




# KANSAS

DEPARTMENT OF COMMERCE




Agriculture Value-Added Loan Program

# Program Overview


- Provides financial support for the creation and expansion of producer-based alliances and Value-added businesses
  - Used by agricultural producers and entrepreneurs for such things as business planning, product development, marketing and product sourcing
  - Applications will be reviewed looking for a “big picture” or long-term approach to the project
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# Program Overview


- Significant investment on the part of the applicant, as well as an approach that encourages sustainability of the business
  - Two (2) years interest free financing, with an interest rate at 1% over Kansas City prime interest rate after the two year interest-free period
  - Quarterly reporting on the Value-added project is required
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# Types of Loans

Three competitive loan programs are available for ag producers:

- Agritourism Attraction Development Loans
  - Diversified Farm and Specialty Production Loans
  - Standard Agriculture Value-added Loans
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# Agritourism Attraction Development Loans

- Designed to assist new and existing agritourism operators to further expand their business operations
  - Agritourism attracts tourists who participate in activities on a working farm, ranch, winery or any agricultural operation or active agricultural heritage site
  - Applicants must be a registered with the Kansas Department of Commerce as an Agritourism Operation
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# Loan Details

- **Requirements:**

- Must be registered agritourism operation

- Must have proof of liability insurance and liability signage

- Substantial financial match

- Complete application, including business and marketing plans

- **Eligible expenses include but are not limited to:**

- Bricks and mortar—investment in long-term viability of business, increasing capacity

- Upgrades to meet Accessibility for ADA regulations

- Outside Contractor fees

- Marketing—maximum of 20% of total

- Event space

# Loan Details

- **Areas that the loan will NOT cover:**

Production costs (seed, labor, chemicals, livestock, retail inventory or other inputs)

- **Matching:**

Substantial match required

Maximum of 20% of total matching can be in-kind (labor, mileage, etc.)

Consulting fees — if recommendations are utilized in the further development of the operation

# Diversified Farm and Specialty Production Loans

- Assists Kansas agriculture producers to wholly or partially transition to non-traditional crops or livestock as a means to diversify the farm
- Non-traditional crops or livestock are defined as those not currently tracked by the Kansas Agriculture Statistics Service (KASS)
- Projects cannot be an expansion of an existing operation
- Applicants must demonstrate that the project will generate additional revenue streams for the farm operation



# Loan Details

- **Requirements:**

- Project must add value to farm operation with non-traditional crops or livestock

- Applicants must derive a substantial portion of their income from the farm operation

- Complete application, including business and marketing plans

- A high probability of return on investment

- **Eligible expenses include, but are not limited to:**

- Building construction, purchase or improvements

- Equipment

- Professional service costs

- Other supplies and materials

# Loan Details

- **Areas that the loan will NOT cover:**

- Production costs (seed, labor, chemicals, livestock, retail inventory or other inputs)


- Land acquisition

- Paying off existing debt

- **Matching:**

- Substantial match required

# Standard Agriculture Value-Added Loans

- Designed to assist agriculture producers in Kansas with any Value-added venture not qualifying for either the Agritourism Attraction Development Loan Program or the Diversified Farm and Specialty Production Loan Program
  - “Value-added agriculture”, simply defined, is a process of increasing the economic value and consumer appeal of an agricultural commodity.
  - Three types of loans available through this program
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# Standard Agriculture Value-Added Loans

- Marketing Development Funds -- used for market research, feasibility studies or to facilitate entry into a market
- Bridge Loans -- used for a short duration of time until permanent financing is in place. The loans allow the investor to pursue timely real estate acquisitions or business opportunities, as well as to provide opportunity to pursue start-up funds.
- Commercialization Funds -- for projects that involve actual processing, equipment, physical structures and gap financing.

# Loan Details

- **Requirements:**

Project must add value to an existing operation or create a new value-added product

Complete application, including business and marketing plans

High probability of return on investment

- **Eligible expenses include, but are not limited to:**

Building construction, purchase or improvements

Equipment

Marketing expenses

Professional service costs

Other supplies and materials

# Loan Details

- **Areas that the loan will NOT cover:**

- Production costs (seed, labor, chemicals, livestock, retail inventory or other inputs)

- Land acquisition

- Paying off existing debt

- **Matching:**

- Substantial match required

# Loan Details

- **Areas that the loan will NOT cover:**

- Production costs (seed, labor, chemicals, livestock, retail inventory or other inputs)

- Land acquisition

- Paying off existing debt

- **Matching:**

- Substantial match required

# Loan Review

- Subject to availability of funds, applications are reviewed and rated by Commerce staff on an ongoing basis
- The deadline for submitting applications is May 25<sup>th</sup>. All applications received after that date will be considered in the following fiscal year (July 1 – June 30), with loan proceeds available after July 25th.
- If additional information is required, the applicant shall be provided with notice, in writing, to submit additional information.
- Recommendations from the Commerce Agriculture Marketing staff will be submitted to the secretary of the Kansas Department of Commerce for approval.
- Applicants will be notified in writing within one week following the department's final action.



# Loan Review

Commerce staff shall evaluate and rank applications on the following criteria:

- ✓ Feasibility (35 points)
- ✓ Utilization (25 points)
- ✓ New or Innovative (15 points)
- ✓ Location (10 points)
- ✓ Matching Funds (10 points)
- ✓ Level of Need (5 points)
- ✓ Bonus Points (5 points)

**Minimum score of 65 points needed for a project to be recommended for funding**

# Questions?





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