

Agriculture Insights

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Chamber Conducts Farm Business School



LEOLA (Lancaster Co.) — Dr. David M. Kohl, professor, agricultural and applied economics, Virginia Tech, second from right, spoke at the Lancaster Chamber of Commerce and Industry's Farm Business Management School Wednesday at Leola Family Restaurant. About 73 producers and agri-industry representatives attended the school, which focused on many aspects of the world economy and how those factors figure in on the family farm. From left, Brent Landis, ag services coordinator for the Chamber; Stan Michonski, chairman of the Farm Business Management School; Kohl; and John Schwartz, Lancaster County extension director. Photo by Andy Andrews

THE NEXT GENERATION FARMER LOAN PROGRAM

There are two times as many farmers over the age of 65 than under 35 in Pennsylvania. This correlates to nearly one quarter of Pennsylvania's farms that will change ownership in the next decade.

To better illustrate the importance of Pennsylvania's agriculture economy, Lancaster County alone generates close to \$1 billion in agricultural economic activity each year.

To help strengthen this important economic sector and bridge this transition of ownership to beginning and first time farmers, the commonwealth has developed the Next Generation Farmer Loan Program.

The Next Generation Farmer Loan Program provides below-market rate financing, an average of 80 percent of the prime interest rate, for farmers to purchase land, improvements, machinery, and equipment. The program uses federal tax exempt mortgage financing to reduce a farmer's interest rate for capital purchases.

After meeting your lender's credit standards, the loan is administered through your local lending institution. An applicant must be a new or beginning farmer and a resident of Pennsylvania. He or she must be the sole owner and principal user of the project.

The borrower must not have had any prior ownership interest in a substantial amount of land, 30 percent of your county's median farm size, which in Lancaster would be 19 acres, or have a fair market value in excess of

\$125,000. The borrower's net worth can not exceed \$200,000 to be eligible for the program.

The eligible uses of the funds include agricultural land, agricultural improvements, depreciable property, and purchases from related persons. The maximum amount that can be borrowed is \$250,000 per person. However, if the loan is allocated for the purchase of used equipment, the amount borrowed may not exceed \$62,500.

The Next Generation Loan Program may be combined with other loan programs. The lender or contract seller makes all terms and credit decisions for the loan program.

The uses of the loan program include the purchase of agricultural land that is located with in Pennsylvania and is suitable for the use in farming and is or will be operated as a farm. Any improvements, buildings, structures, or fixtures suitable for farming which are located on agricultural land will qualify. Personal property suitable for the farming for which an income tax deduction for depreciation is allowable will serve as an eligible use.

Funds may be used to purchase property from related persons as long as the purchase price is at least equal to the market value of the project and the seller will have no continuing financial interest in it, which means having no direct or indirect ownership and they will not be the principle user of the project.

In 2000, this loan program helped five first time farmers in Lancaster County obtain more than \$1 million in financing for

projects involving \$2.4 million of investment in 395 acres of farmland. In 2001, this program is already looking to double those numbers in financing just in Lancaster.

For more information on the application procedure, contact David Nikoloff at the Economic Development Company of Lancaster County at (717) 397-4046 or Gary Smith at the Chester County Industrial Authority at (610) 363-6110.

For any questions on The Lancaster Chamber, please contact Brent Landis at (717) 397-3531, ext. 134 or e-mail blandis@lcci.com.

Auction Manager: Association Members Must Pay 3 Cents A Pound On Tobacco Sold

QUARRYVILLE (Lancaster Co.) — Though the tobacco auction season may be over, according to Dennis Hess, manager of the auction, growers who sell tobacco privately must continue to pay 3 cents a pound to the cooperative.

Hess said that the association must make up costs of the rented building, tow motors, scales, and

all sorts of equipment, and the 3-cent checkoff is necessary.

Many growers are considering and have plans under way to grow tobacco privately next growing season. If those growers are Pennsylvania Tobacco Marketing Association members, that 3 cents per pound must be sent to the association.

There are about 500 members of the association, noted Hess. For growing season 2002, members can notify their intention to resign from the association — but they have only until Oct. 1 this year, when they must send in a written notice. That would apply to tobacco sold after Oct. 1, according to Hess.

For more information, contact Hess at the Solanco Fairgrounds auction site in Quarryville, (717) 786-4389.

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