

Small Business First Loan Program

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Senate Bill 1045 was signed into law in October 2002. This law provides agricultural producers with a new and alternative funding source for their operations. The law amends the existing Small Business First Loan Program to include agricultural production. Several area producers were instrumental in the development and promotion of this legislation and they are to be commended along with Area Loan Organization for their work on the proposal.

The law includes almost all forms of agricultural production with less than one hundred employees, and eliminates the previous requirement of job creation included in the previously existing regulations.

To qualify for funding under the Small Business First lending program, the operation must be at least ten contiguous acres or, if not, produce at least \$10,000 income per year. Acquisition of land, buildings, machinery, and equipment may be financed through this program. Mobile equipment not titled or registered for highway use may also be purchased with these funds. Working capital is also available through the program.

The term of loan depends on the use of the funds. The terms are as follows: real estate—10 years; machinery and equipment—seven years, and working capital—three years. The interest rate for this lending program is 3.75 percent and all loans must have matching funding. The program allows borrowings for 50 percent of total eligible project costs up to a maximum of \$200,000. Working capital may be borrowed up to \$100,000.

There are fees associated with the loans that may be included in the loan package. The fee structure is graduated by the size of the loan, and is assessed by the Area Loan Organization. Lisa Herrick from the Adams County Economic Development Corporation advises that this program not be used for loan amounts less than \$40,000 to receive full benefit of the program. Smaller loans are available but may not be economically feasible.

The program is administered through the Area Loan Organizations across Pennsylvania. For more details and information about this program, please contact your local Area Loan Organizations. Listed below is contact information for dairymen across the Capital Region.

•Adams County: Adams County Development Corp., Gettysburg, (717) 334-0042.

•Cumberland and Dauphin Counties: Capital Region Economic Development Corp., Harrisburg,

(717) 232-4099.

•Lebanon County: Lebanon Valley Economic Development Corp., Lebanon, (717) 274-3180.

•Perry and Other Counties: SEDA-Council of Governments, Lewisburg, (570) 524-4491.

•York County: Small Enterprise Development Co. (SEDCO), York, (717) 846-8879.

•Franklin County: Franklin County Area Development Corp., Chambersburg, (717) 263-8282.

•Lancaster County: EDC Finance Corporation, Lancaster, (717) 397-3531.

If you don't live in one of the above counties, you can get more information about your Area Loan Organization by calling the Pennsylvania Department of Community and Economic Development. Visit their website at www.inventpa.com or download a contact list from <http://www.dced.state.pa.us>.

Labor, Expansion

(Continued from Page 15)

different cash flow scenarios coupled with milk prices and production levels. The "bells and whistles" were thrown out of the expansion project without sacrificing critical cow comfort. "We kept the debt/cow ratio to a serviceable level," he said.

At the time the facility was built, the methods were state-of-the-art. That's changed in the decade since. The important step: get a "better site layout initially," said Brubaker. Take into consideration manure and feed storage and "how it all comes together."

Look at manure and cow flow, proper ventilation, and milking hours. A manure pit should be adequate storage for five months. And provide options to expand the operation in the future.

One area the farm remained "tight," noted Brubaker, was the milk tank purchase. To save costs, they purchased used milk tanks. "But we should have spent the money," said Brubaker.

Also at the event, Dr. Joe Harner, Kansas State University, spoke about the importance of site planning. He noted that when planning for 600 cows, have the room to determine where the next 600 will be going, he said. Make room in planning so that, down the road, you'll know what to do. Plan to "double what your initial goals are," he said.

Odor control (use of methane digesters) and looking keenly at what manure management strategies are needed are essential.

Producers should understand that "nutrient management starts at the feed bunk," said Harner. Phosphorous feed management has to be taken into consideration, with a look at balancing diets the correct way.