

§ 1942.301

CFR 2.23; delegation of authority by the Assistant Secretary for Rural Development, 7 CFR 2.70; 5 U.S.C. 301.

SOURCE: 45 FR 73637, Nov. 6, 1980, unless otherwise noted.

§ 1942.301 Purpose.

This subpart outlines Farmers Home Administration (FmHA) or its successor agency under Public Law 103-354 policies and authorizations and sets forth procedures for making grants to finance and facilitate development of private business enterprises. Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to FmHA or its successor agency under Public Law 103-354 employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with an FmHA or its successor agency under Public Law 103-354 employee.

[53 FR 30247, Aug. 11, 1988, as amended at 58 FR 226, Jan. 5, 1993]

§ 1942.302 Policy.

(a) The grant program will be used to support the development of small and emerging private business enterprises in rural areas.

(b) FmHA or its successor agency under Public Law 103-354 officials will maintain liaison with officials of other federal, state, regional and local development agencies to coordinate related programs to achieve rural development objectives.

(c) FmHA or its successor agency under Public Law 103-354 officials shall cooperate with appropriate State agencies in making grants that support State strategies for rural area development.

(d) Funds allocated for use in accordance with this subpart are also to be considered for use of Indian tribes within the State regardless of whether State development strategies include Indian reservations within the State's boundaries. Indians residing on such reservations must have equal opportunity along with other rural residents to participate in the benefits of these programs. This includes equal applica-

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tion of outreach activities of FmHA or its successor agency under Public Law 103-354 County and District Offices.

[53 FR 30247, Aug. 11, 1988]

§ 1942.303 Authorities, delegation, and redelegation.

The State Director is responsible for implementing the authorities contained in this subpart and to issue State supplements redelegating these authorities to appropriate FmHA or its successor agency under Public Law 103-354 employees. Grant approval authorities are contained in subpart A of part 1901 of this chapter.

§ 1942.304 Definitions.

Project. For rural business enterprise grants, the result of the use of program funds, *i.e.*, a facility whether constructed by the applicant or a third party from a loan 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 for the purpose of Intergovernmental and Environmental Review under § 1942.310 (b) and (c), of this subpart as well as the specific uses of the revolving funds. For television demonstration grants, television programming developed on issues of importance to farmers and rural residents.

Regional Commission grants. Grants made from funds made available to FmHA or its successor agency under Public Law 103-354 by the Appalachian Regional Commission (ARC) or other Federal Regional Commissions designated under title V of the Public Works and Economic Development Act of 1965.

Rural and Rural Area. Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town according to the latest decennial census of the United States.

Rural Business Enterprise (RBE) grants. Grants made to finance and facilitate development of small and emerging private business enterprises in rural areas. Grants are made from FmHA or its successor agency under

Public Law 103-354 funds under authority of the Consolidated Farm and Rural Development Act, as amended, sec. 310B(c) (7 U.S.C. 1932).

Small and emerging private business enterprise. Any private business which will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues.

Technical Assistance. A function performed for the benefit of a private business enterprise and which is a problem solving activity, such as market research, product and/or service improvement, feasibility study, etc.

Television demonstration program. Grants made for television programming developed to demonstrate the effectiveness of providing information on agriculture and other issues of importance to farmers and other rural residents. Grants are made from FmHA or its successor agency under Public Law 103-354 funds under authority of the Consolidated Farm and Rural Development Act, as amended, sec. 310B(j) (7 U.S.C. 1932).

[57 FR 33099, July 27, 1992, as amended at 66 FR 27014, May 16, 2001; 67 FR 77908, Dec. 20, 2002]

§ 1942.305 Eligibility and priority.

(a) *Eligibility.* (1) RBE grants may be made to public bodies and private nonprofit corporations serving rural areas. Public bodies include States, counties, cities, townships, and incorporated town and villages, boroughs, authorities, districts, and Indian tribes on Federal and State reservations and other Federally recognized Indian Tribal groups in rural areas.

(2) The end result of the project must finance or develop a small and emerging private business enterprise. The small business receiving assistance must meet the definition contained in § 1942.304. However, if the small and emerging private business enterprise is an eligible nonprofit entity or other tax-exempt organization located in a city, town or unincorporated area with a population of 5,000 or less and has a principal office on land of an existing or former Native American reservation, the small and emerging private business enterprise is exempt from meeting the definition contained in § 1942.304.

(3) Regional Commission Grant applicants must meet eligibility requirements of the Regional Commission and also of the Agency, in accordance with paragraph (a)(1) of this section, for the Agency to administer the Regional Commission Grant under this subpart.

(4) Television demonstration grants may be made to statewide, private, nonprofit, public television systems whose coverage is predominantly rural. An eligible applicant must be organized as a private, nonprofit, public television system, licensed by the Federal Communications Commission, and operated statewide and within a coverage area that is predominantly rural.

(b) *Project selection process.* The following paragraphs indicate items and conditions which must be considered in selecting RBE applications for further development. When ranking eligible RBE applications for consideration for limited funds, FmHA or its successor agency under Public Law 103-354 officials must consider the priority items met by each RBE application and the degree to which those priorities are met, and apply good judgment. Due to the small number of applicants eligible for television demonstration grants, such applicants will not compete for priority points against RBE applicants.

(1) *Applications.* The application and supporting information submitted with it will be considered in determining the proposed project's priority for available funds.

(2) *State Office review.* All applications will be reviewed and scored for funding priority. Eligible applicants that cannot be funded should be advised by the State Director that funds are not available, and requested to advise whether they wish to have their application maintained in an active file for future consideration.

(3) *Selection priorities.* The priorities described below will be used by the State Director to rate applications. Points will be distributed as indicated in paragraphs (b)(3) (i) through (iv) of this section. A copy of the score sheet should be placed in the case file for future reference.

(i) *Population.* Proposed project(s) will primarily be located in a community of (1) between 15,000 and 25,000 population—5 points, (2) between 5,000 and