A SURVEY OF STATE VALUE-ADDED GRANT PROGRAMS

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Over the past decade, the trend of value-added agriculture has been sweeping the nation. Even though the concept of value-added is not new, its applications at the producer level of the agricultural marketing chain has only recently been explored on a large scale. This evolution of agriculture has prompted many states to provide technical and/or financial assistance to individuals, farmer cooperatives, and private industries so that further processing of that state’s agricultural commodities would take place before the product left the state’s borders. This has been done in hopes of creating new jobs as well as increasing the tax base. Another reason for this trend has been to help farmers capture profits beyond the farm gate by helping them vertically integrate their operations in hopes of reducing their dependence on government programs. The purpose of this report is to discuss some of these state programs. The focus area for this report was states located in the South, Midwest, and part of the Great Plains. The states will be put into three general categories. They include the following:

- States with grant programs specifically targeted at value-added agriculture
- States with general grant programs not specifically targeted at value-added agriculture
- States with no grant programs for value-added agriculture
Value-Added Grant Programs

This section of the report will focus on states that have grant money budgeted specifically for value-added agriculture. States that have proposed programs currently being discussed in the legislature were also included in this category.

**Illinois**

Illinois does not currently have a value-added grant program, but there is one currently going through the state legislature. Even with the absence of a program, there were two value-added projects budgeted on a line item basis in 2000. These included a $2 million grant for an ethanol cooperative and a $1.7 million grant for a pork-processing cooperative.

**Indiana**

Indiana’s value-added grant program has a budget of $400,000 per year and was started in 1990. The funds have been used for a variety of projects, which include research, education, and economic development as it pertains to value-added agriculture. No infrastructure can be purchased with these funds. They are limited to research and technical support only.

**Kansas**

The only true value-added grant program available to producers in Kansas is offered through Arthur-Capper Cooperative Center at Kansas State University. This is a small, soft-money program that is funded through the United States Department of Agriculture and has to be renewed every year. Currently the budget is about $50,000 for grants, with a maximum of $5,000 per project.
Another program is offered through the Kansas State Department of Agriculture. This loan/grant program is funded through the state legislature and has a budget of $640,000 per year. This program provides low-interest loans to value-added firm for whatever it may need. If the business fails then the loan is forgiven and therefore becomes a grant. There are also some sales tax exemption programs available through the state that could be utilized by a cooperative or any other value-added firm.

Kentucky

Kentucky has had a value-added grant program that recently ended. The former program was run by the Kentucky Department of Agriculture and involved $5.5 million in grant packages focused on value-added agriculture. Of this money, about $2 million was spent on horticultural and aquacultural programs to provide alternative agricultural incomes from tobacco. This money was used to start four vegetable cooperatives and one catfish cooperative. A new program is already under way with funds made available from phase II of the tobacco settlement. One of the projects involves a freshwater shrimp cooperative.

Minnesota

Minnesota’s value-added grant program was started in 1997 and focused primarily on the livestock and dairy industry. It was expanded to include help for any new agricultural cooperative in 1998. The program has an annual budget of $160,000, with $10,000 of this being used for administration costs. The cooperative must front the money for research and the program can reimburse up to $50,000 of the research costs. The cooperative is required to match at least 25% of the grant funds. The money can only be used for technical assistance and is focused on three aspects of starting a value-
added cooperative. They include market research (feasibility), market testing (product development), and developing a business plan. Money can also be used for the pre design of facilities such as architectural drawings.

**Missouri**

Missouri’s value-added grant program began with an annual budget of $500,000 per year. For the past two years, however, funds for the program have been generated through the sale of tax credits. A maximum of $6 million in tax credits are allowed for by the state legislature, but so far the maximum has not been reached. A total of $1.5 million was raised in 2000. These tax credits come in two different forms. The first is a New Generation Cooperative (NGC) tax credit. This allows investors in a NGC to receive either 50% of their investment or $15,000 in tax credits, whichever one is less. The maximum amount any one NGC can receive is $1.5 million in tax credits. The second type of tax credit can be sold to any business, corporation, or individual that has Missouri state tax liability. The funds from this tax credit are used to fund the organizational costs of forming a cooperative. The maximum amount any one project can receive is $200,000. Program specifics are listed on the Missouri Department of Agriculture Web Site and are included in Appendix A of this report.

