

Financing for Agriculture Products

Prepared by

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1. **Maryland Capital Enterprises, Inc. (MCE)** is a private nonprofit that works to build communities by supporting micro businesses. MCE offers the smallest community-based businesses access to the resources they need to start or grow their business including counseling, small business training, networking opportunities and loans/micro-finance. www.marylandcapital.org

Contact:

PO Box 1844

Salisbury 21802

410-546-1900

Hayley Gallagher, Executive Director

2. **The U.S. Small Business Administration (SBA)** The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. The SBA helps Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to people throughout the United States, Puerto Rico, the U. S. Virgin Islands and Guam. <http://www.sba.gov/index.html>
 - SBA provides a number of financial assistance programs for small businesses including 7(a), 504 and disaster assistance loans. <http://www.sba.gov/services/financialassistance/index.html>
 - Grant programs: The U.S. Small Business Administration does not offer grants to start or expand small businesses, though it does offer a wide variety of loan programs. While the SBA does offer some grant programs, these are generally designed to expand and enhance organizations that provide small business management, technical, or financial assistance. These grants generally support non-profit organizations, intermediary lending institutions, and state and local governments. <http://www.sba.gov/services/financialassistance/grants/index.html>
 - SBA provides low interest disaster loans to homeowners, renters, businesses of all sizes and private, non-profit organizations to repair or replace real estate, personal

property, machinery & equipment, inventory and business assets that have been damaged or destroyed in a declared disaster.

<http://www.sba.gov/services/disasterassistance/>

Contact:

US Small Business Administration
409 3rd Street, SW
Washington, DC 20416
1-800-U-ASK-SBA (1-800-827-5722)
Send e-mails to: answerdesk@sba.gov
Answer Desk TTY: (704) 344-6640

Maryland Office:

City Crescent Building, 6th Floor
10 South Howard Street
Baltimore, Maryland 21201
(410) 962-6195

Delaware Office:

1007 N. Orange Street, Suite 1120
Wilmington, DE 19801-1232
(302) 573-6294

Virginia Office:

The Federal Building
400 North 8th Street, Suite 1150
Richmond, VA 23219-4829
(804) 771-2400 Fax 771-2764
E-mail: richmond.va@sba.gov

- 3. Maryland Energy Administration (MEA)** mission is to maximize energy efficiency while promoting economic development, reducing reliance on foreign energy supplies, and improving the environment. MEA offers incentives and resources for businesses and residential. These incentives include tax credits, grants and loan programs to promote the use of renewable energy and improve energy efficiency.

<http://www.energy.state.md.us/>

Contact:

Chris Rice Program Manager
1623 Forest Drive, Suite 300
Annapolis, MD 21403
410-260-7207
FAX: 410-974-2250
crice@energy.state.md.us

4. **Delaware Energy Office** goals are to maximize energy efficiency, increase energy diversity and promote renewable and advanced energy technologies. The Delaware Energy Office provides several programs including: Delaware Green Energy Program, Delaware Sustainable Utility
<http://www.dnrec.delaware.gov/energy/Pages/default.aspx>

Contact:

Charlie T. Smisson Jr. State Energy Coordinator
1203 College Park Drive, Suite 101
Dover, DE 19904
(302) 735-3480
(302) 739-1840 (Fax)
Charlie.Smisson@state.de.us

5. **University of Delaware** The Delaware Department of Agriculture has prepared a basic template for poultry growers for the USDA grants. The templates contain the information that will be applicable for all growers and provides a base to work from in developing a grant application. For information or a copy of the template, contact Mark Davis at (302) 698-4503. <http://ag.udel.edu/anfs/solar/appendixD.html>
6. **Maryland Clean Energy Center** purpose is to promote clean energy economic development and jobs in the state; encourage deployment of clean energy technologies across Maryland; assist newly developed technologies with pilot projects; collect, analyze and disseminate industry data; and provide outreach and technical support to further the clean energy industry in Maryland. The Center's program priorities range from technology commercialization and business incubation to workforce development and training, with expected outcomes of increased health of our economy and environment. <http://www.marylandcleanenergycenter.org/>

