

### Subpart E—Rural Business Development Grants

SOURCE: 80 FR 15667, Mar. 25, 2015, unless otherwise noted.

#### GENERAL

#### § 4280.401 Purpose.

This subpart implements the RBDG program administered by the Agency. Grants made under this subpart will be made to eligible entities for use in funding various business opportunity and business enterprise Projects that serve Rural Areas.

#### § 4280.402 [Reserved]

#### § 4280.403 Definitions.

*Administrator.* The Administrator of RBS or designees or successors.

*Agency.* Rural Business-Cooperative Service (RBS) or successor.

*Agriculture Production.* The cultivation, production, growing, raising, feeding, housing, breeding, hatching, or managing of crops, plants, animals or birds, either for fiber, food for human consumption, or livestock feed.

*Arm's-length Transaction.* The sale, release, or disposition of assets in which the title to the property passes to a ready, willing, and able disinterested third party that is not affiliated with or related to and has no security, monetary, or stockholder interest in the grantee or transferor at the time of the transaction.

*Business Support Centers.* Centers established to provide assistance to businesses in such areas as counseling, business planning, training, management assistance, marketing information, and locating financing for business operations. The centers need not be located in a Rural Area, but must provide assistance to businesses located in Rural Areas.

*Departmental Grant Regulations.* The USDA grant regulations at 2 CFR chapter IV.

*Economic Development.* The industrial, business and financial augmentation of an area as evidenced by increases in total income, employment opportunities, value of production, duration of employment, or diversification of industry, reduced outmigration, higher

labor force participation rates or wage levels or gains in other measurements of economic activity, such as land values.

*Indian Tribe (Tribal).* Indian Tribes on Federal and State reservations and other federally recognized Indian Tribal groups.

*Industrial Site.* The development of undeveloped real estate for uses which will assist Small and Emerging Businesses.

*Long-term.* The period of time covered by the three most recent decennial censuses of the United States to the present.

*Nonprofit.* An entity chartered as a nonprofit organization under applicable State or Tribal law.

*Other Business Development.* Any business related activity that will assist Small and Emerging Businesses and may include but is not limited to business incubators, business training centers, and other training activity which leads directly to Small and Emerging Business development.

*Planning.* A process to coordinate Economic Development activities, develop guides for action, or otherwise assist local community leaders in the Economic Development of Rural Areas.

*Priority Communities.* Communities targeted for Agency assistance as determined by the U.S. Department of Agriculture Under Secretary for Rural Development that are experiencing trauma due to natural disasters or are undertaking or completing fundamental structural changes, have remained persistently poor, or have experienced Long-Term population decline or job deterioration.

*Project.* The result of the use of grant funds provided under this subpart through Technical Assistance or Planning relating to the Economic Development of a Rural Area; or the result of the use of program funds (*i.e.*, a facility whether constructed by the applicant or a third party made with grant funds, Technical Assistance, startup operating costs, or working capital). A revolving fund established in whole or in part with grant funds will also be considered a Project.

*Public Bodies/Government Entity.* Public Bodies include States, counties, cities, townships, and incorporated towns

§ 4280.403, Nf.

7 CFR Ch. XLII (1-1-24 Edition)

and villages, boroughs, authorities, districts, and education institutions organized under State and Federal laws, and Indian Tribes.

*Rural and Rural Area.* As described in 7 U.S.C. 1991(a)(13)(A) and (D) *et seq.*

*Small and Emerging Business.* Any private and/or Nonprofit business which will employ 50 or fewer new employees and has less than \$1 million in gross revenue; for retail operations, total sales minus cost of goods sold minus returns or for a service organizations, gross revenue minus cost of providing service or for a manufacturing operation it will be total sales minus cost of raw materials minus the cost of production.

*State.* Any of the 50 States, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands.

*Technical Assistance.* A function performed for the benefit of a private business enterprise or a community and which is a problem solving activity, such as market research, product and/or service improvement, feasibility study, etc., to assist in the Economic Development of a Rural Area.

EFFECTIVE DATE NOTE: At 88 FR 86570, Dec. 14, 2023, § 4280.403 was amended by adding the definition of "Conflict of Interest" in alphabetical order and revising the definitions of "Indian Tribe (Tribal)" and "Small and Emerging Business", effective Jan. 16, 2024. For the convenience of the user, the added and revised text is set forth as follows:

§ 4280.403 Definitions.

\* \* \* \* \*

*Conflict of Interest.* When the grantee's employees, Board of Directors, or their immediate families have a legal or personal financial interest in the recipient(s) receiving the benefits or services of the grant. Tribal Governments, subdivisions of Tribal Governments (chapters, districts, authorities, townships, etc.), and Tribal arms and instrumentalities, entities wholly-owned and chartered by Tribal Governments including but not limited to: Tribal owned corporations (including Section 17 Corporations, Community Development Corporations and Economic Development Corporations), Tribal owned businesses, Tribal owned authorities, Tribal

owned utilities, other Tribally owned enterprises and their subsidiaries will not be considered as having a conflict of interest due to their, or their Board's, ties to their associated Tribe or each other.

\* \* \* \* \*

*Indian Tribe (Tribal), Tribal Government and/or Federally Recognized Tribes.* Any Indian or Alaska Native tribe, band, nation, pueblo, village or community as defined by the Federally Recognized Indian Tribe List Act (List Act) of 1994 (Pub. L. 103-454).

\* \* \* \* \*

*Small and Emerging Business.* Any private and/or nonprofit business which will employ 50 or fewer new employees and has less than \$1 million in gross revenue; for retail operations, gross revenue may be reduced by cost of goods sold and returns or for a service organization, gross revenue may be reduced by the cost of providing service or for a manufacturing operation, gross revenue may be reduced by the cost of raw materials and the cost of production. The \$1 million gross revenue and 50 or fewer new employee thresholds apply only to each individual Tribal owned enterprise applicant or recipient. Due to the unique structuring of Tribal economic development, the revenue or employees of the Tribe and/or parent Tribal enterprise will not apply towards the individual Tribal enterprise applicant or recipient, regardless of shared ownership or Directors. The revenue of Tribes, subdivisions of Tribes and Tribal entity applicants, will not be considered revenue in determining program and project eligibility.

\* \* \* \* \*

§ 4280.404 Exception authority.

The Administrator may make an exception, on a case-by-case basis, to any requirement or provision of this subpart that is not inconsistent with any authorizing statute or applicable law if the Administrator determines that application of the requirement or provision would adversely affect the Government's financial interest.

§ 4280.405 Review or appeal rights.

A person may seek a review of an Agency decision under this subpart from the appropriate Agency official that oversees the program in question or appeal to the National Appeals Division in accordance with 7 CFR part 11.