

# Proposed Rules

Federal Register

Vol. 65, No. 150

Thursday, August 3, 2000

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## DEPARTMENT OF AGRICULTURE

### Rural Business-Cooperative Service

#### Rural Housing Service

#### Rural Utilities Service

#### Farm Service Agency

#### 7 CFR Part 1940

RIN 0570-AA30

### Methodology and Formulas for Allocation of Loan and Grant Program Funds

**AGENCY:** Rural Business-Cooperative Service; Rural Housing Service; Rural Utilities Service; Farm Service Agency, USDA.

**ACTION:** Proposed rule.

**SUMMARY:** The Rural Business-Cooperative Service (RBS) is proposing to amend the regulations for allocating program funds to its State Offices. This action is needed to add the Rural Business Opportunity Grant (RBOG) Program and update the formulas used for the Rural Business Enterprise Grant (RBEG) and Business and Industry (B&I) Guaranteed and Direct Loan programs. The intended effect of this action is to update the formula used for allocating B&I and RBEG funds among State Offices and provide a regulatory formula for allocating RBOG funds.

**DATES:** Written or E-mail comments must be received on or before October 2, 2000 to be assured of consideration.

**ADDRESSES:** Submit written comments in duplicate to the Branch Chief, Regulations And Paperwork Management Branch, Rural Development, U.S. Department of Agriculture, STOP 0742, 1400 Independence Ave. SW., Washington, DC 20250-0742. Comments may be submitted via the Internet by addressing them to "Comments@rus.usda.gov" and must contain the word "opportunity" in the subject. All written comments made pursuant to this notice will be available

for public inspection at 300 E Street, SW., Washington, DC 20546, during normal working hours.

**FOR FURTHER INFORMATION CONTACT:** M. Wayne Stansbery, Loan Specialist, Specialty Lenders Division, Rural Business-Cooperative Service, U.S. Department of Agriculture, STOP 3225, Room 6868, 1400 Independence Ave. SW., Washington, DC 20250, Telephone (202) 720-6819.

#### SUPPLEMENTARY INFORMATION:

##### Classification

This rule has been determined to be not-significant and has not been reviewed by the Office of Management and Budget.

##### Programs Affected

The Catalog of Federal Domestic Assistance numbers for the programs impacted by this action are 10.773, Rural Business Opportunity Grants; 10.769, Rural Business Enterprise Grants; and 10.768, Business and Industry loans.

##### Paperwork Reduction Act

There are no reporting and recordkeeping requirements associated with this proposed rule.

##### Intergovernmental Consultation

This action is not subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with state and local officials.

##### Civil Justice Reform

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. In accordance with this rule: (1) All state and local laws and regulations that are in conflict with this rule will be preempted; (2) no retroactive effect will be given this rule; and (3) administrative proceedings in accordance with the regulations of the Agency at 7 CFR part 11 must be exhausted before bringing suit in court challenging action taken under this rule, unless those regulations specifically allow bringing suit at an earlier time.

##### Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, "Environmental Program." RBS has determined that this proposed action does not constitute a major Federal action significantly affecting the

quality of the human environment, and, in accordance with the National Environmental Policy Act of 1969, Pub. L. 91-190, an Environmental Impact Statement is not required.

##### Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on state, local, and tribal governments and the private sector. Under section 202 of the UMRA, RBS must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures to state, local or tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any 1 year. When such a statement is needed for a rule, section 205 of the UMRA generally requires RBS to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective, or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates (under the regulatory provisions of title II of the UMRA) for state, local, and tribal governments or the private sector. Thus this rule is not subject to the requirements of sections 202 and 205 of the UMRA.

##### Regulatory Flexibility Act

In compliance with the Regulatory Flexibility Act, RBS has determined that this action would not have a significant economic impact on a substantial number of small entities, because the action will not affect a significant number of small entities as defined by the Regulatory Flexibility Act (5 U.S.C. 601). RBS made this determination based on the fact that this action only impacts internal Agency procedures for determining how much of available program funds are allocated to each state. Small entities will not be impacted to a greater extent than large entities.

##### Background and Discussion

RBS proposes to amend its regulations for allocating program funds among its State Offices. This action is necessary to provide a regulatory basis for allocating funds for a new program, RBOG. Also, adjustments need to be made in the

formulas for allocating RBEG and B&I funds to reflect current policies and to add that one of the factors used for RBEG is the State percentage of national rural population with income below the poverty level.

List of Subjects in 7 CFR Part 1940

Administrative practice and procedure, Agriculture, Allocations, Grant programs—Housing and community development, Loan programs—Agriculture, Rural areas.

Therefore, chapter XVIII, title 7, Code of Federal Regulations, is proposed to be amended as follows:

PART 1940—GENERAL

1. The authority citation for part 1940 continues to read as follows:

Authority: 5 U.S.C. 301, 7 U.S.C. 1989, 42 U.S.C. 1480.