Contact: Katherine Magruder
Executive Director
MARYLAND CLEAN ENERGY CENTER
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ikm@mdcleanenergy.org

7. United States Department of Agriculture (USDA) Rural Development

- Rural Energy for America Program Grants/Energy Audit and Renewable Energy Development Assist (REAP/EA/REDA). The REAP/EA/REDA Grant Program will provide grants for energy audits and renewable energy development assistance. Eligible entities of this grant program include a unit of State, tribal, or local government; institutions of higher education; rural electric cooperatives; or a public power entity. The program is design to assist farmers, ranchers, and rural small businesses.
<http://www.rurdev.usda.gov/rbs/busp/REAPEA.htm>
- Rural Energy For America Program Grants/Renewable Energy Systems/Energy Efficiency Improvement Program (REAP/RES/EEI). The REAP/RES/EEI Grants Program will provide grants for energy audits and renewable energy development assistance. It also provides funds to agricultural producers and rural small businesses to purchase and install renewable energy systems and make energy efficiency improvements.
<http://www.rurdev.usda.gov/rbs/busp/9006grant.htm>
- Rural Energy For America Program Grants (REAP Grants). The REAP/Feasibility Grant Program will provide grants for energy audits and renewable energy development assistance. It also provides funds to agricultural producers and rural small businesses to conduct feasibility study for a renewable energy system. The program is designed to assist farmers, ranchers and rural small businesses. All agricultural producers, including farmers and ranchers, who gain 50% or more of their gross income from the agricultural operations are eligible. Small businesses that are located in a rural area can also apply. Rural electric cooperatives may also be eligible to apply.
<http://www.rurdev.usda.gov/rbs/busp/REAPFEAS.htm>
- Rural Energy for America Program Guaranteed Loan Program (REAP LOAN). The REAP Guaranteed Loan Program encourages the commercial financing of renewable energy (bioenergy, geothermal, hydrogen, solar, wind and hydro power) and energy efficiency projects. Under the program, project developers will work with local lenders, who in turn can apply to USDA Rural Development for a loan guarantee up to 85 percent of the loan amount.
<http://www.rurdev.usda.gov/rbs/busp/9006loan.htm>

- Biorefinery assistance program/Biorefinery assistance loan guarantees. The purpose of this section is to assist in the development of new and emerging technologies for the development of advanced biofuels, so as to:
 1. increase the energy independence of the United States;
 2. promote resource conservation, public health, and the environment;
 3. diversify markets for agricultural and forestry products and agriculture waste material; and
 4. create jobs and enhance the economic development of the rural economy.
- Grants to Market Value-Added Agricultural Products. USDA Rural Development welcomes projects that highlight innovative uses of agricultural products. This may include using existing agricultural products in non-traditional ways and/or merging agricultural products with technology in creative ways. As with all value-added efforts, generating new products, creating expanded marketing opportunities and increasing producer income are the end goal. Applications proposing to develop innovative, sustainable products, businesses, or marketing opportunities that accelerate creation of new economic opportunities and commercialization in the agri-food, agri-science, or agriculture products integrated or merged with other sciences or technologies are invited. This may include alternative uses of agricultural products as well as, value-added processing of agricultural commodities to produce bio-materials (e.g. plastics, fiberboard), green chemicals, functional foods (e.g. lutin enhanced "power bar" snacks, soy enhanced products), nutraceuticals, on-farm renewable energy, and biofuels (e.g. ethanol, bio-diesel).

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

Contact:

Bruce Weaver (Delaware and Maryland)
 USDA Rural Development
 1221 College Park Drive, Suite 200, Dover
 (302) 857-3626
weaver@de.usda.gov

USDA Rural Development (Virginia)
 Southampton Office Bldg.
 222329 Main Street
 Courtland, VA 23837-1026
 (757) 653-2532

- 8. The Delaware Department of Natural Resources and Environmental Control** offers loans, grants and cost share programs to help growers finance environmental programs.

