

tropical island



Subcommittee on Federal Spending Oversight
Sen. Rand Paul, M.D. (Kentucky), Chairman



THE WASTE REPORT

Golf Course?

April 24, 2017

USDA'S RURAL BUSINESS DEVELOPMENT PROJECT **USDA RURAL DEVELOPMENT MONEY BLOWN WAY OFF COURSE... TO GOLF IN ST. CROIX**

When you think about rural businesses, one of the last things that would come to mind is a luxury golf course on a Caribbean island, but that is exactly where the U.S. Department of Agriculture (USDA) sent nearly \$125k in rural development grant money last year.

That's right!!! Your tax dollars went to support the purchase of solar panels for the Carambola Golf Club on St. Croix, USVI.¹

RURAL?

The Carambola solar project was partially financed under the Rural Energy for America Program (REAP).² To qualify under this program (you know, as rural), a business must meet one of two standards:

- Minimum 50% of gross income comes from agricultural operations, or
- It is located in a non-urbanized area of a city or town with fewer than 50k residents.³

We'll assume Carambola (or any golf course) did not qualify based on agricultural operations, but even by the population/urbanization standard, this is still a stretch.

The Carambola golf course itself is the center of a larger luxuries development, which includes a hotel and "some one hundred homes... all within an exclusive gated community."⁴ Not exactly life on the farm.

In fact, by this same standard, any number of ski resorts, amusement parks, and many more golf courses all across America could qualify as rural for the purpose of getting REAP grants - not really the kind of businesses the program is intended to help.

GRANTS, YES, BUT NOT LOANS

In addition to issuing grants, the REAP program also makes loan guarantees.⁵ According to Solar Delivered, the company that designed Carambola's "microgrid" solar system, they also prepared the applications to USDA for both a grant and a government loan guarantee.⁶

It does not appear that Carambola received a loan guarantee. This may be because **USDA general "Guaranteed Loanmaking" regulations expressly prohibit guarantees for [g]olf courses and golf course infrastructure...,** along with race tracks and casinos.⁷ Such prohibition is not restated in USDA's REAP regulations.

So... why is it too risky or unwise to guarantee a loan (which may never cost the taxpayer) for a golf course, but it is perfectly fine to give the same golf course grant money?

"WHY DOES USDA RURAL DEVELOPMENT DO THIS?"

USDA rhetorically asks this question of the REAP program in its promotional one-page flyer. The answer provided is not particularly convincing, especially with regard to why this is in the interest of agricultural producers: "This program helps increase American energy independence... Over time, these investments can also help lower the cost of energy..."⁸

Sure, everyone would like to save on their electric bill, but that is not unique to rural business. And are solar panels really an agricultural priority for taxpayers? Probably not. Even if they were, solar powered golf courses in the Caribbean certainly do not fit the bill.

¹<https://www.usaspending.gov/transparency/Pages/TransactionDetails.aspx?RecordID=074BD280-CB38-451A-A1B5-E5A2EAD9BA57&AwardID=51739052&AwardType=G>

² The REAP grant can fund as much as 25% of the project cost.

³ <https://www.rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency>

⁴ <http://www.golfcarambola.com/about.htm>

⁵ https://www.rd.usda.gov/files/RD_FactSheet_RBS_REAP_RE_EE.pdf

⁶ <http://solardelivered.com/projects/>

⁷ [7 CFR 2479.117 \(m\)](https://www.ecfr.gov/current/title-7/chapter-I/subchapter-B/part-117/subpart-1/section-117.117)

⁸ https://www.rd.usda.gov/files/RD_FactSheet_RBS_REAP_RE_EE.pdf