

**1652.0020 DEFINITIONS.**

Subpart 1. **Scope.** The definitions in this part apply to parts 1652.0010 to 1652.0080.

Subp. 2. **Act.** "Act" means the Minnesota Agricultural Development Act, Minnesota Statutes, chapter 41C.

Subp. 3. **Agricultural business activity.** "Agricultural business activity" means the general processing of agricultural products and the manufacturing, assembly, or fabrication of agriculture-related equipment.

Subp. 4. **Applicant.** "Applicant" means a small business who submits a completed application for a loan under the program to the authority.

Subp. 5. **Application.** "Application" means an application for a loan under the program in the form prescribed by the authority or its executive director.

Subp. 6. **Authority.** "Authority" means the Minnesota Rural Finance Authority established by Minnesota Statutes, section 41B.025, acting through its board or its duly authorized officers.

Subp. 7. **Bond.** "Bond" means a special, limited obligation revenue bond issued by the authority to an eligible lender to finance a loan to an eligible borrower for an eligible purpose pursuant to a loan agreement between the eligible lender and the authority.

Subp. 8. **Borrower.** "Borrower" means an eligible borrower who has received a loan under the program.

Subp. 9. **Code.** "Code" means the Internal Revenue Code of 1986, as amended, and all rules, regulations, and revenue procedures issued under it.

Subp. 10. **Depreciable agricultural business property.** "Depreciable agricultural business property" means property of a character that is subject to the allowance for depreciation under the code and that is to be owned and used by an eligible borrower in an agricultural business enterprise.

Subp. 11. **Eligible borrower.** "Eligible borrower" means a small business, as defined in Minnesota Statutes, section 645.445, subdivision 2, that:

- A. will engage in an agricultural business enterprise;
- B. will be the "principal user" of the property financed under the code, and will materially and substantially participate in the operation of the business of which the property is a part; and
- C. has not received other similar tax-exempt financing from the authority in an amount which, together with the current loan, exceeds \$250,000.

Subp. 12. **Eligible lender.** "Eligible lender" means a bank, credit union, savings association, insurance company, or other financial institution authorized to do business in Minnesota, or an individual.

Subp. 13. **Eligible purpose.** "Eligible purpose" means the acquisition or improvement of real or personal property for use in new or expanded operations of an agricultural business enterprise located or to be located in a Minnesota community with a population of 5,000 or less.

Subp. 14. **Executive director.** "Executive director" means the authority's executive director or any other officer duly authorized to act on behalf of the authority's board or its executive director.

Subp. 15. **Improvements.** "Improvements" means items that, when complete, become part of the real or personal property used in an agricultural business enterprise.

Subp. 16. **Lender.** "Lender" means an eligible lender who has purchased a bond under the program.

Subp. 17. **Loan.** "Loan" means the loan of the proceeds of a bond to an eligible borrower for an eligible purpose pursuant to a loan agreement between the authority and the eligible borrower.

Subp. 18. **Principal user.** "Principal user" means a person who is a principal owner, a principal lessee, a principal output purchaser, or an "other" principal user as defined in the code.

Subp. 19. **Program.** "Program" means the agricultural business enterprise loan program established by the authority.

Subp. 20. **Related person.** "Related person" means a spouse, a lineal descendent, a brother or sister, or a partnership or corporation owned, directly or indirectly, more than 50 percent by the borrower or one or more of the persons listed in this subpart.

**Statutory Authority:** *MS s 41C.13*

**History:** *17 SR 2323; L 1995 c 202 art 1 s 25*

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