



Rural Development

March 29, 2019

Bette B. Brand
Administrator

TO: State Directors
Rural Development

Rural Business & Cooperative
Service
1400 Independence Ave, SW
Room 5803-S
Washington, D.C. 20250

ATTN: Business Programs Directors

FROM: Bette B. Brand /s/ **Bette B. Brand**
Administrator
Rural Business-Cooperative Service

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SUBJECT: Rural Development Priorities for Fiscal Year 2019 for the Business
and Industry Loan Guarantee Program

PURPOSE

This unnumbered letter provides guidance on how to implement lending priorities in the Business & Industry Loan Guarantee Program to support the Fiscal Year 2019 Rural Development goals and objectives.

IMPLEMENTATION RESPONSIBILITIES

Rural Development encourages applications that will help improve life in rural America. See information on the Interagency Task Force on Agriculture and Rural Prosperity found at www.usda.gov/ruralprosperity. Applicants are encouraged to consider projects that provide measurable results in helping rural communities build robust and sustainable economies through strategic investments in infrastructure, partnerships and innovation. The Calls to Action include:

- Achieving e-Connectivity for Rural America
- Developing the Rural Economy
- Harnessing Technological Innovation
- Supporting a Rural Workforce
- Improving Quality of Life

Consistent with the Rural Development's priorities and the existing regulatory frameworks for the Business & Industry Guaranteed Loans Program found at 7 CFR Part 4279, State Director Points and Administrator Points for Business & Industry Guaranteed Loan Funds should be used to support funding for projects that support the Report to the President of the United States from the Task Force on Agriculture and Rural Prosperity.

EXPIRATION DATE:
March 31, 2020

FILING INSTRUCTIONS:
Business Programs

Additionally, discretionary points may be awarded under the following three categories:

1. Leverage Investments in Opportunity Zones

To leverage investments in rural property, the Agency also encourages projects located in rural Opportunity Zones, where projects should provide measurable results in helping communities build robust and sustainable economies. An Opportunity Zone is an economically-distressed community where new investment, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the state and that nomination has been certified by the Secretary of the U.S. Treasury via his/her delegation of authority to the Internal Revenue Service.

2. High Poverty Areas

To focus investments to areas for the largest opportunity for growth in prosperity, the Agency encourages applications that serve the smallest communities with the lowest incomes, with an emphasis on areas where at least 20 percent of the population is living in poverty, according to the American Community Survey data by census tracts.

3. Substance Use Disorder

To combat a key threat to economic prosperity, rural workforce and quality of life, the Agency encourages applications that will support the Administration's goal to reduce the morbidity and mortality associated with Substance Use Disorder (including opioid misuse) in high-risk rural communities by strengthening the capacity to address prevention, treatment and/or recovery at the community, county, state, and/or regional levels: Key strategies include:

- Prevention: Reducing the occurrence of Substance Use Disorder (including opioid misuse) and fatal substance-related overdoses through community and provider education and harm reduction measures such as the strategic placement of overdose reversing devices, such as naloxone;
- Treatment: Implementing or expanding access to evidence-based treatment practices for Substance Use Disorder (including opioid misuse) such as medication-assisted treatment (MAT); and
- Recovery: Expanding peer recovery and treatment options that help people start and stay in recovery

The Agency should support these goals by using flexibilities permitted in the program regulations. For example, 7 CFR 4279.166(b) outlines the priority point system for applications for the B&I Guaranteed Loan Program. Paragraph 4279.166(b)(5) grants State Directors authority to add up to 10 points to an application's score:

- To account for statewide distribution of funds, natural disasters or economic emergency conditions, community economic development strategies, State Strategic plans,

fundamental structural changes in a community's economic base, or projects that will fulfill an Agency initiative.

The Administrator has similar authority to add points to an application's score under the same paragraph if an application is considered at the National Office. The Administrator:

- May assign up to an additional 10 points to account for geographic distribution of funds, emergency conditions caused by economic problems or natural disasters, or projects that will fulfill an Agency initiative.

State Directors and the Administrator should use their authority to support the Report goals noted above.

In addressing the above priorities continue to take a close look at statutory and regulatory requirements regarding rurality, project eligibility, borrower eligibility, financial feasibility, and security for each guaranteed loan application. Compliance with these requirements and guidelines is necessary to protect the integrity of the program and ensure consistency in its implementation. These requirements are further clarified in currently published Administrative Notices. Compliance with these requirements and guidelines is necessary to protect the integrity of the Business & Industry Guaranteed Loan Program and ensure consistency in their implementation.

If you have any questions, please contact Mark Brodziski, Acting Deputy Administrator of Business Programs, (202) 205-0903.