

RD AN No. 4430 (1980-E and 4279-B)  
April 18, 2009

TO: State Directors, Rural Development  
ATTN: Business Programs Directors  
SUBJECT: Business and Industry Guaranteed and Direct Loan Programs  
Locally or Regionally Produced Agricultural Food Products

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to implement section 6015 of the 2008 Farm Bill as it relates to locally or regionally produced agricultural food products.

COMPARISON WITH PREVIOUS AN:

There has been no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Section 6015 of the 2008 Farm Bill provides specific eligibility for loans or loan guarantees made to establish and facilitate enterprises that process, distribute, aggregate, store, and market locally or regionally produced agricultural food products to support community development and farm and ranch income. The term “locally or regionally produced agricultural food product” means any agricultural food product that is raised, produced, and distributed in the locality or region in which the final product is marketed, so that the total distance that the product is transported is less than 400 miles from the origin of the product, or in the State in which the product is produced. Food products could be raw, cooked, or a processed edible substance, beverage, or ingredient used or intended for use or for sale in whole or in part for human consumption.

Although demand exists for locally and regionally produced foods, producers in many parts of the country have difficulties finding markets and processing facilities as well as establishing distribution channels. In many instances, retail outlets are not interested in buying from smaller volume producers because they cannot provide sufficient and consistent supply of food products. This provision is designed to help bridge the gap between the production of locally and regionally produced agricultural food products and the processing and distribution of those

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April 30, 2010

FILING INSTRUCTIONS:  
Preceding RD Instructions 1980-E and 4279-B

products. The processing facility can be located in either a rural or urban area as long as it meets the requirements of paragraph one of this section. The recipient of a loan or loan guarantee must include in an appropriate agreement, with retail and institutional facilities to which the recipient sells locally or regionally produced agricultural food products, a requirement to inform consumers of the retail or institutional facilities that the consumers are purchasing or consuming locally or regionally produced agricultural food products.

Through fiscal year 2012, the Agency is required to reserve not less than 5 percent of the funds made available to the programs until April 1 of each year for entities that establish and facilitate the processing, distributing, aggregating, storing, and marketing of locally or regionally produced agricultural food products. When requesting funds from the setaside or National Office reserve, please make sure that your request clearly indicates that the project is for locally or regionally produced agricultural food products. Additionally, priority must be given to projects that have components benefiting (providing product to) underserved communities, including applicants who propose to work with retail establishments in underserved communities to supply items to promote and ensure the salability of the locally-produced agricultural food products. For the purposes of this AN, underserved community is defined as a community (including an urban or rural community and an Indian tribal community) that has limited access to affordable, healthy foods, including fresh fruits and vegetables, in grocery retail stores or farmer to consumer direct markets AND has a high rate of hunger or food insecurity or a high poverty rate.

If you have any questions, please contact the Business and Industry Division at (202) 690-4103.

*(Signed by Pat Fiala)*

PAT FIALA  
Acting Administrator  
Business and Cooperative Programs

NOTE TO THE FILE: Contacted AMS to see if they had a working definition of a food product and was referred to the FDA website. According to the FDA Food Code, Chapter 1 – Purpose and Definitions, “Food” means a raw, cooked, or processed edible substance, ice, beverage, or ingredient used or intended for use or for sale in whole or in part for human consumption, or chewing gum.

Wikipedia defines food as any substance, usually composed of carbohydrates, fats, proteins and water, that can be eaten or drunk by an animal or human for nutrition or pleasure. Items considered food may be sourced from plants, animals or other categories such as fungus or fermented products like alcohol. It states that some countries have a legal definition of food. These countries list food as any item that is to be processed, partially processed, or unprocessed for consumption. The listing of items included as foodstuffs include any substance, intended to be, or reasonably expected to be, ingested by humans. In addition to these foodstuffs, drink, chewing gum, water or other items processed into said food items are part of the legal definition of food. Items not included in the legal definition of food include animal feed, live animals unless being prepared for sale in a market, plants prior to harvesting, medicinal products, cosmetics, tobacco and tobacco products, narcotic or psychotropic substances, and residues and contaminants. Hops (*Humulus lupulus* in the Hibiscus family) is specifically listed in the list of plants with edible leaves in the “list of foods” under the legal definition above.

Webster’s defines food as (1) any substance taken into and assimilated by a plant or animal to keep it alive and enable it to grow and repair tissue; nourishment, nutriment; (2) solid substances of this sort: distinguished from drink; (3) a specified kind of food; and (4) anything that nourishes or stimulates; whatever helps something to keep active, grow, etc.