**Nebraska**

Nebraska’s value-added grant program took effect January 2001, and has a budget of $1 million per year for the life of the program, which is currently through 2003. The funds are available for any cooperative effort to add value to Nebraska’s agricultural commodities. The most any one project can receive is $75,000 and requires a minimum
of 25% matching funds. Projects that have currently been funded include ethanol, lumber, wine, fiber, and other similar value-added cooperatives.

**North Dakota**

North Dakota’s value-added grant program has a budget of $1 million per year. This money is not specifically targeted for cooperatives, although they are eligible for funds. Private industries as well as research institutions are also eligible for funds. Grants are given based on the perceived importance of the proposal. On average, three times the available funds are requested, making this a very competitive program.

**Ohio**

Ohio does not currently have a value-added grant program, but one is being requested from the state legislature. In the meantime, the Ohio Department of Agriculture is working on a value-added agricultural alliance. Participants in this alliance include farmer organizations, the Ohio State University, Batel (sp) University, and the Ohio Rural Development Partnership. This will be a cooperative based alliance focusing on value-added agriculture. This program will have two main branches. The first is a technical assistance think tank. This branch will focus on product development and helping cooperatives organize around these new products. There were two main ventures specifically mentioned. The first is an ethanol cooperative and the second is a wheat board processing facility. Wheat board is a product similar to particleboard, but is made from wheat byproduct left over from the milling process. This product seems to hold promise in the furniture industry. Furniture production is a big industry in Ohio and wheat board is a desired material because of its flexibility. The second branch of this alliance includes a venture capital fund. Although the details for the use and availability
of these funds have not been finalized, they would be primarily used for product
development and helping value-added cooperatives get started.

**Oklahoma**

Oklahoma has two primary programs designed for value-added agriculture that have been in place for about 1.5 years. The first is the Agriculture Enhancement and Diversification Program. This program contains four separate loan/grant programs and has a budget of $250,000 per year. The first is a Farm Diversification Grant. This grant ($5,000 max.) is used to help individual producers diversify their operations through value added agriculture. Among others, six winery projects were funded. The other three loan/grant programs include a co-op marketing loan, marketing and utilization loan, and an applied research loan. These three loan programs focus on different aspects of technical support for developing value-added agribusinesses. This support includes everything from product development to feasibility studies. These loans have no interest and have a three-year grace period before the first payment has to be made. After the grace period, loans are expected to be paid back within three to five years. If research finds that a project is not feasible or if the business is not successful, then the loan is forgiven and therefore becomes a grant.

The second primary program is a producer tax credit. This program provides a tax credit matching 30% of that producer’s investment in a value-added agribusiness. This tax credit matches a producers Oklahoma State tax liability dollar for dollar for up to seven years. This has been a very successful program because the producer is essentially guaranteed a 30% return on investment.
Wisconsin

Wisconsin’s Agricultural Development and Diversification (ADD) Program was created in 1989 to help improve the competitive position of Wisconsin’s agricultural industry. It supports the development of new agricultural technologies, market research and development, and new methods of value-added production and processing. The ADD grants program has a budget of $400,000 per year, but discussion is taking place in the state legislature to increase the budget. Typical projects that receive funds include market research, market development, feasibility studies, and new product development projects. Specific requirements and a sample application are available at the Wisconsin Department of Agriculture web site and are included in Appendix B.

Grant Programs (Not Specifically Value-Added)

States that have money available for value-added programs, but no specific grants set aside for this purpose are discussed in this section of the paper.

Florida

Florida does not have a value-added grant program but their Ag Venture Services program provides a lot of similar support. Their budget consists of the two individuals’ salaries that run the program, however, money was initially made available to purchase collard green processing equipment to lease to a minority cooperative in the panhandle. This cooperative started processing and marketing its members’ collard greens to Florida school systems and has since expanded to parts of Alabama and Georgia.

Ag Venture Services is an agribusiness assistance program for start-up businesses and fledgling enterprises. Participants are offered professional marketing and
infrastructure assistance in bringing a value-added product concept to market. They have also done some work with labeling. Anyone interested in starting a value-added agribusiness in Florida is eligible to use the program.