Subpart L—Methodology and Formulas for Allocation of Loan and Grant Program Funds

2. Amend section 1940.588 by removing paragraph (k) and revising the heading and paragraphs (d), (g), (h), and (j) to read as follows:

§ 1940.588 Business and Industry Guaranteed and Direct Loans.

(d) Transition formula. The transition formula is not used for B&I Guaranteed and Direct Loans.

(g) Reserve. See § 1940.552(g). States may request reserve funds from the B&I reserve when all of the state allocation has been obligated or will be obligated to the project for which the request is made.

(h) Pooling of funds. See § 1940.552(h). Funds are pooled near fiscal year-end. Pooled funds will be placed in a reserve and made available on a priority basis to all States.

(j) Suballocation by the State Director. Suballocation by the State Director is authorized for this program.

3. Amend section 1940.589 by removing paragraph (k) and revising paragraphs (b)(1)(ii), (g), and (h) to read as follows:

§ 1940.589 Rural Business Enterprise Grants.

(b) \* \* \*
(1) \* \* \*

(ii) State's percentage of national rural population with incomes below the poverty level—25 percent.

(g) Reserve. See § 1940.552(g).
(h) Pooling of funds. See § 1940.552(h). Funds are pooled near fiscal year-end. Pooled funds will be placed in the National Office reserve and will be made available administratively.

4. Add section 1940.593 to read as follows:

§ 1940.593 Rural Business Opportunity Grants.

(a) Amount available for allocations. See § 1949.552(a).

(b) Basic formula criteria, data source, and weight. See § 1940.552(b).

(1) The criteria used in the basic formula are:

(i) State's percentage of national rural population—50 percent.

(ii) State's percentage of national rural population with incomes below the poverty level—25 percent.

(iii) State's percentage of national nonmetropolitan unemployment—25 percent.

(2) Data source for each of these criterion is based on the latest census data available. Each criterion is assigned a specific weight according to its relevance in determining need. The percentage representing each criterion is multiplied by the weight factor and summed to arrive at a State Factor (SF). The SF cannot exceed .05.

SF = (criterion (b)(1)(i) × 50 percent) + (criterion (b)(1)(ii) × 25 percent) + (criterion (b)(1)(iii) × 25 percent)

(c) Basic formula allocation. See § 1940.552(c).

(d) Transition formula. The transition formula is not used for Rural Business Opportunity Grants (RBOG).

(e) Base allocation. See § 1940.552(e).

(f) Administrative allocation. The administrative allocation is not used for RBOG.

(g) Reserve. See § 1940.552(g).

(h) Pooling of funds. See § 1940.552(h). Funds are pooled near fiscal year-end. Pooled funds will be placed in the National Office reserve and will be made available administratively.

(i) Availability of the allocation. See § 1940.552(i). The allocation of funds is made available to States on an annual basis.

(j) Suballocation by the State Director. Suballocation by the State Director is authorized for this program.

Dated: July 19, 2000.

Jill Long Thompson, Under Secretary, Rural Development. [FR Doc. 00-19698 Filed 8-2-00; 8:45 am]

BILLING CODE 3410-XY-U

FEDERAL RESERVE SYSTEM

12 CFR Part 225

[Regulation Y; Docket No. R-1078]

Bank Holding Companies and Change in Bank Control

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rule with request for public comments.

SUMMARY: The Board of Governors of the Federal Reserve System, after consultation with the Secretary of the Treasury, proposes to determine by rule that acting as a finder is an activity that is financial in nature or incidental to a financial activity and therefore permissible for financial holding companies. The proposed rule would authorize financial holding companies to act as a "finder," which is an activity defined as bringing together buyers and sellers of products or services for transactions that the buyers and sellers themselves negotiate and consummate. The proposal would amend Subpart I of Regulation Y to add finder activities to the list of activities permissible for financial holding companies. The proposed rule provides examples of services that financial holding companies may perform as a finder, and examples of actions that are outside the scope of permissible finder activities. In addition, the proposed rule would require financial holding companies that act as a finder to distinguish the products and services offered by third parties through the company's finder service from any products or services offered by the financial holding company or its subsidiaries.

The Board solicits comments on all aspects of the proposed rule and will amend the rule as appropriate in response to comments received.

DATES: Comments must be received by September 5, 2000.

ADDRESSES: Comments should refer to docket number R-1078 and should be mailed to Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551 or mailed electronically to regs.comments@federalreserve.gov. Comments addressed to Ms. Johnson also may be delivered to the Board's mailroom between 8:45 a.m. and 5:15 p.m. and, outside those hours, to the Board's security control room. Both the mailroom and the security control room are accessible from the Eccles Building courtyard entrance, located on 20th Street between Constitution Avenue and