

§1632a. Value-added agricultural product market development grants

(a) Definitions

In this section:

(1) Beginning farmer or rancher

The term “beginning farmer or rancher” has the meaning given the term in [section 1991\(a\) of this title](#).

(2) Family farm

The term “family farm” has the meaning given the term in section 761.2 of title 7, Code of Federal Regulations (as in effect on December 30, 2007).

(3) Mid-tier value chain

The term “mid-tier value chain” means local and regional supply networks that link independent producers with businesses and cooperatives that market value-added agricultural products in a manner that-

(A) targets and strengthens the profitability and competitiveness of small and medium-sized farms and ranches that are structured as a family farm; and

(B) obtains agreement from an eligible agricultural producer group, farmer or rancher cooperative, or majority-controlled producer-based business venture that is engaged in the value chain on a marketing strategy.

(4) Socially disadvantaged farmer or rancher

The term “socially disadvantaged farmer or rancher” has the meaning given the term in [section 2003\(e\) of this title](#).

(5) Value-added agricultural product

The term “value-added agricultural product” means any agricultural commodity or product that-

(A)(i) has undergone a change in physical state;

(ii) was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan that shows the enhanced value, as determined by the Secretary;

(iii) is physically segregated in a manner that results in the enhancement of the value of the agricultural commodity or product;

(iv) is a source of farm- or ranch-based renewable energy, including E-85 fuel; or

(v) is aggregated and marketed as a locally-produced agricultural food product; and

(B) as a result of the change in physical state or the manner in which the agricultural commodity or product was produced, marketed, or segregated-

(i) the customer base for the agricultural commodity or product is expanded; and

(ii) a greater portion of the revenue derived from the marketing, processing, or physical segregation of the agricultural commodity or product is available to the producer of the commodity or product.

(b) Grant program

(1) In general

From amounts made available under paragraph (7), the Secretary shall award competitive grants-

(A) to an eligible independent producer (as determined by the Secretary) of a value-added agricultural product to assist the producer-

- (i) in developing a business plan for viable marketing opportunities for the value-added agricultural product; or
- (ii) in developing strategies that are intended to create marketing opportunities for the producer; and

(B) to an eligible agricultural producer group, farmer or rancher cooperative, or majority-controlled producer-based business venture (as determined by the Secretary) to assist the entity-

- (i) in developing a business plan for viable marketing opportunities in emerging markets for a value-added agricultural product; or
- (ii) in developing strategies that are intended to create marketing opportunities in emerging markets for the value-added agricultural product.

(2) Amount of grant

(A) In general

The total amount provided under this subsection to a grant recipient shall not exceed \$500,000.

(B) Majority-controlled producer-based business ventures

The amount of grants provided to majority-controlled producer-based business ventures under paragraph (1)(B) for a fiscal year may not exceed 10 percent of the amount of funds that are used to make grants for the fiscal year under this subsection.

(3) Grantee strategies

A grantee under paragraph (1) shall use the grant-

- (A) to develop a business plan or perform a feasibility study to establish a viable marketing opportunity for a value-added agricultural product; or
- (B) to provide capital to establish alliances or business ventures that allow the producer of the value-added agricultural product to better compete in domestic or international markets.

(4) Term

A grant under this subsection shall have a term that does not exceed 3 years.

(5) Simplified application

The Secretary shall offer a simplified application form and process for project proposals requesting less than \$50,000.

(6) Priority

In awarding grants under this subsection, the Secretary shall give priority to projects that contribute to increasing opportunities for-

- (A) beginning farmers or ranchers;
- (B) socially disadvantaged farmers or ranchers; and
- (C) operators of small- and medium-sized farms and ranches that are structured as a family farm.

(7) Funding

(A) Mandatory funding

On October 1, 2008, of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this subsection \$15,000,000, to remain available until expended.

(B) Discretionary funding

There is authorized to be appropriated to carry out this subsection \$40,000,000 for each of fiscal years 2008 through 2012.

(C) Reservation of funds for projects to benefit beginning farmers or ranchers, socially disadvantaged farmers or ranchers, and mid-tier value chains

(i) In general

The Secretary shall reserve 10 percent of the amounts made available for each fiscal year under this paragraph to fund projects that benefit beginning farmers or ranchers or socially disadvantaged farmers or ranchers.

(ii) Mid-tier value chains

The Secretary shall reserve 10 percent of the amounts made available for each fiscal year under this paragraph to fund applications of eligible entities described in paragraph (1) that propose to develop mid-tier value chains.

(iii) Unobligated amounts

Any amounts in the reserves for a fiscal year established under clauses (i) and (ii) that are not obligated by June 30 of the fiscal year shall be available to the Secretary to make grants under this subsection to eligible entities in any State, as determined by the Secretary.