Georgia

The OneGeorgia Program is financed through the state legislature with tobacco settlement money. The program was started in 2000 and uses one third of the tobacco settlement money to assist the State’s most economically challenged areas. OneGeorgia is a highly flexible tool to assist and encourage economic development and job creation in the lesser developed areas of the State (primarily Tiers 1 and 2) by providing loans and/or grants. The funding is divided into several distinct set-asides, each with a separate emphasis. One set-aside, known as the Economic Development, Growth and Expansion Fund (EDGE), is intended to assist communities engaged in competition for a specific business location with one or more out-of-state communities. Although this fund can be used to recruit companies and build industrial parks, money is also available for value-added agricultural entities. There is also an Equity Fund which is designed to help local communities with their other economic development needs. This fund can be used to finance infrastructure and technical assistance for projects designed to create or retain jobs and/or stimulate economic growth.

Direct funding to non-governmental entities is limited by the Georgia Constitution. Therefore, when OneGeorgia funds value added projects, money cannot be used directly for actual infrastructure by individuals or for profit corporations, but only for technical assistance. Creative ways to assist agricultural cooperatives have been developed. Recently, The University of Georgia purchased carrot processing equipment
and leased it to the Georgia Sweet Carrot, Inc., a new generation cooperative. In return, part of the cooperative’s profits goes back to the University for carrot research.

**Pennsylvania**

Pennsylvania’s matching grant program does not specifically focus on value-added agriculture, but funds are available for similar ventures. The program is focused on projects that will “increase consumer awareness of Pennsylvania agricultural products and thereby increase sales of these agricultural products.” Grant money is available for Pennsylvania nonprofit agricultural product promotion or marketing organizations. Since the program began, a little over $3 million has been given out for various projects. This program does require that matching funds be available at least equal to the requested grant amount. Specifics of the program are available at the Pennsylvania Department of Agriculture’s web site and are listed in Appendix C.

**South Carolina**

South Carolina has a grant program for cooperatives, but is not necessarily tied to value-added products. The money has been used to help cooperatives reorganize and refocus their marketing strategies. There is no specific budget for this program and outlays vary upon requests.

**No Grant Programs**

The following states do not currently have funds available through their perspective state legislatures for value-added enterprises. However, the states listed below do assist producers and agribusinesses with getting grant money from the federal government.
APPENDIX A: Specifics of the Missouri Value-Added Grant Program

Description
The Missouri Value-Added Grant Program provides grants for projects that add value to Missouri agricultural products and aid the economy of a rural community. Grant applications will be considered for value-added agricultural business concepts that:

- Lead to and result in development, processing and marketing of new or expanded uses or technologies for agricultural products; and
- Foster agricultural economic development in Missouri's rural communities.

Applications will be considered for expenses related to the creation, development and operation of a value-added agricultural business including:

- Feasibility studies
- Marketing studies
- Legal assistance
- Marketing plans
- Business plans
- Prospectus development for cooperatives
- Operational consulting

How Does the Program Work?
Proposals will be selected on a competitive basis. Each proposal will be evaluated and rated using the following criteria:

- Economic development potential for the agricultural industry
- Credibility and merit
- Probability of near-term commercialization and practical application of project results
- Presence, source and level of matching funds
- Where the project will have an economic impact

Who is Eligible?

- Applicant must be at least 18 years old
Missouri resident
Applicant may be groups of individuals, businesses, and organizations related to agriculture whose proposed value-added agricultural business concept is based in Missouri

Grant Amount and Terms
The maximum grant to any person, groups of individuals, businesses or organizations related to a value-added rural agricultural business concept is $200,000. However, ten percent of the available funds will be awarded to grant requests of $25,000 or less.

Restrictions
The grants cannot be used for:

- Business start-up except as detailed in program guidelines
- Business expansion, unless qualified on the basis of program criteria
- Paying off existing debts
- Substituting existing efforts or research already underway
- Covering institutional overhead costs
- Production costs
- Operational costs such as payroll, utilities, inventory, insurance, and advertising
- Buying land, buildings, or equipment
- Implementing feasibility studies, marketing studies, marketing plans, or business plans except as detailed in the program guidelines
- Application fee or grant writing expenses

Fees
A nonrefundable fee will be due with each application. The fee will be $100 for grant application requests of $25,000 or less and $200 for requests over $25,000. The application fee may be part of the applicant's matching funds.

