

Grants and Guaranteed Loans for Agriculture Producers Available through USDA Rural Development Business & Cooperative Programs

Energy efficiency systems provide a significant opportunity for rural economic development and growth. These opportunities include increasing local revenue, bolstering the local job market, and increasing the economic yield of land. As many U.S. farmers and ranchers have discovered, energy efficiency improvements are a useful tool for increasing farm or business productivity while reducing costs. By investing in energy efficient equipment, agricultural producers and rural small businesses can enjoy savings and increased reliability for years to come.

What is the Section 9006 program?

To foster rural economic development and growth, Congress passed the Renewable Energy Systems and Energy Efficiency Improvements Program as Section 9006 of the 2002 Farm Bill. This program provides financial assistance to agricultural producers and rural small businesses to purchase renewable energy systems or make energy efficiency improvements. The Business and Cooperative Services of the United States Department of Agriculture (USDA) administers this program.

How much are the grants?

Grants and guaranteed loans are awarded competitively to fund rural renewable energy or energy efficiency projects. Grants can fund up to 25% of a project's total eligible costs. Grants are limited to \$250,000 for energy efficiency improvements. Grants as low as \$1,500 for energy efficiency projects will be considered. Guaranteed loans can fund up to 50% of a project's total eligible costs – with a minimum of \$5,000 and a maximum of \$10 million. Combination grants and guaranteed loans can fund up to 50% of a project's total eligible costs.

What types of projects are eligible?

Projects involving purchasing or replacing equipment with more efficient units are eligible. Irrigation system upgrades, grain dryers and poultry facilities include some common agricultural applications for the program. Eligible energy efficiency improvements will be identified by an energy audit that estimates the costs, expected energy savings from the improvements, and dollars saved per year. For all projects, the system must be located in a rural area, must be technically feasible, meet environmental requirements and must be owned by the applicant. The program may not be used for residential purposes.

Who is eligible?

The program is designed to assist agricultural producers and rural small businesses that have financial need. All agricultural producers, including farmers and ranchers, who gain 50% or more of their gross income from the agricultural operations are eligible. Businesses in a rural area meeting the Small Business Administration size standards can also apply. A private entity, a rural utility, and rural electric cooperatives are typically eligible, but non-profit and public body entities are not eligible.

How do I apply?

More specific details are available on the USDA Section 9006 web site. Here are a few tips: Determine your eligibility. If you have any questions, contact your USDA State Office for help in determining your eligibility. Scope out your project. You will need to assemble a project team. First contact area experts to assist you in designing your project. Start early. Applications require both well designed projects and some detailed information about the applicant's agricultural or business operations. Make the technical report a team effort. Your system installer or contractor should be able to provide most of the technical information required in the application. USDA has guidelines to help clarify the technical requirements.

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For more information

For Section 9006 information on the USDA Rural Development web site, go to:

www.rurdev.usda.gov/rbs/farmbill

The following website contains resources that will assist with completion of an application: <http://www.farmenergy.org/appsandtools/index.php>