

115TH CONGRESS  
2D SESSION

# S. 3034

To amend the Consolidated Farm and Rural Development Act to reauthorize the rural business investment program, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JUNE 7, 2018

Mrs. GILLIBRAND introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To amend the Consolidated Farm and Rural Development Act to reauthorize the rural business investment program, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Rural Jobs and Invest-  
5       ment Act of 2018”.

6       **SEC. 2. RURAL INNOVATION STRONGER ECONOMY GRANT**  
7               **PROGRAM.**

8       Subtitle D of the Consolidated Farm and Rural De-  
9       velopment Act (7 U.S.C. 1981 et seq.) is amended by add-  
10      ing at the end the following:

1 **“SEC. 379I. RURAL INNOVATION STRONGER ECONOMY**  
2 **GRANT PROGRAM.**

3 “(a) DEFINITIONS.—In this section:

4 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-  
5 tity’ means a rural jobs accelerator partnership es-  
6 tablished after the date of enactment of this section  
7 that—

8 “(A) organizes key community and re-  
9 gional stakeholders into a working group that—

10 “(i) focuses on the shared goals and  
11 needs of the industry clusters that are ob-  
12 jectively identified as existing, emerging, or  
13 declining;

14 “(ii) represents a region defined by  
15 the partnership in accordance with sub-  
16 paragraph (B);

17 “(iii) includes 1 or more representa-  
18 tives of each of—

19 “(I) an institution of higher edu-  
20 cation (as defined in section 101 of  
21 the Higher Education Act of 1965 (20  
22 U.S.C. 1001));

23 “(II) a private entity; and

24 “(III) a government entity;

25 “(iv) may include 1 or more rep-  
26 resentatives of—

1 “(I) an economic development or  
2 other community or labor organiza-  
3 tion;

4 “(II) a financial institution, in-  
5 cluding a community development fi-  
6 nancial institution (as defined in sec-  
7 tion 103 of the Community Develop-  
8 ment Banking and Financial Institu-  
9 tions Act of 1994 (12 U.S.C. 4702));

10 “(III) a philanthropic organiza-  
11 tion; and

12 “(IV) a rural cooperative, if the  
13 cooperative is organized as a nonprofit  
14 organization; and

15 “(v) has, as a lead applicant—

16 “(I) a District Organization (as  
17 defined in section 300.3 of title 13,  
18 Code of Federal Regulations (or a  
19 successor regulation));

20 “(II) an Indian tribe (as defined  
21 in section 4 of the Indian Self-Deter-  
22 mination and Education Assistance  
23 Act (25 U.S.C. 5304)), or a consor-  
24 tium of Indian tribes;

1 “(III) a State or a political sub-  
 2 division of a State, including a special  
 3 purpose unit of a State or local gov-  
 4 ernment engaged in economic develop-  
 5 ment activities, or a consortium of po-  
 6 litical subdivisions;

7 “(IV) an institution of higher  
 8 education (as defined in section 101  
 9 of the Higher Education Act of 1965  
 10 (20 U.S.C. 1001)) or a consortium of  
 11 institutions of higher education; or

12 “(V) a public or private nonprofit  
 13 organization; and

14 “(B) subject to approval by the Secretary,  
 15 may—

16 “(i) serve a region that is—

17 “(I) a single jurisdiction; or

18 “(II) if the region is a rural area,  
 19 multijurisdictional; and

20 “(ii) define the region that the part-  
 21 nership represents, if the region—

22 “(I) is large enough to contain  
 23 critical elements of the industry clus-  
 24 ter prioritized by the partnership;

1 “(II) is small enough to enable  
2 close collaboration among members of  
3 the partnership;

4 “(III) includes a majority of com-  
5 munities that are located in—

6 “(aa) a nonmetropolitan  
7 area that qualifies as a low-in-  
8 come community (as defined in  
9 section 45D(e) of the Internal  
10 Revenue Code of 1986); and

11 “(bb) an area that has ac-  
12 cess to or has a plan to achieve  
13 broadband service (within the  
14 meaning of title VI of the Rural  
15 Electrification Act of 1936 (7  
16 U.S.C. 950bb et seq.)); and

17 “(IV)(aa) has a population of  
18 50,000 or fewer inhabitants; or

19 “(bb) for a region with a popu-  
20 lation of more than 50,000 inhab-  
21 itants, is the subject of a positive de-  
22 termination by the Secretary with re-  
23 spect to a rural-in-character petition,  
24 including such a petition submitted  
25 concurrently with the application of

1 the partnership for a grant under this  
2 section.

