

Congress of the United States
Washington, DC 20515

July 25, 2016

Maria Contreras-Sweet
Administrator
US Small Business Administration
409 3rd St, SW
Washington, D.C. 20416

Ann Marie Mehлум
Associate Administrator
US Small Business Administration
409 3rd St, SW
Washington, D.C. 20416

Linda Reilly
504 Program Chief
US Small Business Administration Office of Financial Assistance
409 3rd St, SW
Washington, D.C. 20416

Dear Maria Contreras-Sweet, Ann Marie Mehлум, and Linda Reilly,

It has recently come to our attention that following legal action in Arkansas related to a large swine operation, the Small Business Administration (SBA) is not currently able to offer clear guidance on how to comply with environmental standards for dairy operations wishing to utilize the SBA 504 program. This lack of clarity from the SBA is effectively rendering a potentially valuable economic development tool unavailable to dairy operations.

While the use of the SBA 504 program to assist those in the dairy industry may not be widespread on a national basis, Wisconsin Business Development (WBD), the largest and most active Certified Development Company (CDC) in our state, actively uses this program to help support the small businesses that make Wisconsin's dairy industry a nearly \$45 billion-per year economic engine that accounts for more than 40 percent of the jobs in the agricultural sector.

WBD has utilized the 504 program to help secure over \$285 million in financing to over 80 dairy business operations over the last 20 years. Of these projects, 38 were funded and have since been paid off, 37 are current, five are under construction, and only one was funded and later transferred to the SBA. These loans have been a good investment in our local rural economy and a stable part of the SBA servicing portfolio.

We understand the need to safeguard our environment and protect our resources for generations to come and to support efforts by the SBA to make sure the agency complies with NEPA. We are not seeking to weaken environmental standards, but urging the SBA to make clear what are the expectations for compliance are.

Because of a recent change in the guidance SBA is providing, WBD is currently unable to provide a clear list of loan application requirements to dairy businesses. Currently, the SBA is requiring a Certified Development Company (CDC) to present a "National Environmental Policy Act (NEPA) compliant Environmental Assessment," without providing adequate clarity on what documentation would meet that requirement. WBD's inability to provide this guidance is already affecting over \$100 million of potential agribusiness investment in Wisconsin and the new jobs such investment would bring. We request that the SBA work to

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clarify what environmental assessment documents are necessary for farms to submit to meet NEPA requirements.

Many farms applying for SBA-guaranteed loan funding already complete environmental reviews and establish processes for mitigating their environmental impact under requirements set by the National Pollutant Discharge Elimination System (NPDES). These are costly and time-intensive determinations for farms to make. We encourage the agency to work with the Environmental Protection Agency and Wisconsin Department of Natural Resources to identify whether documents used to meet NPDES requirements under the Clean Water Act may also be used to satisfy NEPA requirements. Should the SBA deem these existing documents insufficient, the agency should clearly identify what additional requirements are necessary for compliance, rather than create an entirely new and largely duplicative process that renders the program unusable.

We are proud to represent America's Dairyland and request this issue be resolved as quickly as possible. We urge the SBA to thoroughly review the 504 program, as it applies to dairy operations, and ensure dairies can appropriately apply for any eligible loans offered by the SBA, with guidance from Certified Development Companies.

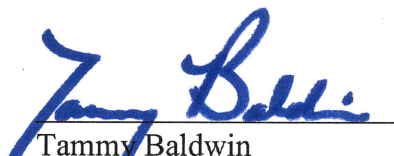
Sincerely,



Sean Duffy
Member of Congress



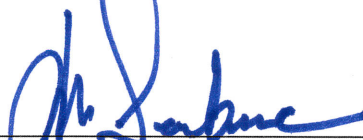
Ron Johnson
Member of Congress



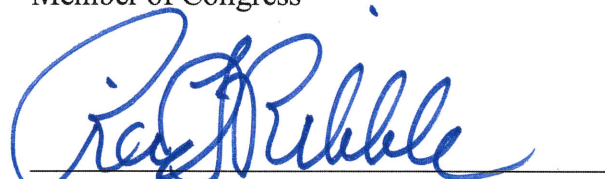
Tammy Baldwin
Member of Congress



Glenn Grothman
Member of Congress



F. James Sensenbrenner
Member of Congress



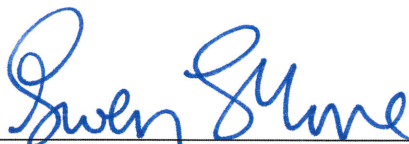
Reid Ribble
Member of Congress



Ron Kind
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Mark Pocan
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Gwen Moore
Member of Congress

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cc: Barbara Vohryzek, CEO, NADCO
Eric Benderson, SBA Office of General Counsel
Margaret Berry, SBA Environmental