

Sullivan Secures Long Overdue Fix to SBA Rule for Small Businesses Contracting



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Sullivan Secures Long Overdue Fix to SBA Rule for Small Business Contracting

WASHINGTON—U.S. Senator Dan Sullivan (R-Alaska) announced today that the Small Business Administration (SBA) has formally implemented his long-sought fix to the "bona fide place of business" requirement, an unnecessary barrier that for years prevented small businesses from fairly competing for federal construction contracts. Under the updated policy, 8(a) firms will no longer need to establish a staffed physical office in a state prior to bidding on a federal contract. Instead, businesses will have 60 days after a contract is awarded to meet any location requirement, allowing more small businesses across Alaska and the nation to compete for federal contracts.

"Throughout my time in the Senate, I have been a strong supporter of the SBA 8(a) Program, which has provided countless opportunities for Alaskans and Alaska businesses," **Senator Sullivan said.** "Many 8(a) firms are proven federal contractors that perform mission-critical work for the federal government, particularly for the Department of Defense, with efficiency and speed. However, for years, the 'bona fide office' requirement worked directly against these objectives. By forcing small businesses to open a fully staffed physical office in every state before even bidding on a federal contract, SBA imposed an unworkable and unnecessary barrier to entry. Today, I'm pleased to share that, after years of my team and I relentlessly pushing the SBA, that barrier has finally been eliminated. Under this change, 8(a) firms will no longer be required to establish a physical office in a state before they have a contract in hand. This long-overdue fix opens the door for more of Alaska's businesses—including disabled-veteran-owned firms, women-owned firms, and Alaska Native Corporations—to compete and deliver results for our federal government and for taxpayers. I very much appreciate Administrator Loeffler for working with me to get this commonsense solution across the finish line."

"Senator Sullivan has been a tireless champion for Alaska Native Corporations participating in the SBA 8(a) Program, and we're grateful for his leadership in securing this common-sense fix to the bona fide place of business requirement," **Chugach President Katherine Carlton said.** "This change removes an onerous, one-of-a-kind restriction on 8(a) construction firms and will help Native and other 8(a) contractors compete, hire locally, and deliver for federal customers. For decades, ANC participation in the 8(a) Program has been constitutionally grounded, fiscally responsible, and essential to both Federal mission success and Alaska Native self-determination. This is a long-standing policy choice rooted in Federal Indian law and the Federal trust responsibility, and we are dedicated to ensuring the 8(a) Program can continue working as Congress intended: Empowering Alaska Native communities while delivering reliable, cost-effective results for the nation."

Below is a timeline of Senator Sullivan and his team's efforts to resolve the "bona fide place of business" barrier.

- November 18, 2025: Sen. Sullivan had a phone call with SBA Administrator Kelly Loeffler, who committed to implementing the Sullivan-negotiated change to the "bona fide place of business" requirement.
- October 20, 2025: Sen. Sullivan placed a hold on the nominee to be the inspector general of the SBA to obtain a commitment to implement the Sullivan-proposed change to the "bona fide place of business" requirement.
- July 31, 2025: Sen. Sullivan introduced S.Amdt. 3246 to the Senate's version of the FY 2025 *National Defense Authorization Act* (NDAA) to remove the "bona fide place of business" requirement for Department of Defense (DoD) contracts.
- July 30, 2025: Sen. Sullivan had a phone call with SBA Administrator Loeffler proposing a workable solution to the "bona fide place of business" requirement.
- July 23, 2025: Sen. Sullivan sent a letter to SBA Administrator Loeffler requesting that the SBA clarify the timing of the "bona fide place of business" requirement for 8(a) firms to avoid unnecessary burdens on small businesses, after the SBA announced in June that it would not extend the moratorium on its implementation.
- March 12, 2025: Sen. Sullivan introduced S.991, a bill to repeal the statutory language that the SBA relies on to require a small business to first have a staffed bona fide office within the state of a desired construction project before becoming eligible to compete for a federal government contract.
- February 27, 2025: Sen. Sullivan met with the nominee to be administrator of the SBA, Kelly Loeffler. They discussed the 8(a) program and the "bona fide place of business" requirement.

- July 11, 2024: Sen. Sullivan introduced S.Amdt. 2306 to the Senate's version of the FY 2024 NDAA, an amendment to repeal the bona fide office rule for 8(a) contracts with the DoD. This language was included in the Senate-passed NDAA. However, it was not included in the House version and was not included in the final compromise NDAA.
- June 12, 2024: SBA Administrator Isabel Guzman announced that the SBA was extending its moratorium on the bona fide office requirement for 8(a) small businesses through September 30, 2025.
- August 2023: At Sen. Sullivan's invitation, SBA Administrator Guzman visited Alaska and announced at two events that the bona fide office requirement would be suspended for one more year.
- July 13, 2023: Sen. Sullivan introduced S.Amdt. 647 to the Senate's version of the FY 2023 NDAA to repeal the bona fide office rule for 8(a) contracts with the DoD. This amendment was included in the Senate version of the NDAA. However, it was not included in the House version and was not included in the final compromise NDAA.
- May 2, 2023: Sen. Sullivan introduced S.1407, a bill to repeal the statutory language that the SBA relies on to require a small business to first have a staffed bona fide office within the state of a desired construction project before becoming eligible to compete for a federal government contract.
- August 26, 2021: SBA announced a 13-month moratorium on the "bona fide place of business" requirement.
- August 5, 2021: Sen. Sullivan had a phone call with Administrator Guzman, asking her to reconsider the "bona fide place of business" requirement.
- October 2020: SBA instituted a novel interpretation for implementing the "bona fide place of business" requirement, derived from Section 8(a) (11) of the *Small Business Act*, for 8(a) construction contracts. Previously, the SBA had a longstanding practice, which met statutory guidelines, of allowing contracting officers to determine when a bona fide office is required, thereby recognizing the words "to the maximum extent practicable" in the statute as Congress intended.

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