3 “(2) INDUSTRY CLUSTER.—The term ‘industry  
4 cluster’ means a broadly defined network of inter-  
5 connected firms and supporting institutions in re-  
6 lated industries that accelerate innovation, business  
7 formation, and job creation by taking advantage of  
8 assets and strengths of a region in the business envi-  
9 ronment.

10 “(3) HIGH-WAGE JOB.—The term ‘high-wage  
11 job’ means a job that provides a wage that is greater  
12 than the median wage for the applicable region, as  
13 determined by the Secretary.

14 “(4) JOBS ACCELERATOR.—The term ‘jobs ac-  
15 celerator’ means a jobs accelerator center or pro-  
16 gram located in or serving a low-income rural com-  
17 munity that may provide co-working space, in-de-  
18 mand skills training, entrepreneurship support, and  
19 any other services described in subsection (d)(1)(B).

20 “(5) SMALL AND DISADVANTAGED BUSINESS.—  
21 The term ‘small and disadvantaged business’ has the  
22 meaning given the term ‘small business concern  
23 owned and controlled by socially and economically  
24 disadvantaged individuals’ in section 8(d)(3)(C) of  
25 the Small Business Act (15 U.S.C. 637(d)(3)(C)).

1 “(b) ESTABLISHMENT.—

2 “(1) IN GENERAL.—The Secretary shall estab-  
3 lish a grant program under which the Secretary  
4 shall award grants, on a competitive basis, to eligible  
5 entities to establish jobs accelerators, including re-  
6 lated programming, that—

7 “(A) improve the ability of distressed rural  
8 communities to create high-wage jobs, accel-  
9 erate the formation of new businesses with  
10 high-growth potential, and strengthen regional  
11 economies, including by helping to build capac-  
12 ity in the applicable region to achieve those  
13 goals; and

14 “(B) help rural communities identify and  
15 maximize local assets and connect to regional  
16 opportunities, networks, and industry clusters  
17 that demonstrate high growth potential.

18 “(2) COST-SHARING.—

19 “(A) IN GENERAL.—The Federal share of  
20 the cost of any activity carried out using a  
21 grant made under paragraph (1) shall be not  
22 greater than 80 percent.

23 “(B) IN-KIND CONTRIBUTIONS.—The non-  
24 Federal share of the total cost of any activity  
25 carried out using a grant made under para-

graph (1) may be in the form of donations or in-kind contributions of goods or services fairly valued.

“(3) SELECTION CRITERIA.—In selecting eligible entities to receive grants under paragraph (1), the Secretary shall consider—

“(A) the commitment of participating core stakeholders in the jobs accelerator partnership, including a demonstration that—

“(i) investment organizations, including venture development organizations, venture capital firms, revolving loan funders, angel investment groups, community lenders, community development financial institutions, rural business investment companies, small business investment companies (as defined in section 103 of the Small Business Investment Act of 1958 (15 U.S.C. 662)), philanthropic organizations, and other institutions focused on expanding access to capital, are committed partners in the jobs accelerator partnership and willing to potentially invest in projects emerging from the jobs accelerator;



1 “(ii) institutions of higher education,  
2 applied research institutions, workforce de-  
3 velopment entities, and community-based  
4 organizations are willing to partner with  
5 the jobs accelerator to provide workers  
6 with skills in computer science and other  
7 technology programs relevant to the indus-  
8 try cluster needs of the region, with an em-  
9 phasis on the use of on-the-job training,  
10 registered apprenticeships, customized  
11 training, classroom occupational training,  
12 or incumbent worker training; and

13 “(iii) employers are willing to hire  
14 workers to work remotely from the jobs ac-  
15 celerator in high-wage jobs;

16 “(B) the ability of the eligible entity to  
17 provide the non-Federal share as required  
18 under paragraph (2);

19 “(C) the speed of available broadband serv-  
20 ice and how the jobs accelerator plans to im-  
21 prove access to high-speed broadband service, if  
22 necessary, and leverage that broadband service  
23 for programs of the jobs accelerator;

24 “(D) the identification of a targeted indus-  
25 try cluster, including a description of—

1 “(i) data showing the existence of  
2 emergence of an industry cluster;

