

United States Senate

WASHINGTON, DC 20510

November 19, 2018

Administrator Linda McMahon
U.S. Small Business Administration
409 Third Street, S.W.
Washington, D.C. 20416

Dear Administrator McMahon:

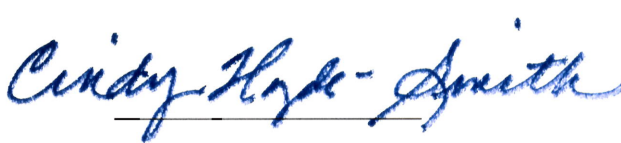
We are writing with regard to the Small Business Administration (SBA) proposed rule on Express Loan Programs and Affiliation Standards. As proposed, provisions of the rule would prevent Mississippi poultry growers from participating in important SBA loan programs, and we respectfully request that you incorporate necessary changes prior to issuing final regulations.

A March 6, 2018, SBA Office of the Inspector General (OIG) report, titled *Evaluation of SBA 7(a) Loans Made to Poultry Farmers*, inaccurately reflects the relationship between small growers and large producers, commonly referred to as integrators. OIG concluded loans to growers did not meet SBA requirements for eligibility because integrators purportedly exercised control over the growers through contracts, operating procedures and other requirements. The report claimed that growers should be considered “affiliated” with the integrator companies they do business with. Unfortunately, the subsequent SBA proposed rule embraces the OIG conclusions, which could jeopardize the livelihood of thousands of family farms and small businesses across Mississippi.

While large integrator companies provide certain production inputs, technical support, and establish quality criteria, poultry growers are independent registered businesses. These independent poultry farmers are solely responsible for obtaining financing, supervising, managing day-to-day business and paying taxes. In no way are they partners, agents, or employees of the integrator. The SBA 7(a) loan program provides essential access to financing for small family farmers.

Agriculture is the top economic driver for our state, with poultry representing the largest segment of Mississippi’s agricultural industry and supporting thousands of jobs. In 2017, Mississippi’s 1,430 poultry farms produced 746 million broilers worth more than \$2.5 billion value of production. Access to capital is essential to the continued success of poultry production in Mississippi, and we respectfully request that you revise the SBA proposed rule so growers are not arbitrarily excluded from the SBA 7(a) loan program.

Thank you for your attention on this important matter.



CINDY HYDE-SMITH

ROGER F. WICKER