For funded grant requests, a MASBDA grant administration fee is due equal to ten (10) percent of the total grant awarded. The fee is due when the Grant Agreement is signed. The MASBDA grant administration fee may be included as part of the applicant's grant request, or if paid by the applicant, may be shown as part of the applicant's internal matching expenditures.
APPENDIX B: Specifics of the Wisconsin Value-Added Grant Program

Division of Marketing
AGRICULTURAL DEVELOPMENT & DIVERSIFICATION (ADD) GRANT PROGRAM
Request For Proposal (RFP)
2001 Guidelines
Revised October, 2000

INTRODUCTION
The Marketing Division of the Department of Agriculture, Trade and Consumer Protection invites proposals to fund feasibility studies, applied research or demonstration projects directed toward:
• new or alternative agricultural products;
• creation of jobs in the food and agricultural industry;
• diversification and expansion of production, processing and distribution of agricultural products or livestock;
• product market development and expansion including development of value-added agricultural products;
• new capital investment and/or expansion in the agricultural industry;
• commercial application of new technologies or practices related to agricultural products;
• improvement in the competitive position of Wisconsin's agricultural industry;
• efficient use of farmland and other agricultural resources;
• production oriented proposals that speak to sustainable practices and enhance economic returns to farmers.

Proposals and anticipated project results must adhere to the potential for direct commercial application. Projects must demonstrate a broad potential for further development of the State's agricultural industry. The potential for near-term commercial application or widespread use of the project results is a major consideration in the proposal evaluation.

Applications are accepted from January 15, 2001, through March 15, 2001. Submitted proposals must be received at DATCP Madison office or postmarked on or before Thursday, March 15, 2001. Proposals received after the deadline will not be
Questions related to the RFP and proposals may be directed to your local County Agriculture Extension Office or Mike Bandli, DATCP, at 608-224-5136 or Fax 608-224-5111 or email: mike.bandli@datcp.state.wi.us.

Submit proposals to: DATCP – MKT – VAP - ADD Grant Proposals
2811 Agriculture Drive
PO Box 8911
Madison, WI 53708-8911

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Proposals selected for funding will be announced on or about July 1, 2001. Notification of applicants will be attempted before the public announcement of awards is made.

ELIGIBILITY REQUIREMENTS
Proposals will be accepted from individuals, groups of individuals, businesses and organizations related to agriculture. Proposals may involve collaboration or partnerships between producers, industry, academics and other agricultural organizations. Applicants may cooperate with any public or private organization involving agricultural development, research, and/or marketing to enhance Wisconsin's agricultural industries.

If two or more individuals or organizations propose to conduct a project jointly, they may submit one application as co-applicants.

Applicants must demonstrate a proven ability to carry out all elements of the proposed project. Applicants choosing to work or consult another individual or organization on the project must define their responsibilities and provide evidence of their willingness and ability to perform.

AVAILABLE FUNDS
A total of up to $400,000 is available for grants in 2001. Grant requests up to $50,000 per project may be funded. A preference will be given to grant applications that include matching fund contributions. Matching funds may be in the form of land, labor, equipment or any of the other eligible categories. Grant funds may be used to cover land rents, equipment lease or depreciation costs. Proposed projects may seek up to three years of funding. Multi-year projects are often funded on a year-by-year basis and must reapply each year with no guarantee of funding for subsequent years.

Eligible expenses include, but are not limited to: salaries and wages, fringe benefits, consultant services, travel and telephone, equipment (lease/rental), subcontractors, supplies and materials, data processing, bookkeeping and clerical, depreciable costs of equipment involved with the project for the life of the grant, and public information.

RESTRICTIONS
The program does not provide funds for:
a) business start-up and organization costs (ex. costs of incorporation)
b) business expansion, unless qualified on the basis of program criteria,
c) paying off existing debt,
d) substituting existing efforts or research already studied,
e) covering institutional overhead costs,
f) land purchases,
g) building purchases,
h) equipment purchases that cannot be fully depreciated during the life of the grant contract,
i) employees of DATCP and members of their immediate family (i.e. mother, father, brother, sister, spouse, children) are not eligible to apply for or receive a grant.

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PROPOSAL REQUIREMENTS
The purpose of a proposal is to provide evaluators with a written statement demonstrating that the proposed project has a sound approach and merits financial support. Proposals will be judged principally on their conformity to the objectives and criteria indicated in this RFP and the cost effectiveness of the proposed activity. As part of the evaluation process, before funds are approved, a meeting with applicants and/or a visit to the applicant's operation may be required.

PLEASE NOTE: An original and four (4) copies of all proposals submitted must be received at DATCP or postmarked on or before Thursday, March 15, 2001. Faxed or emailed proposals will be accepted. Proposals may be faxed to 608-224-5111 or emailed to add@datcp.state.wi.us by midnight on March 15, 2001, in order to meet the application deadline. However, the original proposal and the four (4) accompanying copies must be mailed to DATCP within three working days following the fax or email transmission.