3 “(ii) the importance of the industry  
4 cluster to economic growth in the region;

5 “(iii) the specific needs and opportu-  
6 nities for growth in the industry cluster;

7 “(iv) the unique assets a region has to  
8 support the industry cluster and to have a  
9 competitive advantage in that industry  
10 cluster;

11 “(v) evidence of a concentration of  
12 firms or concentration of employees in the  
13 industry cluster; and

14 “(vi) available industry-specific infra-  
15 structure that supports the industry clus-  
16 ter;

17 “(E) the ability of the partnership to link  
18 rural communities to markets, networks, indus-  
19 try clusters, and other regional opportunities  
20 and assets—

21 “(i) to improve the competitiveness of  
22 the rural region;

23 “(ii) to repatriate United States jobs;

24 “(iii) to foster high-wage job creation;

1 “(iv) to support innovation and entre-  
2 preneurship; and

3 “(v) to promote private investment in  
4 the rural regional economy;

5 “(F) other grants or loans of the Secretary  
6 and other Federal agencies that the jobs accel-  
7 erator would be able to leverage; and

8 “(G) prospects for the proposed center and  
9 related programming to have sustainability be-  
10 yond the full maximum length of assistance  
11 under this subsection, including the maximum  
12 number of renewals.

13 “(4) GRANT TERM AND RENEWALS.—

14 “(A) TERM.—The initial term of a grant  
15 under paragraph (1) shall be 4 years.

16 “(B) RENEWAL.—The Secretary may  
17 renew a grant under paragraph (1) for an addi-  
18 tional period of not longer than 2 years if the  
19 Secretary is satisfied, using the evaluation  
20 under subsection (e)(2), that the grant recipient  
21 has successfully established a jobs accelerator  
22 and related programming.

23 “(5) GEOGRAPHIC DISTRIBUTION.—To the  
24 maximum extent practicable, the Secretary shall pro-  
25 vide grants under paragraph (1) for jobs accelera-

1       tors and related programming in not fewer than 25  
2       States at any time.

3       “(c) GRANT AMOUNT.—A grant awarded under sub-  
4       section (b) may be in an amount equal to—

5               “(1) not less than \$500,000; and

6               “(2) not more than \$2,000,000.

7       “(d) USE OF FUNDS.—

8               “(1) IN GENERAL.—Subject to paragraph (2),  
9       funds from a grant awarded under subsection (b)  
10      may only be used—

11               “(A) to construct, purchase, or equip a  
12      building to serve as an innovation center, which  
13      may include—

14                       “(i) housing for business owners or  
15                       workers;

16                       “(ii) co-working space, which may in-  
17                       clude space for remote work;

18                       “(iii) space for businesses to utilize  
19                       with a focus on entrepreneurs and small  
20                       and disadvantaged businesses but that may  
21                       include collaboration with companies of all  
22                       sizes;

23                       “(iv) job training programs; and

1 “(v) efforts to utilize the innovation  
2 center as part of the development of a  
3 community downtown; and

4 “(B) to support programs to be carried out  
5 at, or in direct partnership with, the jobs accel-  
6 erator that support the objectives of the jobs  
7 accelerator, including—

8 “(i) linking rural communities to mar-  
9 kets, networks, industry clusters, and other  
10 regional opportunities to support high-  
11 wage job creation, new business formation,  
12 and economic growth;

13 “(ii) integrating small businesses into  
14 a supply chain;

15 “(iii) creating or expanding commer-  
16 cialization activities for new business for-  
17 mation;

18 “(iv) identifying and building assets  
19 in rural communities that are crucial to  
20 supporting regional economies;

21 “(v) facilitating the repatriation of  
22 high-wage jobs to the United States;

23 “(vi) supporting the deployment of in-  
24 novative processes, technologies, and prod-  
25 ucts;

1 “(vii) enhancing the capacity of small  
2 businesses in regional industry clusters, in-  
3 cluding small and disadvantaged busi-  
4 nesses;

5 “(viii) increasing United States ex-  
6 ports and business interaction with inter-  
7 national buyers and suppliers;

8 “(ix) developing the skills and exper-  
9 tise of local workforces, entrepreneurs, and  
10 institutional partners to support growing  
11 industry clusters, including the upskilling  
12 of incumbent workers;

13 “(x) ensuring rural communities have  
14 the capacity and ability to carry out  
15 projects relating to housing, community fa-  
16 cilities, infrastructure, or community and  
17 economic development to support regional  
18 industry cluster growth;

19 “(xi) establishing training programs  
20 to meet the needs of employers in a re-  
21 gional industry cluster and prepare work-  
22 ers for high-wage jobs; and

23 “(xii) any other activities that the  
24 Secretary may determine to be appro-  
25 priate.