Some of these programs include a poultry and dairy BMP loan program.
(<http://www.dnrec.delaware.gov/services/Pages/Loans.aspx>)

Contact:

Sharon Webb
Nonpoint Source Program
Div. of Soil and Water
Conservation
302-739-9922
sharon.webb@state.de.us

Michelle Jacobs
Kent Conservation District
302-741-2600 ext 115

Deanna Bradley
Sussex Conservation District
302-856-3990 ext 109

**9. Maryland Department of Agriculture and Maryland Department of the Environment
Maryland Water Quality Financing Administration LOW INTEREST LOANS FOR
AGRICULTURAL CONSERVATION PROJECTS (LILAC)**

A financial incentive program to help farmers install best management practices (BMPs) for purchase equipment to protect natural resources and safeguard water quality in the Chesapeake Bay and its tributaries. LILAC may be used to supplement federal and state cost share payments for structural best management practices such as animal waste management systems or stream protection measures. LILAC may also be used to purchase certain types of equipment to control soil erosion and manage nutrients. For more information go to:

http://www.mda.state.md.us/pdf/2008_lilac.pdf or contact your local soil conservation office.

10. Maryland Grain Producers Checkoff Program has been in effect since October 1, 1991 and collects a half a percent of the net value of grain sold. The grains impacted are barley, corn, oats, canola, wheat, and any other grain excluding popcorn and sweet corn. Funds are administered through a board consisting of regional grain farmer representatives and advisory members representing the University of Maryland, Maryland Department of Agriculture, and agri-businesses in the state. Funds are spent in the same proportion on each crop as they are received, and are specific to the needs of Maryland's grain farmers to improve farming conditions and profitability in Maryland. The funds are spent to promote the use of grain through new product research, promotion, education and production research. (<http://www.marylandgrain.com/Checkoff%20Program.htm>)

- The Maryland Grain Producers Utilization Board seeks grant requests to carry out this mission. The deadline for applications is December 1, with grants awarded following the board meeting in January.
(<http://www.marylandgrain.com/Grant%20Application.htm>)
- The Maryland Grain Producers Utilization Board allocates grain checkoff funds to support a college scholarship program. The program is administered by the Maryland Grain Producers Association to support students enrolled in a Maryland or

an out-of-state institution who are pursuing a career in an agricultural field. Scholarships are awarded in the amount of \$2,500 each (\$1,250 for each semester). (<http://www.marylandgrain.com/Scholarship%20Program.htm>)

Contact:

Lynne Hoot, Executive Director

53 Slama Road, Edgewater MD 21037

(P) 410-956-5771

(F) 410-956-0161

11. Database of State Incentives for Renewables and Efficiency (DSIRE) is a comprehensive source of information on state, local, utility, and federal incentives and policies that promote renewable energy and energy efficiency. Established in 1995 and funded by the U.S. Department of Energy, DSIRE is an ongoing project of the N.C. Solar Center and the Interstate Renewable Energy Council. <http://www.dsireusa.org/>

12. Maryland Agriculture and Resource Based Industry Development Corporation (MARBIDCO) assists Maryland's farm, forestry, seafood and recreation-based businesses to achieve profitability and sustainability by providing targeted services that help retain existing Agriculture/Resource-based production and commerce, promote rural entrepreneurship, and nurture emerging industries. (<http://www.marbidco.org/home.html>)

MARBICO Loan Programs

- The **Maryland Resource-Based Industry Financing Fund** offers low-interest (2% APR initially) loans to established Ag/RBI-industry firms for the purchase of land and capital equipment for production and processing activities (or environmental enhancement projects). The maximum MARBIDCO loan amount is \$250,000 (or \$350,000 for land acquisition). Some priority is given to value-added and niche market-oriented projects as well as beginning or transitioning producers and processors. MARBIDCO provides up to 50% of financing needed for a project, and a *commercial lender and/or a public instrumentality must also have an equal financial commitment in any transaction.* (Note: MARBIDCO typically takes a subordinate position on the required collateral security with MRBIFF loans.)
- The **Rural Business Working Capital Loan Fund** offers low-interest (4-5% APR) loans to Ag/RBI-industry firms and producers for working capital and equipment purchases. The maximum loan amount is \$75,000. A letter of referral from a commercial lender is required. Certain eligibility restrictions may also apply if federal funds are being used. (The State's financial support for this program may also leverage USDA-Rural Development funding.)