Proposed projects must adhere to the objectives identified in this RFP. Each proposal must be limited to one project. Applicants may submit separate proposals on different projects.

PROPOSAL FORMAT
Proposals should be no more than twelve (12) pages in length (excluding the cover sheet, budget form and resumes) and conform to the format described below:

Cover Sheet
- Title of Proposed Project,
- Name and Title of Applicant(s),
- Address and Telephone Number of Applicant(s),
- Name, Address and Telephone Number of Contact Person if other than applicant(s),
- Amount of Funding Requested,
- Amount of Matching Dollars,
- Duration of Proposed Project.
Project Summary
Provide a one-page summary of the project identifying the problem, need or opportunity to be addressed, the objectives of the project, a brief description of the work plan and the project's intended economic benefits.

Identification of Need
Clearly describe the need, opportunity or importance of the project. If applicable, describe the relationship of your project with other research, if any, in order to avoid duplication of efforts.

Statement of Objectives
Provide a clear, concise description of the project objectives. Consistency with one or more of the program objectives listed in this RFP is critical. A brief description of the project's intended economics benefits should be included.

Expected Results and Applicability to Development
This section should clearly describe the anticipated end product of the proposed project and how the results will be made available and used by the agricultural industry.

In addition to a written presentation of findings and recommendations at the completion of the project, expected results may be demonstrated in a number of ways including, but not limited to, one or more of the following:

• establishment of a new business enterprise or service which will generate economic growth and create or retain jobs;
• a new product, machine or process;
• a new organization or organizational structure;
• an analysis of economic, scientific or production feasibility for a specific enterprise, organization or development project;
• an analysis or description of how marketing will be improved.

The program places an emphasis on funding those projects resulting in direct commercial application or economic impact. This section should indicate the potential commercial application or broad adaptability of the project within the State. It is essential that economic benefits (i.e. job creation, job retention, new capital investment, and economic growth) be identified and quantified as much as possible.

Plan of Work
The work plan must provide a detailed description of how the proposed project is to be carried out. It should describe the tasks to be performed, provide a timetable illustrating projected task completion dates, a list of project participants responsible for tasks, and location of activities. The work plan should demonstrate the feasibility of conducting the proposed activity and potential for achieving the desired results.

Key Personnel
Key people who will be involved in carrying out the proposed project activity and their qualifications must be identified in this section. A written statement indicating their
willingness to take part should be provided. Qualifications of project participants will be an important consideration in granting funds. You may provide resumes for individuals involved.

**Facilities and Equipment**
Describe the facilities and equipment, if any, required to carry out the proposed work. Items to be leased with grant funds should be minimal, fully described and justified in this section. Funds requested for capital equipment should be budgeted on a lease basis or as depreciation expense not to exceed the amount of annual straight-line depreciation allowed under generally accepted accounting principles.

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**Proposed Budget** *(see format on last page)*
A proposed budget form must be neatly and legibly completed for each project submitted. This form should show grant funds requested by expenditure category. In addition to the budget form, proposals must include a detailed description of expenditures. In all instances, consultant services must be detailed. The number and type of personnel directly involved in the project, their hourly or salaried rates and estimated work days must be noted. Sources of all applicant contributions must be indicated and the amount of matching funds noted.

DATCP reserves the right to audit the applicant's books and records relating to the performance of the project during and up to three years after the completion of the project.

**SELECTION CRITERIA**
Proposals will be selected on a competitive basis. Each proposal will be evaluated and rated using the following criteria:

- Value to industry *(Demonstrated understanding of an industry need or opportunity and the degree to which the proposed activity addresses that need or opportunity.)*

- Agriculture economic development potential measured in terms of:
  - job creation  ·  capital investment  ·  market development/expansion
  - near-term economic activity.

- Degree to which project has near-term practical or commercial application for the industry as a whole.

- Reasonableness and feasibility of the proposed approach, including adequacy of work plan and time frame.
• Demonstrated capacity of project leaders and staff to successfully carry out the proposed activity.

• Reasonableness of costs relative to the work to be performed including cost effectiveness of project versus the product(s) to be delivered.

• Follows the purposes and objectives outlined in the application and clearly defines the expected results.

