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?