

RURAL BUSINESS ENTERPRISE GRANT

Fact Sheet

United States Department of Agriculture Rural Business-Cooperative Service

USDA Rural Business-Cooperative Service (RBS) makes grants under the Rural Business Enterprise Grant (RBEG) Program to public bodies, private nonprofit corporations, and Federally recognized Indian Tribal groups to finance and facilitate development of small and emerging private business enterprises located in rural areas outside the boundary of a city or unincorporated areas of 50,000 or more and its immediately adjacent urbanized or urbanizing area. Public bodies include incorporated towns and villages, boroughs, townships, counties, States, authorities, districts, Indian Tribes on Federal and State reservations, and other Federally recognized Indian Tribal groups in rural areas.

The public bodies, private nonprofit corporations and Federally recognized Indian tribes receive the grant to assist private businesses located in rural areas. **GRANT FUNDS DO NOT GO DIRECTLY TO THE BUSINESS. Grants may be made only for projects for which it can be demonstrated that there is a reasonable prospect that the project will result in development of small and emerging private business enterprises.**

The small and emerging private businesses to be assisted must have less than 50 new employees and less than \$1 million in gross annual revenues and must be located in a rural area outside the boundary of a city or unincorporated areas of 50,000 or more and its immediately adjacent urbanized or urbanizing area.

How May Funds be Used?

Funds are used for financing or development of private small and emerging businesses.

Eligible uses are:

- Technical Assistance (providing assistance for marketing studies, feasibility studies, business plans, training, etc.) to small and emerging businesses.
- Purchasing machinery and equipment to lease to a small and emerging business.
- Creating a revolving loan fund (providing partial funding as a loan to a small and emerging business for the purchase of equipment, working capital, or real estate).
- Constructing a building for a business incubator for small and emerging businesses.

Limitations:

Grants cannot be used for:

- Agricultural Production.
- Comprehensive area wide planning.
- Loans by grantees when the rates, terms, and charges for those loans are not reasonable or would be for purposes not eligible under RBEG regulations.
- Development of a proposal that may result in the transfer of jobs or business activity from one area to another. This provision does not prohibit establishment of a new branch or subsidiary.
- Development of a proposal, which may result in an increase of goods, materials, commodities, services, or facilities in an area when there is not sufficient demand.
- Programs operated by cable television systems.
- Funding part of a project, which is dependent on other funding, unless there is a firm commitment of the other funding to ensure completion of the project.

USDA Rural Business-Cooperative Service is an Equal Opportunity Lender, Provider, and Employer.

Complaints of discrimination should be sent to:

USDA, Director, Office of Civil Rights, Washington, DC 20250-94 10

All applications are considered without regard to race, color, religion, sex, national origin, age marital status, or physical or mental handicap (provided applicants have the capacity to enter into a legal contract) of the members of the groups applying for assistance. Service must be extended on the same basis.

How are Applications Processed?

Applicants will submit supporting data before a formal application is made. After determining the order of funding priorities, RBS will tentatively determine eligibility and request applicants to assemble and submit a formal application.

Where Is Application Made?

Forms are available from, and may be filed, in any Rural Business-Cooperative Service (RBS) office listed below.

Rural Business-Cooperative Service

1229 SE 3rd. St., Suite A.
Pendleton, OR 97801-4198
Phone: (541) 278-8049, Ext. 129
*Contact: Donald Hollis,
Rural Business-Cooperative Specialist*

Rural Business-Cooperative Service

625 SE Salmon Ave., Suite 5
Redmond, OR 97756
Phone: (541) 923-4358, Ext. 124
*Contact: Robert Haase,
Cooperative Development Specialist*

Rural Business-Cooperative Service

1600 Valley River Drive, Suite 230
Eugene, OR 97401-2129
Phone: (541) 465-6443 Ext. 119
*Contact: Tom Simonson,
Rural Business-Cooperative Specialist*

Rural Business-Cooperative Service

101 SW Main St., Suite 1410
Portland, OR 97204-3222
Phone: (503) 414-3366
*Contact: Jane Howard,
Rural Business-Cooperative Specialist*

Other Conditions

Applicants for grants to help develop private business enterprises must file written notice of intent consistent with Intergovernmental Review requirements. Federally recognized Indian Tribes are exempt from this requirement.

Applicants for grants to establish a revolving loan program must include detail on the applicant's experience operating a revolving loan program, proposed projects, applicant's financial ability to administer a revolving fund, the need for a revolving fund, and other funds proposed to leverage funds made available under this program.

All community projects funded by RBS are subject to an environmental assessment in accordance with the National Environmental Policy Act.

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