- The **Maryland Vineyard Planting Loan Fund** offers low-interest (3-5% APR) loans to help meet the unique financing needs of Maryland's rural landowners wanting to plant grapes and develop wineries. The maximum loan amount is \$100,000 and an interest only option is available. A letter of referral from a commercial lender is required as well as a site evaluation approval letter from the wine/grape industry's viticulture committee. The requested financial assistance from MARBIDCO must relate to the installation of new vineyards, including, but not limited to, the prepping of land for vineyard installation, purchase of vines, vineyard equipment and supplies. The purchase of tractors, pick-up trucks, and wine-making equipment are not eligible for financing under this particular program.
- The **Forestry Equipment and Working Capital Loan Fund** offers low-interest (4% to 10% is depending on the level of credit and collateral risk) loans to Maryland's forest products businesses with respect to working capital and equipment purchases. The maximum loan amount is \$150,000. A letter of referral from a commercial lender is required. In a special effort to better serve the forest products industry in Maryland, MARBIDCO will utilize slightly more liberal underwriting guidelines than normal for making loans under this program (including the utilization of a minimum cash flow coverage ratio of 1.0/1.0, as well as partially relaxed collateral security requirements, where appropriate).
- The **Agricultural Cooperatives Equity Investment Fund** provides a portion of the patient capital investment needed by cooperatives that do not have the necessary equity available to obtain the commercial financing that typically is required during the period that business operations are beginning or significantly expanding. The maximum amount of equity funding that MARBIDCO can provide to an individual cooperative is \$100,000 in any single year. Equity contributions made to coops by non-voting member investors will be offered in the form of "preferred stock", with a dividend (TBD) paid annually beginning in the third year of business operation. After about the tenth year of a cooperative's operation, the equity investment will be callable, at which time a lump sum principal repayment will be due or, alternatively, a loan note agreement must be entered into with MARBIDCO with a near market-rate interest charge. The following conditions must be met for a legally organized and recognized cooperative to be eligible for equity investment by MARBIDCO:

MARBIDCO Grant (or Grant-type) Programs

- The **Rural Business Energy Efficiency Grant Program** helps established firms and producers to purchase equipment or technology related to lowering farm and business-related energy consumption. Grants of up to 10% of a project's cost (maximum of \$1,000), are available for eligible activities. A copy of an energy audit report provided by a qualified third-party consultant is required.

- The **Maryland Value Added Producer Grant (MVAPG)** is designed to encourage participation in USDA's highly competitive Value Added Producer Grant Program (which has both planning and working capital components). The USDA VAPG Program, which is offered annually, requires a financial matching commitment and each application for the USDA VAPG must include a "verification of matching funds". The USDA VAPG Planning Grant offers a maximum award of \$100,000, and the Working Capital Grant offers a maximum of \$300,000. MARBIDCO's grants could be applied for up to \$20,000 and \$50,000, respectively (the actual amount depends on the total pool of resources available for the MVAPG program.)
- The **Local Government Ag/RBI Project Cost Share Program** is designed to lend support to local and regional rural business development efforts

MARBIDCO Rural Land Preservation Facilitation Program

- The **Installment Purchase Agreements Program**, working in conjunction with the Maryland Agricultural Land Preservation Foundation (MALPF), will enable the purchasing of easements on agricultural properties using tax-advantaged financial arrangements structured to benefit both landowners and the State. There are two types of IPAs – "self-funded" (which are currently being offered by MARBIDCO on MALPF's behalf), and "leveraged" (which are not currently planned to be offered in the near future).

13. Natural Resources Conservation Service (NRCS) provides leadership in a partnership effort to help America's private land owners and managers conserve their soil, water, and other natural resources. NRCS employees provide technical assistance based on sound science and suited to a customer's specific needs. We provide financial assistance for many conservation activities. Participation in our programs is voluntary. <http://www.nrcs.usda.gov/>

Maryland Natural Resources Conservation Service (NRCS) Programs:

<http://www.md.nrcs.usda.gov/programs/>.

