

THE RURAL REPORT | SEP 29 2026

Updates on Federal Action and Funding Opportunities
Supporting Development in Rural Communities

IRS Proposes Rules for Four-Year Capital Gains Payments on Farmland Sales

The IRS and Treasury Department are proposing regulations implementing a provision of the 2025 GOP tax law that allows taxpayers who sell qualified farmland to farmers to spread their capital gains tax payments over four equal annual installments. The proposed rules apply to U.S. farmland that the taxpayer farmed or leased to a qualified farmer for substantially all of the prior 10 years and that is subject to a covenant or similar restriction requiring the property to remain in agricultural use for 10 years following the sale. The installment option would also be available to individual partners and S corporation shareholders based on their share of the gain, with similar treatment for beneficiaries of trusts and estates. The administration said the provision is intended to provide greater flexibility for farmland transactions while supporting continued agricultural use. Comments on the proposed regulations are due November 30, 2026.

Green Groups Sue USDA Over Canceled Rural Solar Grants

Earthjustice and the Environmental Law & Policy Center sued the USDA yesterday, seeking to restore grants awarded to farmers and small businesses through the Rural Energy for America Program (REAP) and reverse recent changes limiting eligibility for solar projects. The groups argue that USDA unlawfully canceled previously approved grants, including awards relied upon by recipients who had already invested in projects, while the administration has defended the changes as necessary to refocus REAP on USDA's core mission and limit support for large ground-based solar projects. REAP supports renewable energy and energy-efficiency projects in rural communities and awarded \$2.1 billion in grants and \$1.4 billion in loan guarantees in 2024; solar projects have accounted for most awards since 2011. The lawsuit comes as congressional appropriators consider reducing REAP funding and shifting the program toward greater use of loan guarantees rather than grants.

Funding Opportunities

[Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation \(PROTECT\) Program](#)

USDOT / Federal Highway Administration (FHWA)

USDOT provides funding to plan for and make surface transportation more resilient to current and further weather events, natural disasters, and changing severe storms, flooding, drought, levee and dam failures, wildfires, rockslides, mudslides, sea level rise, extreme weather, including extreme temperature, and earthquakes. \$787 million is available. ***Application Deadline: 10/9/2026***

[Powering Affordable Reliable Technology \(PART\) Program](#)

U.S. Department of Agriculture

USDA Rural Development supports affordable energy growth across America by providing loans for projects that generate or store electricity from a renewable energy resource. Part of the loan may also qualify for loan forgiveness. ***Letters of interest due: 10/9/2026***

[Electric Infrastructure Loan & Loan Guarantee Program](#)

U.S. Department of Agriculture

USDA Rural Development provides insured loans and loan guarantees to nonprofit and cooperative associations, public bodies, and other utilities. Insured loans primarily finance the construction of electric distribution facilities in rural areas. ***Application deadline: Open***

[Water & Waste Disposal Loan & Grant Program](#)

U.S. Department of Agriculture

USDA Rural Development provides funding for clean and reliable drinking water systems, sanitary sewage and solid waste disposal, and storm water drainage to households and businesses in eligible rural areas. ***Application deadline: Open***

[Community Facilities Direct Loan Program](#)

U.S. Department of Agriculture

USDA Rural Development provides affordable funding to develop essential community facilities in rural areas. Projects include fire and rescue stations, town halls, health care clinics and hospitals. ***Application deadline: Open***

[Community Facilities Guaranteed Loan Program](#)

U.S. Department of Agriculture

USDA Rural Development provides loan guarantees to eligible lenders to develop essential community facilities (CF) in rural areas. Examples of community facilities include health care facilities, buildings like town halls, and public safety facilities such as fire departments. ***Application deadline: Open***

[Timber Production and Expansion Guaranteed Loan Program \(TPEP\)](#)

U.S. Department of Agriculture

USDA Rural Development provides financial support to qualified lenders whose loan applicants want to establish, reopen, expand, or improve a sawmill or other wood processing facility that process ecosystem restoration byproducts from USDA Forest Service National Forest System lands. ***Application deadline: Accepted until funds are expended.***

[Rural Business Investment Program](#)

U.S. Department of Agriculture

USDA Rural Development provides a Rural Business Investment Company (RBIC) license to newly formed developmental capital organizations to help meet the equity capital investment needs in rural communities. ***Application deadline: Rolling Basis***