All proposals must include sufficient information to allow the above factors to be evaluated. Only those who furnish complete information will be considered for evaluation. No partial proposals will be considered. DATCP reserves the right to make final selections.
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REPORTING REQUIREMENTS

A contract will be developed by DATCP for each funded project. The contract will incorporate an approved project plan of work, budget, and will list responsibilities of project personnel. Upon agreement of the contract provisions by grantee and DATCP, the contract will be considered for final approval by the Secretary of Agriculture. DATCP ADD Program staff will monitor and evaluate each funded project.

DATCP reserves the right to modify the reporting requirements during the course of the project. Interim reporting requirements will be based on: duration, nature, and cost of the project and approved work plan. At a minimum, an original and two (2) copies of a comprehensive final report will be required no more than 60 days following project completion. The final report shall include a program summary and a fiscal summary for the project. The program summary shall include objective, factual data and the following:

a. Brief description of the original intent of the project and the perceived benefit to Wisconsin agriculture.

b. Summarize how the project created or achieved the following:
   1. Creation of jobs in the agricultural industry.
   2. New capital investment or expansion of the agricultural industry.
   3. Diversification or expansion of the production or processing of agricultural products or development of new agricultural products, technology or production methods.
   4. Market expansion or development for agricultural products or technology, or expanded distribution.
   5. Commercial application of new technology or practices related to agricultural products.
   6. Improvement of the competitive position of Wisconsin's agricultural industry.
   7. Efficient use of farm land or other agricultural resources.
   8. Production models that speak to sustainable practices and enhance economic returns to farmers.
c. Evaluation of the results and benefits of the project, including meeting original expectations.
d. Description of information or educational materials developed through the project. (*field days, presentations, manuals, directories*)
e. Future projections which may result from receipt of grant funds.
f. Other appropriate information related to the project.

In addition to the final project report DATCP reserves the right to conduct a follow-up survey of funded projects in order to determine long-term economic impacts

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**LIABILITY**
DATCP will not be held liable for any costs incurred by any firm for work performed in the preparation of and production of a proposal or for any work performed prior to the formal execution of a contract.

**FREEDOM OF INFORMATION**
Proposals submitted for funding and all related contracts and reports shall be subject to disclosure under the Freedom of Information Act.

**OTHER CONSIDERATIONS**
DATCP reserves the right to:

• Reject any or all proposals received;

• Waive or modify minor irregularities in proposals received after prior notification and agreement of applicant;

• Utilize any or all ideas submitted unless those ideas are covered by legal patent or proprietary rights;

• Clarify the scope of this program, within the RFP requirement and with appropriate notice to all applicants, to best serve the interests of the State of Wisconsin;

• Amend the program specifications after their release, with appropriate written notice to all potential applicants;

• Require a good faith effort on the part of the project sponsor to work with DATCP subsequent to project completion to develop or implement the project results in Wisconsin;
• Withhold any payments that do not meet contract conditions.

All proposals submitted in response to this RFP will become the property of the Department of Agriculture, Trade and Consumer Protection.

APPENDIX B: Specifics of the Pennsylvania Value-Added Grant Program

GRANT PROGRAM

CHAPTER 105. PENNSYLVANIA AGRICULTURAL PRODUCT PROMOTION MATCHING GRANT PROGRAM - STATEMENT OF POLICY

Sec.
105.1 Program objectives.
105.2 Definitions.
105.3 Limitations on grants.
105.4 Uses of matching grant moneys.
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105.6 Filing applications.
105.7 Review of application.
105.8 Notice of disposition of application.
105.9 Grant agreement.
105.11 Grant cancellation.
105.12 Deficits.

Source

The provisions of this Chapter 105 adopted December 8, 1995, effective December 9, 1995, 25 Pa.B. 1517, unless otherwise noted.

§ 105.1. Program objectives.

(a) Purpose. Through the awarding of matching grants and the placing of conditions upon how grant moneys are to be spent, the Grant Program will fund projects to increase consumer awareness of Pennsylvania agricultural products and thereby increase sales of these agricultural products. Grants will be awarded to Pennsylvania nonprofit agricultural product promotion or marketing organizations.
(b) Competitive program. The Grant Program is competitive. Grant requests and related documentation shall be collected by the Bureau and reviewed by the Secretary, who will approve or reject each grant request.

(c) Funds available basis. Grants will not be awarded unless funds are available for this purpose. The Department need not expend all of the funds that are available for Pennsylvania agricultural product promotion through the Grant Program.