(c) Agricultural Marketing Resource Center pilot project

(1) Establishment

Notwithstanding the limitation on grants in subsection (b)(2), the Secretary shall not use more than 5 percent of the funds made available under subsection (b) to establish a pilot project (to be known as the "Agricultural Marketing Resource Center") at an eligible institution described in paragraph (2) that will-

(A) develop a resource center with electronic capabilities to coordinate and provide to independent producers and processors (as determined by the Secretary) of value-added agricultural commodities and products of agricultural commodities information regarding research, business, legal, financial, or logistical assistance; and

(B) develop a strategy to establish a nationwide market information and coordination system.

(2) Eligible institution

To be eligible to receive funding to establish the Agricultural Marketing Resource Center, an applicant shall demonstrate to the Secretary-

(A) the capacity and technical expertise to provide the services described in paragraph (1)(A);

(B) an established plan outlining support of the applicant in the agricultural community; and

(C) the availability of resources (in cash or in kind) of definite value to sustain the Center following establishment.

(d) Matching funds

A recipient of funds under subsection (a) or (b) shall contribute an amount of non-Federal funds that is at least equal to the amount of Federal funds received.

(e) Limitation

Funds provided under this section may not be used for-

(1) planning, repair, rehabilitation, acquisition, or construction of a building or facility (including a processing facility); or

(2) the purchase, rental, or installation of fixed equipment.

(Pub. L. 106–224, title II, §231, June 20, 2000, 114 Stat. 409; Pub. L. 107–171, title VI, §6401(a), May 13, 2002, 116 Stat. 424; Pub. L. 110–234, title VI, §6202, May 22, 2008, 122 Stat. 1206; Pub. L. 110–246, §4(a), title VI, §6202, June 18, 2008, 122 Stat. 1664, 1967.)

CODIFICATION

Pub. L. 110–234 and Pub. L. 110–246 made identical amendments to this section. The amendments by Pub. L. 110–234 were repealed by section 4(a) of Pub. L. 110–246.

Section was enacted as part of the Agricultural Risk Protection Act of 2000, and not as part of the Agricultural Marketing Act of 1946 which comprises this chapter.

Section was formerly set out as a note under [section 1621 of this title](#).

AMENDMENTS

2008-Subsec. (a). Pub. L. 110–246, §6202(a), added subsec. (a) and struck out former subsec. (a) which defined “value-added agricultural product”.

Subsec. (b)(1). Pub. L. 110–246, §6202(b)(1), substituted “paragraph (7)” for “paragraph (4)” in introductory provisions.

Subsec. (b)(4) to (7). Pub. L. 110–246, §6202(b)(2), added pars. (4) to (7) and struck out former par. (4). Prior to amendment, text read as follows: “Not later than 30 days after May 13, 2002, on October 1, 2002, and on each October 1 thereafter through October 1, 2006, of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this subsection \$40,000,000, to remain available until expended.”

2002-Subsecs. (a), (b). Pub. L. 107–171, §6401(a)(2), added subsecs. (a) and (b) and struck out former subsec. (a) which related to establishment of grant program, maximum amount per grant recipient, and producer strategies. Former subsec. (b) redesignated (c).

Subsec. (c). Pub. L. 107–171, §6401(a)(1), (3), redesignated subsec. (b) as (c) and, in par. (1), substituted “subsection (b)(2)” for “subsection (a)(2)”, “5 percent” for “\$5,000,000”, and “subsection (b)” for “subsection (a)” in introductory provisions. Former subsec. (c) redesignated (d).

Subsec. (d). Pub. L. 107–171, §6401(a)(4), which directed amendment of subsec. (d) by substituting “subsections (b) and (c)” for “subsections (a) and (b)”, could not be executed because that phrase does not appear.

Pub. L. 107–171, §6401(a)(1), redesignated subsec. (c) as (d). Former subsec. (d) redesignated (e).

Subsec. (e). Pub. L. 107–171, §6401(a)(1), redesignated subsec. (d) as (e).

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment of this section and repeal of Pub. L. 110–234 by Pub. L. 110–246 effective May 22, 2008, the date of enactment of Pub. L. 110–234, see section 4 of Pub. L. 110–246, set out as an Effective Date note under [section 8701 of this title](#).

EFFECTIVE DATE OF 2002 AMENDMENT

Pub. L. 107–171, title VI, §6401(b), May 13, 2002, 116 Stat. 426, provided that:

“(1) In general.-Except as provided in paragraph (2), the amendments made by subsection (a) [amending this section] apply beginning on October 1, 2002.

“(2) Funding.-Funds made available under section 231(b)(4)(A)(i) [probably should be 231(b)(4)] of the Agricultural Risk Protection Act of 2000 [7 U.S.C. 1632a(b)(4)] (as amended by subsection (a)(2)) shall be made available not later than 30 days after the date of enactment of this Act [May 13, 2002].”