Member  
Committee on Small Business  
United States House of Representatives  
Washington, DC 20515

Dear Mr. Chairman and Ranking Member Velázquez:

I write to you on behalf of the Association of Defense Communities, the leading organization representing communities with a significant military presence. Communities that have been impacted by Base Realignment and Closure (BRAC) actions are declared Small Business Administration (SBA) HUBZone areas – a designation that is helpful in attracting small businesses and is one of the few available federal tools to support a community's economic transition. While Congress' intentions were honorable in extending the certification to these communities, many have been unable to utilize the tool because of a provision in the HUBZone statute requiring that 35 percent of a HUBZone business' employees must also reside in a HUBZone area. We urge the committee to consider "The HUBZone Expansion Act" (H.R.489), introduced by Representative Chellie Pingree and co-sponsored by Representative Michael Michaud, that works toward addressing this issue.


Communities that have been impacted by BRAC often face severe, long-term economic distress, especially during times of national economic difficulty. As you know, to assist in these communities' recovery, Congress authorized in the Small Business Reauthorization Act of 1997 that BRAC-impacted communities would receive SBA HUBZone certification to help small businesses in disadvantaged areas compete successfully for federal contracts. The designation gives small businesses relocating to former military installations equal footing with businesses in other disadvantaged areas that receive the designation because of their location in under-utilized census tracts.

While the intent of Congress was to provide the HUBZone designation to help closed military installations attract small businesses, one aspect of the HUBZone program actually works against these redevelopment areas. To maintain HUBZone status, 35 percent of a business' employees must also live in a HUBZone area. Because a military installation's HUBZone area encompasses only the base itself, many closed military installations do not have a substantial number of HUBZone-certified residential areas from which to draw a sufficient workforce for the businesses desiring to locate on those properties. Thus, it is often impossible for a business to qualify for HUBZone status and compete fairly against other small businesses.

Defense community leaders are hopeful this issue can be resolved through this simple fix that does not increase spending, create a new government program or change federal contracting goals. We look forward to working with Representative Pingree, Representative Michaud and your committee to address this issue in support of the communities and states that have played such an important role in helping protect our national security.

Please contact us at any time if we can provide further information or otherwise be helpful to the committee.

Respectfully,



Robert M. Murdock  
President, Association of Defense Communities