

RD AN No. 4734 (1942-G)
August 30, 2013

SUBJECT: Rural Business Enterprise Grant Program
Clarification of Private Business

TO: State Directors, Rural Development

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to clarify the meaning of **private business** under the Rural Business Enterprise Grant (RBEG) program, particularly as it relates to dealing with Native American Tribes. This is intended to provide guidance until we can develop a change to RD Instruction 1942-G to further clarify requirements.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 4641 (1942-G) dated April 9, 2012, which expired on April 30, 2013, with the subject, "Rural Business Enterprise Grant program – Clarification of Private Business."

IMPLEMENTATION RESPONSIBILITIES:

Section 310B(c)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(c)) and RD Instruction 1942-G, section 1942.306(a), authorize grants to finance and facilitate development of small and emerging private business enterprises.

A **private business** must be owned and controlled either by individuals or by a nonpublic entity such as a corporation, which is legally organized under State law or under the laws or codes of a federally recognized Indian tribe.

EXPIRATION DATE:
August 31, 2014

FILING INSTRUCTIONS:
Community/Business Programs

For a tribally owned business to be considered private, it must be held through a separate entity, such as a tribal corporation. The corporation may be owned by the tribe and distribute profits to the tribe. However, the governing board must be independent from the tribal government and elected or appointed for a specific time period. Board members must not be subject to removal without cause by the tribal government. Members of the tribal council cannot constitute the majority of the governing board members of the tribal corporation and still be considered a private business.

An RBEG grantee may use the funds to assist a small and emerging private business by making a loan to the business (revolving loan fund), providing technical assistance, or purchasing real or personal property to be leased to the business. RBEG funds must not be passed through directly to the benefiting small and emerging private business. Grantees must oversee and control the project until completion.

If you have any questions concerning the content of this AN, please call the Specialty Programs Division, at (202) 720-1400.

(Signed by Lillian E. Salerno)

Lillian E. Salerno
Administrator
Rural Business-Cooperative Service