

state. Their mandate is to provide technical assistance for marketing and business development assistance to enable agricultural producers to produce value-added agricultural products.

## II. Program Descriptions

### A. Value-Added Producer Grants

#### Value-Added Agricultural Product

The term value-added agricultural product means any agricultural commodity or product that has been changed, produced, or segregated such that the market for the product has expanded and where the greater portion of the revenue derived from the value-added activity accrues to the producer of the commodity or product.

#### Use of Grant Funds

The purpose of this program is to enable producers of agricultural commodities to participate in the economic returns to be found in the value-added market. Grants are to be used to develop business plans and develop strategies for creating marketing opportunities. Grants may also be used for feasibility studies and to provide capital to establish alliances or business ventures that allow the producers of the value-added agricultural product to better compete in domestic and international markets.

Grant funds may not be used for planning, repair, rehabilitation, acquisition, or construction of a building or a facility (including a processing facility), or for the purchase, rental, or installation of fixed equipment.

#### Eligibility

Grants will be awarded only to independent producers, eligible agricultural producer groups, farmer or rancher cooperatives or majority-controlled producer based business ventures. Independent producers include agricultural producers, steering committees of producers and producer-owned corporations and associations who do not produce the agricultural product under contract or joint ownership with any other organization.

#### Matching Funds

Grant recipients will provide matching non-Federal funds equal to the amount of the grant received. These matching funds must be provided in advance of grant funding, such that for every dollar of grant that is advanced, an equal amount of match funds shall have been funded prior to submitting the request for reimbursement.

### B. Agriculture Innovation Centers

#### Use of Grant Funds

Grant funds are to be used for a demonstration program whereby centers are established to provide agricultural producers with technical and business development assistance for establishing businesses producing and selling value-added agricultural products, assistance in marketing, market development and business planning and organizational and development assistance to increase the viability, growth and sustainability of value-added businesses.

Grants may be used for the following purposes: applied research, consulting services, hiring of employees, the making of matching grants, legal services and other related costs of conducting the above activities. Funds for these purposes may not be used to plan, repair, rehabilitate, acquire, or construct a building or a facility (including a processing facility) or to purchase, rent, or install fixed equipment.

#### Eligibility

A grant may be made to an entity that demonstrates the capacity and technical expertise to conduct the activities described above. In addition to the capacity factor, the entity must provide a plan with specific goals to be met and support for the entity in the agricultural community. Also, the entity must demonstrate that adequate resources (in cash or in kind) are available, or have been committed for this purpose which will allow the grant recipient to achieve the goals established. Finally, the entity must have a board of directors such that there are representatives of each of the following groups on the board: (a) The two general agricultural organizations with the greatest number of members in the State in which the entity is located, (b) the applicable State department of agriculture and (c) entities representing the four highest grossing commodities produced in the State, determined on the basis of annual gross cash sales. Trade associations are eligible to apply.

## III. Rural Cooperative Development Grants and Conforming Amendments

Section 6015 of the 2002 Farm Bill reduced the match funding requirements for rural cooperative development grants imposed on certain institutions of higher learning from 25 percent to 5 percent. These institutions are defined as "1994 Institutions" and are listed by name in the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note). This rulemaking proposes to amend the regulation applicable to this grant

program to provide for this targeted reduced match funding requirement.

The amendments proposed for subpart F within 7 CFR part 4284 conform the regulations for the rural cooperative development grant program with the newly implemented subpart A that consolidates provisions common to all grant programs administered by Cooperative Services within RBS.

### List of Subjects

#### 7 CFR Part 1951

Grant programs—Housing and community development, Reporting requirements, Rural development.

#### 7 CFR Part 4284

Agricultural commodities, Agriculture innovation centers, Agricultural marketing research, Business and industry, Grant programs—housing and community development, Rural areas, Rural development, Value-added.

Accordingly, RBS proposes to amend Chapters XVIII and XLII, title 7, of the Code of Federal Regulations as follows:

## PART 4284—GRANTS

1. The authority citation for part 4284 is revised to read as follows:

**Authority:** 5 U.S.C. 301 and 7 U.S.C. 1989. Subpart F also issued under 7 U.S.C. 1932(e) Subpart G also issued under 7 U.S.C. 1926(a)(11) Subpart J also issued under 7 U.S.C. 1621 note Subpart K also issued under 7 U.S.C. 1621 note

2. Subpart A of part 4284, consisting of §§ 4284.1 through 4284.100 is added to read as follows:

### Subparts B Through E—[Reserved]

### Subpart A—General Requirements for Cooperative Services Grant Programs

Sec.	
4284.1	Purpose.
4284.2	Policy.
4284.3	Definitions.
4284.4	Appeals.
4284.5	[Reserved]
4284.6	Applicant eligibility.
4284.7	Electronic submission.
4284.8	Grant approval and obligation of funds.
4284.9	Grant disbursement.
4284.10	Ineligible grant purposes.
4284.11	Award requirements.
4284.12	Reporting requirements.
4284.13	Confidentiality of reports.
4284.14	Grant servicing.
4284.15	Performance reviews.
4284.16	Other considerations.
4284.17	Member delegate clause.
4284.18	Audit requirements.
4284.19	Programmatic changes.
4284.20–4284.100	[Reserved]