Delaware Natural Resources Conservation Service Programs:

<http://www.de.nrcs.usda.gov/programs/index.html>

Virginia Natural Resources Conservation Service Programs:

<http://www.va.nrcs.usda.gov/programs/>

- **Environmental Quality Incentive Programs (EQIP)** offers contracts with a minimum term that ends one year after the implementation of the last scheduled practices and a maximum term of ten years. These contracts provide financial assistance to implement conservation practices. Owners of land in agricultural production or persons who are engaged in livestock or agricultural production on eligible land may participate in the EQIP program. EQIP provides payments up to 75 percent of the incurred costs and income foregone of certain conservation practices and activities. However certain historically underserved producers

(Limited resource farmers/ranchers, beginning farmers/ranchers, socially disadvantaged producers) may be eligible for payments up to 90 percent of the estimated incurred costs and income foregone. <http://www.nrcs.usda.gov/PROGRAMS/EQIP/index.html#prog>

- **The Agricultural Water Enhancement Program (AWEP)** is a voluntary conservation initiative that provides financial and technical assistance to agricultural producers to implement agricultural water enhancement activities on agricultural land for the purposes of conserving surface and ground water and improving water quality. As part of EQIP, AWEP operates through contracts with producers to plan and implement conservation practices in project areas established through partnership agreements. <http://www.nrcs.usda.gov/programs/awep/index.html>
 - Maryland: <http://www.md.nrcs.usda.gov/programs/eqip/eqip.html>
 - Delaware: <http://www.de.nrcs.usda.gov/programs/eqip/index.html>
 - Virginia: <http://www.va.nrcs.usda.gov/programs/eqip09docs.html>
- **Agricultural Management Assistance (AMA)** provides cost share assistance to agricultural producers to voluntarily address issues such as water management, water quality, and erosion control by incorporating conservation into their farming operations. Producers may construct or improve water management structures or irrigation structures; plant trees for windbreaks or to improve water quality; and mitigate risk through production diversification or resource conservation practices, including soil erosion control, integrated pest management, or transition to organic farming.
 - Maryland: <http://www.md.nrcs.usda.gov/programs/ama/ama.html>
 - Delaware: http://www.de.nrcs.usda.gov/programs/ama/agrl_man_Asst_Pro.html
- **The Conservation Reserve Program (CRP)** provides technical and financial assistance to eligible landowners to address soil, water, and related natural resource concerns on their lands in an environmentally beneficial and cost-effective manner. CRP encourages landowners to convert highly erodible cropland and other environmentally sensitive areas to permanent cover, such as introduced or native grasses, trees, filter strips, riparian forest buffers, wetlands, and shallow water habitats.
 - Maryland: http://www.md.nrcs.usda.gov/programs/crp_crep/crp_crep.html
 - Delaware: http://www.de.nrcs.usda.gov/programs/cons_res/con_reserve_pro.html
 - Virginia: [http://www.va.nrcs.usda.gov/programs/#Conservation Reserve Program – CRP](http://www.va.nrcs.usda.gov/programs/#Conservation%20Reserve%20Program%20-%20CRP)
- **In Maryland, the Conservation Reserve Enhancement Program (CREP)** offers additional incentives to encourage landowners to implement practices that will help reduce sediment and nutrients in the Chesapeake Bay and will improve wildlife habitat. CREP is seeking to enroll 16,000 acres of highly erodible cropland into grass, shrubs, and/or tree plantings, establish 77,000 acres of riparian buffer habitat,

provide 5,000 acres of water and wetland habitat, and restore 2,000 acres of habitat for declining species. CREP is administered by the Farm Service Agency (FSA). NRCS and cooperating agencies are providing technical assistance to help landowners plan and implement CREP practices.

