

USDA Rural Development

Funding Options for Your Value Added Manure Business



Funding Opportunities

- 9006 Renewable Energy and Energy Efficiency Grant
- Business & Industry Guaranteed Loans
- Value Added Producer Grant
- Farm Service Agency



What is the Section 9006 Program?

- **Created under Section 9006 of the 2002 Farm Bill**
- **Provides financial assistance for farmers, ranchers and rural small businesses**
- **Purchase renewable energy system or make energy efficient improvements**



What is the Section 9006 Program?

- **Grants and guaranteed loans authorized at this time**
- **Funded at approximately \$22 million per year for five years**



Who is Eligible?

- **Agricultural producers**
 - Earn at least 51% of gross income from ag production
- **Rural small businesses**
 - Must be located in an area of 50,000 people or less
 - Subject to size limitations according to specific industry
 - Non-profits are excluded



Eligible Projects

- **Project must be for the purchase of a renewable energy system or to make energy efficient improvements**
- **Technology must be pre-commercial or commercially available, and replicable**
- **Project must have technical merit**



Renewable Energy

- Biomass
 - Bio energy
 - Anaerobic digester
- Wind
 - Large vs. small
- Solar
 - Electric
 - Thermal
 - Large vs. small
- Geothermal
 - Direct use (heat pump)
 - Electric generation
- Hydrogen
- Hybrids



Grant Funding

- Grants may be made for up to 25% of *eligible* project costs
- Renewable energy max grant: \$500,000
 - Minimum: \$2,500
- Energy efficiency max grant: \$250,000
 - Minimum: \$1,500



Grant Funding

- Applicant is responsible for obtaining funding for the balance of project costs (75%)
- Loans, other grants, cash
- Other sources must be non-Federal



Eligible Costs

- Equipment purchase and installation
- Construction or improvements
- Energy audits or assessments
- Permit and license fees
- Professional service fees
- Feasibility studies and technical reports
- Business plans
- Retrofitting
- Construction of new energy efficient facility (same purpose & size, more energy savings than improving existing facility)



Business & Industry Guaranteed Loans

- Purpose:
 - Create and maintain employment
 - Improve economic and environmental climate in rural communities



How it Works

- Lender originates and services loan
- USDA guarantees loss up to 80% of loan



Benefits to Borrowers

- Greater loan amounts
- Stronger loan application
- Lesser equity injection
- Lower interest rates
- Longer terms
- Assist businesses that may not qualify for conventional financing



Loan Limits

- \$10 million maximum loan
 - Aggregate limit to one borrower
- \$25 million
 - subject to economic impact criteria
 - requires exception by National Office
 - preapplication required
- Secretary of Agriculture may approve loans > \$25MM for rural cooperative organizations



Guarantee Limits

- 80% of loans up to \$5 million
- 70% of loans greater than \$5MM up to \$10 million
- 60% of loans greater than \$10MM
- USDA may limit guarantee % depending on risk profile



Contact Information

- For the Section 9006 and the Guaranteed Business and Industry Programs contact Matt Moore at 573.876.9321 or matt.moore@mo.usda.gov



Value Added Producer Grant

- Intended to provide grant funds to agricultural producers
- Planning activities
- Working capital expenses
- Goal is to assist in receiving a greater share of the consumer's dollar for value-added agricultural products.



Applicant Eligibility

- Independent Producer
- Farmer or Rancher Cooperative
- Agricultural Producer Group
- Majority-Controlled Producer-Based Business Venture



Matching Eligibility

- Matching funds of at least 50% of total project costs are required
- Match must be provided by the applicant or a third-party in the form of cash or in-kind funds
- Match must be spent on eligible purposes and must be from eligible sources



Product Eligibility

- Change in physical state (e.g. lamb chops, diced tomatoes)
- Differentiated production or marketing (e.g. organic) - must reference a business plan
- Product segregation (e.g. identity-preserved corn)
- Farm-based renewable energy



Activity Eligibility

- Planning Activities (e.g. feasibility study, business plan, marketing plan)
- Working Capital (e.g. labor, inventory, advertising)



Contact Information for the Value Added Grant Program

Program Website

<http://www.rurdev.usda.gov/rbs/coops/vadg.htm>

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Farm Service Agency Guarantee

- Farm Ownership
 - Purchase real estate
- Operating Loans
 - Purchase machinery
 - Purchase equipment



FSA GUARANTEE

- Maximum Guarantee is 90%
- Typically 1% Guarantee Fee
- Contact Jim Harms: 573.876.0980 or via email: james.harms@mo.usda.gov



Questions?