§ 105.2. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Applicant-A Pennsylvania nonprofit agricultural product promotion and marketing organization which submits an application for grant moneys as described in this chapter.

Bureau-The Bureau of Market Development of the Department.

Department-The Department of Agriculture of the Commonwealth.

Grant Program-The Pennsylvania Agricultural Product Promotion and Marketing Matching Grant Program.

Pennsylvania agricultural products-Any of the following agricultural commodities grown, processed or manufactured within this Commonwealth: Agricultural, horticultural, aquacultural, viticulture and dairy products, livestock and the products thereof, ranch raised fur-bearing animals and the products thereof, the products of poultry and bee raising, forestry and forestry products, and all products raised or produced on farms intended for human consumption, and the processed or manufactured products thereof intended for human consumption, transported or intended to be transported in commerce.

Pennsylvania nonprofit agricultural product promotion and marketing organization-A nonprofit business organization having its principal business offices within this Commonwealth, or having 50% or more of its membership within this Commonwealth, or having 50% or more of the agricultural products which it promotes or markets produced within this Commonwealth, and having as its members groups, individuals or organizations that serve to distribute a Pennsylvania agricultural product in commerce. These members may include wholesalers, distributors, brokers, retailers, processors, growers and producers.

Secretary- The Secretary of the Department.

Source

The provisions of this § 105.2 amended September 20, 1996, effective September 21, 1996, 26 Pa.B. 4526. Immediately preceding text appears at serial pages (206511) to (206512).

§ 105.3. Limitations on grants.
The minimum amount of a matching grant is $1,000. As a requisite to receiving a matching grant, an applicant shall obtain and provide funds in an amount at least equal to the matching grant amount for the Pennsylvania agricultural product promotion and marketing project described in the grant application.

Source

The provisions of this § 105.3 amended September 20, 1996, effective September 21, 1996, 26 Pa.B. 4526. Immediately preceding text appears at serial page (206512).

§ 105.4. Uses of matching grant moneys.

(a) Conformity to application. Matching grant moneys awarded to an applicant under this chapter shall be expended solely for the specific Pennsylvania agricultural product promotion and marketing project described in the grant application.

(b) Allowable expenditures of grant moneys. Grant moneys shall be used for one or more of the following purposes:

1. To pay the cost of Pennsylvania agricultural product promotion and marketing projects described in the grant application.

2. To pay the cost of a portion of a Pennsylvania nonprofit agricultural product promotion and marketing organization's contribution to a National or regional agricultural product promotion or marketing project.

3. To pay the cost of education programs conducted by an applicant.

4. To pay the cost of trade shows conducted or attended by an applicant.

(c) Prohibited expenditure of grant moneys. Grant moneys may not be used to defray the costs of employing temporary or permanent personnel.

Source


§ 105.5. Applications generally.

(a) Application required. Interested Pennsylvania nonprofit agricultural product promotion and marketing organizations shall submit grant applications to the Department.

(b) Obtaining an application. Application for grants under this chapter shall be made on forms prepared by the Department. The forms will be furnished, upon request, by the Department of Agriculture, Bureau of Market Development, 2301 North Cameron Street, Harrisburg, Pennsylvania 17110-9408.
(c) *Additional documentation.* The Secretary may require that an applicant submit additional documentation to complete or verify the application form. The additional documentation may include a letter, affidavit or other documentation:

(1) Verifying that an applicant is a Pennsylvania nonprofit agricultural product promotion and marketing organization.

(2) Verifying the activities and location of offices of an applicant.

(3) Confirming that the applicant for a matching grant has secured funds in an amount at least equal to the matching grant amount sought for the project.

**Cross References**

This section cited in 7 Pa. Code § 105.6 (relating to filing applications).

§ 105.6. Filing applications.

(a) *Place and time.* An application for a grant under this chapter shall be received at the address in § IO5.5(b) (relating to applications generally) by December 1, 1996. In subsequent years for which funding is available for this Grant Program, grant applications shall be received during a specific 30-day application period as advertised in the Pennsylvania Bulletin. The advertisement will be published at least 14 days prior to the commencement of the application period.

(b) *Incomplete or inaccurate applications.* The Bureau will review each timely application, and supporting documentation submitted therewith, for completeness and accuracy. If a timely application is found to be incomplete or inaccurate, the Bureau may request additional documentation and may discontinue further processing of the application if the documentation is not received by the Bureau by December 1, 1996, or in subsequent years for which funding is available for this Grant Program, within the 30-day application period in subsection (a).