1 “(2) REQUIREMENT.—

2 “(A) IN GENERAL.—Subject to subpara-  
3 graph (B), not more than 10 percent of a grant  
4 awarded under subsection (b) shall be used for  
5 direct costs associated with administering the  
6 grant.

7 “(B) INCREASE.—The Secretary may in-  
8 crease the percentage described in subpara-  
9 graph (A) on a case-by-case basis.

10 “(e) ANNUAL ACTIVITY REPORT AND EVALUA-  
11 TION.—Not later than 1 year after receiving a grant under  
12 this section, and annually thereafter for the duration of  
13 the grant, an eligible entity shall—

14 “(1) report to the Secretary on the activities  
15 funded with the grant; and

16 “(2)(A) evaluate the progress that the eligible  
17 entity has made toward the strategic objectives iden-  
18 tified in the application for the grant; and

19 “(B) measure that progress using performance  
20 measures during the project period, including—

21 “(i) high-wage jobs created;

22 “(ii) high-wage jobs retained;

23 “(iii) private investment leveraged;

24 “(iv) businesses improved;

25 “(v) new business formations;

1 “(vi) new products or services commer-  
2 cialized;

3 “(vii) improvement of the value of existing  
4 products or services under development;

5 “(viii) regional collaboration, as measured  
6 by such metrics as—

7 “(I) the number of organizations ac-  
8 tively engaged in the industry cluster;

9 “(II) the number of symposia held by  
10 the industry cluster, including organiza-  
11 tions that are not located in the immediate  
12 region defined by the partnership; and

13 “(III) the number of further coopera-  
14 tive agreements;

15 “(ix) the number of education and training  
16 activities relating to innovation;

17 “(x) the number of jobs relocated from  
18 outside of the United States to the region;

19 “(xi) the amount and number of new eq-  
20 uity investments in industry cluster firms;

21 “(xii) the amount and number of new  
22 loans to industry cluster firms;

23 “(xiii) the dollar increase in exports result-  
24 ing from the project activities;



1           “(xiv) the percentage of employees for  
2           which training was provided;

3           “(xv) improvement in sales of participating  
4           businesses;

5           “(xvi) improvement in wages paid at par-  
6           ticipating businesses; and

7           “(xvii) improvement in income of partici-  
8           pating workers.

9           “(f) INTERAGENCY TASK FORCE.—

10           “(1) IN GENERAL.—The Secretary shall estab-  
11           lish an interagency Federal task force to support the  
12           network of jobs accelerators by—

13           “(A) providing successful applicants with  
14           available information and technical assistance  
15           on Federal resources relevant to the project and  
16           region;

17           “(B) establishing a Federal support team  
18           comprised of staff from participating agencies  
19           in the task force that shall provide coordinated  
20           and dedicated support services to jobs accelera-  
21           tors; and

22           “(C) providing opportunities for the net-  
23           work of jobs accelerators to share best practices  
24           and further collaborate to achieve the purposes  
25           of this section.

1           “(2) MEMBERSHIP.—The task force established  
2       under paragraph (1) shall—

3           “(A) be co-chaired by—

4               “(i) the Secretary of Commerce (or a  
5       designee); and

6               “(ii) the Secretary (or a designee);  
7       and

8           “(B) include—

9               “(i) the Secretary of Education (or a  
10      designee);

11              “(ii) the Secretary of Energy (or a  
12      designee);

13              “(iii) the Secretary of Health and  
14      Human Services (or a designee);

15              “(iv) the Secretary of Housing and  
16      Urban Development (or a designee);

17              “(v) the Secretary of Labor (or a des-  
18      ignee);

19              “(vi) the Secretary of Transportation  
20      (or a designee);

21              “(vii) the Secretary of the Treasury  
22      (or a designee);

23              “(viii) the Administrator of the Envi-  
24      ronmental Protection Agency (or a des-  
25      ignee);

1 “(ix) the Administrator of the Small  
2 Business Administration (or a designee);