- Maryland: http://www.md.nrcs.usda.gov/programs/crp_crep/crp_crep.html
- Delaware: http://www.de.nrcs.usda.gov/programs/crep/con_reserve_enh_pro.html
- Virginia: http://www.va.nrcs.usda.gov/programs/#onservation_Resume_Enhancement_Program_CREP
- **Conservation Innovation Grants (CIG)** is a voluntary program intended to stimulate the development and adoption of innovative conservation approaches and technologies while leveraging Federal investment in environmental enhancement and protection, in conjunction with agricultural production. Under CIG, Environmental Quality Incentives Program funds are used to award competitive grants to non-Federal governmental or non-governmental organizations, Tribes, or individuals. CIG enables NRCS to work with other public and private entities to accelerate technology transfer and adoption of promising technologies and approaches to address some of the Nation's most pressing natural resource concerns. CIG will benefit agricultural producers by providing more options for environmental enhancement and compliance with Federal, State, and local regulations. NRCS administers CIG.
 - Maryland: <http://www.md.nrcs.usda.gov/programs/cig/cig.html>
 - Delaware: http://www.de.nrcs.usda.gov/programs/CIG/Conservation_innovation_grants.html
 - Virginia: http://www.va.nrcs.usda.gov/news/CIG_Release.htm
- **Conservation Technical Assistance (CTA)** continues to be the primary function of NRCS in Maryland. NRCS employees provide advice, recommendations, planning and conservation application assistance to farmers, local governments and individual homeowners.
 - Maryland: ftp://ftp-fc.sc.egov.usda.gov/MD/web_documents/programs/cta/ctaupdate.pdf
 - Delaware: http://www.de.nrcs.usda.gov/programs/CTA/Conservation_Technical_Assistance.html
- **The Farm and Ranch Land Protection Program (FRPP)** provides matching funds to help purchase development rights to keep productive farm and rangeland in agricultural uses. Working through existing programs, USDA partners with State,

tribal, or local governments and non-governmental organizations to acquire conservation easements or other interests in land from landowners. USDA provides up to 50 percent of the fair market easement value of the conservation easement.

- Maryland: <http://www.md.nrcs.usda.gov/programs/frpp/frpp.html>.
- Delaware: http://www.de.nrcs.usda.gov/programs/fpp/farmld_protect.html
- Virginia: [http://www.va.nrcs.usda.gov/programs/#Farm and Ranchland Protection Program \(FRPP\)](http://www.va.nrcs.usda.gov/programs/#Farm and Ranchland Protection Program (FRPP))

NRCS and Conservation District Service Centers – Delmarva Peninsula

Delaware (www.de.nrcs.usda.gov):

Kent County

800 Bay Road, Suite #2
Dover, Delaware 19901-4667
Phone: 302-741-2600 Fax: 302-741-0341

New Castle County

2430 Old County Road
Newark, Delaware 19702
Phone: 302-832-3100 Fax: 302-834-0783

Sussex County

21315 Berlin Road, Unit #3
Georgetown, Delaware 19947
Phone: 302-856-3990 Fax: 302-856-4381

Maryland (www.md.nrcs.usda.gov)

Caroline County

640 Legion Road
Denton, MD 21629-2040
Phone: 410-479-1202 Fax: 410-479-2069

Cecil County

105 Chesapeake Blvd.
Elkton, MD 21921-6376
Phone: 410-398-4411 Fax: 410-392-6530

Dorchester County

501 Court Lane, Room 213
Cambridge, MD 21613-1801

Phone: 410-228-5640 Fax: 410-228-0078

Kent County

122 Speer Road
Chestertown, MD 21620-1037
Phone: 410-778-5353 Fax: 410-778-0709

Queen Anne's County

211 E. Water Street
Centreville, MD 21617-1101
Phone: 410-758-1671 Fax: 410-758-3820

Somerset County

30730 Park Drive
Princess Anne, MD 21853-1014
Phone: 410-651-0370 Fax: 410-651-0598

Talbot County

215 Bay Street
Easton, MD 21601-2733
Phone: 410-822-1577 Fax: 410-820-8919

Wicomico County

2322B Goddard Parkway
Salisbury, MD 21801-9636
Phone: 410-546-4777 Fax: 410-860-9819

Worcester County

304 Commerce Street
Snow Hill, MD 21863-1008
Phone: 410-632-5439 Fax: 410-632-2732

Virginia (www.va.nrcs.usda.gov)

Accomack County (also serves Northampton County)

22545 Center Parkway
Accomac, VA 23301-1330
Phone: 757-787-3581 Fax: 757-787-7739