**Source**


§ 105.7. Review of application.

(a) *Transmittal of application to Bureau.* When the Bureau receives a complete and accurate grant application, it will forward this application, together with supporting documentation submitted therewith, to the Secretary for review. The Bureau may also forward a recommendation as to whether the application should be approved or rejected, whether the grant should be in an amount less than requested, and whether special restrictions or limitations should be placed on the grant.
(b) **Factors.** The Secretary will review and evaluate the application and supporting documentation and may consider the following factors, among others, in deciding whether to approve or reject the grant request:

1. The relevance of the project to the promotion or marketing of Pennsylvania agricultural products.
2. The innovativeness of the project described in the application.
3. The scope of the project and the number of people who will be exposed to or affected by the project described in the application.
4. The impact which the project will have upon the promotion and sales of the Pennsylvania agricultural products to which the project is targeted.
5. The availability of full funding for the project from the applicant or from any source other than the Grant Program.
6. The apparent ability of the applicant to complete the project as described in the application or, in the case of a grant to fund a National or regional agricultural product promotion or marketing project, the apparent ability of the entity with primary responsibility for the project to complete it.
7. The overall performance of the project if the project had received funding from the Grant Program in a previous fiscal year.
8. Projects that are joint efforts between two or more Pennsylvania nonprofit agricultural product promotion and marketing organizations may be given preference over projects involving only one organization.
9. Projects where reference to the Department as a source of funding can practicably be made in promotional materials or broadcasts, and that would make such a reference, may be given preference over projects that would not make such a reference.

(c) **Decisions.** The Secretary may approve a grant in an amount less than that requested in the grant application. In addition, the Secretary may impose restrictions or special conditions upon the issuance of a grant. The Secretary will review all recommendations of the Bureau, but will have final authority to accept or reject these recommendations.

Source

The provisions of this § 105.7 amended September 20, 1996, effective September 21, 1996, 26 Pa.B. 4526. Immediately preceding text appears at serial pages (206513) to (206514).

§ 105.8. Notice of disposition of application.

The Department will mail to the applicant written notice of the acceptance or rejection of a grant application within 20 days of a decision in this regard. This notice will be by regular mail to the address indicated by the applicant on the grant application form.
§ 105.9. Grant agreement.

After the Secretary approves a grant application, and as a precondition to the Department's release of grant moneys to a successful applicant, the Department and the applicant will execute a written Grant Agreement which describes the terms and conditions subject to which the grant is made. This Grant Agreement shall contain and conform to the requirements of this chapter. It shall contain a project completion date. It shall also contain special terms and conditions required by the Secretary. A Grant Agreement shall be fully-executed and in effect by June 30 of the July 1-June 30 fiscal year in which funds are appropriated or otherwise available for this Grant Program. If the Grant Agreement is not fully-executed and in effect by that date, the grant will not be awarded.

§ 105.10. Verification of use.

(a) Verification. Within 3 months of the project completion date specified in the Grant Agreement, the applicant shall submit to the Department written receipts for the total amount of the project costs. The Department may also require that additional documentation be submitted by the applicant in order to document the expenditure of grant moneys.

(b) Extension of time. The 3-month period described in subsection (a) may only be extended by the written permission of the Secretary. An extension will be for a specific period of time.

(c) Failure to verify use. If required receipts or documentation, or both, are not submitted to the Department as described in subsections (a) and (b), or if the grant moneys or any portion thereof are unaccounted for, the Secretary may demand, in writing, the return by the grant recipient of the entire grant sum or a lesser amount, plus appropriate legal interest. The grant recipient shall repay a sum demanded by the Department within 60 days of a written demand.

Cross References

This section cited in 7 Pa. Code § 105.11 (relating to grant cancellation).
The grant recipient shall repay a sum demanded by the Department within 60 days of a written demand.

Cross References

This section cited in 7 Pa. Code § 105.11 (relating to grant cancellation).

§ 105.11. Grant cancellation.

A grant may be canceled by the Department if the Secretary determines that grant funds are not being spent in accordance with the terms and conditions of the Grant Agreement. In the event of cancellation, the Department may demand the return of the grant sum, or a portion thereof, plus legal interest thereon, and the grant recipient shall repay the sum in the manner described in § 105.10(c) (relating to verification of use).


The Department's financial obligation or liability is limited to the amount of the grant. The Department will not be financially responsible for program cost overruns incurred by grant recipients.