3 “(x) the Federal Co-Chair of the Ap-  
4 palachian Regional Commission (or a des-  
5 ignee);

6 “(xi) the Federal Co-Chairman of the  
7 Board of the Delta Regional Authority (or  
8 a designee);

9 “(xii) the Federal Co-Chair of the  
10 Northern Border Regional Commission (or  
11 a designee);

12 “(xiii) national and local organizations  
13 that have relevant programs and interests  
14 that could serve the needs of the jobs ac-  
15 celerators;

16 “(xiv) representatives of State and  
17 local governments or State and local eco-  
18 nomic development agencies; and

19 “(xv) such other heads of Federal  
20 agencies and non-Federal partners as de-  
21 termined appropriate by the co-chairs of  
22 the task force.

23 “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
24 are authorized to be appropriated such sums as are nec-  
25 essary to carry out this section.”.

1 **SEC. 3. RURAL BUSINESS INVESTMENT PROGRAM.**

2 (a) LIMITATION ON RURAL BUSINESS INVESTMENT  
3 COMPANIES CONTROLLED BY FARM CREDIT SYSTEM IN-  
4 STITUTIONS.—Section 384J(c) of the Consolidated Farm  
5 and Rural Development Act (7 U.S.C. 2009cc–9(c)) is  
6 amended by striking “25” and inserting “50”.

7 (b) REAUTHORIZATION.—Section 384S of the Con-  
8 solidated Farm and Rural Development Act (7 U.S.C.  
9 2009cc–18) is amended by striking “2018” and inserting  
10 “2023”.

11 (c) COORDINATION WITH SMALL BUSINESS INVEST-  
12 MENT COMPANY PROGRAM.—Subtitle H of the Consoli-  
13 dated Farm and Rural Development Act is amended by  
14 inserting after section 384P (7 U.S.C. 2009cc–15) the fol-  
15 lowing:

16 **“SEC. 384Q. COORDINATION WITH SMALL BUSINESS IN-**  
17 **VESTMENT COMPANY PROGRAM.**

18 “(a) IN GENERAL.—A rural business investment  
19 company shall be eligible to apply for a license under sec-  
20 tion 301(c) of the Small Business Investment Act of 1958  
21 (15 U.S.C. 681(c)) to operate as a small business invest-  
22 ment company under title III of that Act (15 U.S.C. 681  
23 et seq.).

24 “(b) EXPEDITED CONSIDERATION.—To the max-  
25 imum extent practicable, the Administrator of the Small  
26 Business Administration shall expedite the consideration

1 of an application of a rural business investment company  
2 submitted in accordance with subsection (a).

3 “(c) DEFERRAL OF INTEREST PAYMENTS.—For the  
4 first debenture purchased or guaranteed by the Small  
5 Business Administration under section 303 of the Small  
6 Business Investment Act of 1958 (15 U.S.C. 683) that  
7 is issued with respect to a rural business investment com-  
8 pany that is licensed in accordance with subsection (a)—

9 “(1) interest shall accrue in the same manner  
10 as other debentures purchased or guaranteed under  
11 that section; and

12 “(2) during the first 5 years of the term of the  
13 debenture, the rural business investment company  
14 shall not be required to make payments with respect  
15 to the interest that accrues on the debenture.

16 “(d) MEMORANDUM OF UNDERSTANDING.—The Sec-  
17 retary may enter into a memorandum of understanding  
18 with the Administrator of the Small Business Administra-  
19 tion—

20 “(1) to carry out this section; and

21 “(2) to carry out outreach activities to promote  
22 application under subsection (a) to—

23 “(A) rural business investment companies;  
24 and

25 “(B) rural communities.”.

1 **SEC. 4. BUSINESS AND INNOVATION SERVICES ESSENTIAL**  
2 **COMMUNITY FACILITIES.**

3 Section 306(a) of the Consolidated Farm and Rural  
4 Development Act (7 U.S.C. 1926(a)) is amended by add-  
5 ing at the end the following:

6 “(27) BUSINESS AND INNOVATION SERVICES  
7 ESSENTIAL COMMUNITY FACILITIES.—The Secretary  
8 may make loans and loan guarantees under this sub-  
9 section and grants under paragraphs (19), (20), and  
10 (21) for essential community facilities for business  
11 and innovation services, such as incubators, co-work-  
12 ing spaces, makerspaces, and residential entre-  
13 preneur and innovation centers.”.

○