

than \$2,000,000, after Federal income taxes (excluding any carryover losses), except that, for purposes of this clause, if the rural business concern is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to the shareholders, partners, beneficiaries, or other equitable owners of the business concern, the net income of the business concern shall be determined by allowing a deduction in an amount equal to the total of—

(I) if the rural business concern is not required by law to pay State (and local, if any) income taxes at the enterprise level, the net income (determined without regard to this clause), multiplied by the marginal State income tax rate (or by the combined State and local income tax rates, as applicable) that would have applied if the business concern were a corporation; and

(II) the net income (so determined) less any deduction for State (and local) income taxes calculated under subclause (I), multiplied by the marginal Federal income tax rate that would have applied if the rural business concern were a corporation; or

(B) satisfies the standard industrial classification size standards established by the Administrator of the Small Business Administration for the industry in which the rural business concern is primarily engaged.

(Pub. L. 87-128, title III, §384A, as added Pub. L. 107-171, title VI, §6029, May 13, 2002, 116 Stat. 388; amended Pub. L. 115-334, title VI, §6426(a), Dec. 20, 2018, 132 Stat. 4770.)

Editorial Notes

REFERENCES IN TEXT

This Act, referred to in par. (4)(B), means Pub. L. 87-128, Aug. 8, 1961, 75 Stat. 294, known as the Agricultural Act of 1961. For complete classification of this Act to the Code, see Short Title note set out under section 1911 of this title and Tables.

AMENDMENTS

2018—Par. (2). Pub. L. 115-334, §6426(a)(1), struck out “venture” after “Developmental” in heading and after “developmental” in text.

Par. (4). Pub. L. 115-334, §6426(a)(2), added par. (4) and struck out former par. (4). Prior to amendment, text read as follows: “The term ‘equity capital’ means common or preferred stock or a similar instrument, including subordinated debt with equity features.”

§ 2009cc-1. Purposes

The purposes of the Rural Business Investment Program established under this subchapter are—

(1) to promote economic development and the creation of wealth and job opportunities in rural areas and among individuals living in those areas by encouraging developmental capital investments in smaller enterprises primarily located in rural areas; and

(2) to establish a developmental capital program, with the mission of addressing the unmet equity investment needs of small enter-

prises located in rural areas, by authorizing the Secretary—

(A) to enter into participation agreements with rural business investment companies;

(B) to guarantee debentures of rural business investment companies to enable each rural business investment company to make developmental capital investments in smaller enterprises in rural areas; and

(C) to make grants to rural business investment companies, and to other entities, for the purpose of providing operational assistance to smaller enterprises financed, or expected to be financed, by rural business investment companies.

(Pub. L. 87-128, title III, §384B, as added Pub. L. 107-171, title VI, §6029, May 13, 2002, 116 Stat. 391; amended Pub. L. 115-334, title VI, §6426(b), Dec. 20, 2018, 132 Stat. 4770.)

Editorial Notes

AMENDMENTS

Par. (1). Pub. L. 115-334, §6426(b)(1), struck out “venture” before “capital investments”.

Par. (2). Pub. L. 115-334, §6426(b)(2)(A), struck out “venture” before “capital program” in introductory provisions.

Par. (2)(B). Pub. L. 115-334, §6426(b)(2)(B), struck out “venture” before “capital investments”.

§ 2009cc-2. Establishment

In accordance with this subchapter, the Secretary shall establish a Rural Business Investment Program, under which the Secretary may—

(1) enter into participation agreements with companies granted final approval under section 2009cc-3(e) of this title for the purposes set forth in section 2009cc-1 of this title;

(2) guarantee the debentures issued by rural business investment companies as provided in section 2009cc-4 of this title; and

(3) make grants to rural business investment companies, and to other entities, under section 2009cc-7 of this title.

(Pub. L. 87-128, title III, §384C, as added Pub. L. 107-171, title VI, §6029, May 13, 2002, 116 Stat. 391.)

§ 2009cc-3. Selection of rural business investment companies

(a) Eligibility

A company shall be eligible to apply to participate, as a rural business investment company, in the program established under this subchapter if—

(1) the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of such an entity;

(2) the company has a management team with experience in community development financing or relevant venture capital financing; and

(3) the company will invest in enterprises that will create wealth and job opportunities in rural areas, with an emphasis on smaller enterprises.

(b) Application

To participate, as a rural business investment company, in the program established under this