



N.C. Value-Added Cost Share – Equipment 2010 Guidelines

We appreciate your interest in N.C. MarketReady, a program that brings together a multi-disciplinary team to address the needs, challenges and opportunities for North Carolina farmers in the areas of entrepreneurship and innovation in agriculture. The N.C. Value-Added Cost Share Program (NCVACS), funded by the N.C. Tobacco Trust Fund Commission, is designed to complement the Value-Added Producer Grant (VAPG) funded by USDA-Rural Development. The NCVACS-Equipment funding cycle provides cost share funding through a competitive application process for the purchase of equipment (not covered by the VAPG) for emerging value-added agricultural enterprises.

Where do I find the NCVACS-Equipment application?

- Download an application from www.ncmarketready.org. Select “Value-Added Cost Share” from the left menu bar and choose the tab Cost Share Applicants.
- Email pghi_info@ncsu.edu or call 704-250-5400 to request a paper application by mail.

How do I format the NCVACS-Equipment application?

- Make your application easy to read. Applications should be typed in a standard, 12-point font; if completing the application by hand, please print legibly in black ink. Please complete the worksheets and limit your responses to the narrative questions to the space provided.
- Use standard, letter-sized paper (8.5” X 11”) that will easily photocopy. Please use white paper without background patterns or designs.
- Please do not exceed the space allowed for each response; maintain at least a 1-inch margin around each page.

When is the NCVACS-Equipment application due?

- Completed application packets must be postmarked or received by **March 30, 2010**. Completed application packets include an original application with supporting documents and three (3) additional copies of the entire application. Mail or hand deliver applications to NCSU Value-Added Cost Share Program, N.C. Research Campus, 600 Laureate Way, Kannapolis, NC 28081.

When will the NCVACS-Equipment awards be announced?

- Cost share awards for equipment purchases will be announced by June 1, 2010.



Eligible Recipients – Applicants need only qualify in one of the following four categories:

1. ***Individual/Independent Producer who is a permanent resident of N.C.*** – One or more farmers, ranchers, fishermen or forestry harvesters who produce or harvest (and own) the product to which value will be added.
 - Independent producers adding value to a product may purchase additional product up to the amount of their own products. In other words, more than 50 percent of the product to which value is being added must be grown or raised by independent producers.
 - Examples of independent producers include a single farmer; a farm family; a group of producers who work together AND all members of the group are independent producers.
2. ***Agricultural Producer Group that is based in N.C.*** – An organization that a) represents independent producers, b) whose mission includes working on behalf of independent producers, and c) the majority of whose membership and board of directors is comprised of independent producers.
 - General farm organizations qualify so long as they can identify a specific set of producers that benefit directly.
 - Examples of agricultural producer groups in N.C. include the N.C. Sweet Potato Commission and N.C. Cattlemen Association.
3. ***Farmer/Rancher Cooperative that is based in N.C.*** – A farmer-owned and controlled business from which benefits are derived and distributed equitably on the basis of use by each of the farmer-owners.
 - If a cooperative has non-producer members, then it must apply and qualify as a majority-controlled producer-based business venture. See (4) below.
 - Examples of farmer cooperatives in N.C. include the Peanut Growers Cooperative Marketing Association and Maryland/Virginia Milk Producers.
4. ***Majority-Controlled Producer-Based Business that is based in N.C.*** – A venture where more than 50 percent of the ownership and control is held by independent producers OR partnerships, LLCs, LLPs, corporations or cooperatives that are, themselves, 100 percent owned and controlled by independent producers.
 - For majority-controlled producer-based businesses, independent producers must own and control more than 50 percent of the venture.
 - Examples of majority-controlled producer-based businesses in N.C. include cooperatives with non-producer members and other businesses that have both producer and non-producer members, so long as producers constitute more than 50 percent of ownership and control.

Eligible Value-Added Enterprises – Applicants need only qualify in one of the following five methods:

- 1. A change in the physical state of an agricultural commodity (an unprocessed product from a farm).**
 - Examples of value-added products in this category are fish fillets, diced tomatoes, ethanol, bio-diesel and wool rugs. Common production or harvesting methods are *not* considered a change in physical state. For example, dehydrated corn, bottled milk, raw fiber, Christmas trees and cut flowers are *not* eligible in this category.
- 2. Using a nonstandard production method that adds value per unit of production over a standard production method.**
 - Examples of value-added products in this category are certified organic carrots, eggs produced from free-range chickens and beef produced from cattle fed a “natural” diet. Simply branded products or products packaged in a non-standard way are *not* eligible under this category.
- 3. Physical product segregation.**
 - An example of a value-added product in this category is genetically-modified (GM) corn produced on the same farm as non-GM corn, but physically separated so that no cross-pollination occurs.
- 4. Farm-based renewable energy generation.**
 - An example of a value-added product in this category is the use of a farm- or ranch-based commodity to generate energy in an anaerobic digester. Fuels such as ethanol, bio-diesel or switchgrass pellets that are not generated on a farm or ranch owned or leased by the owners of the enterprise are *not* eligible under this category. However, these types of fuel may be considered under the first category, if a change in the post-harvest, physical state occurs.
- 5. Aggregation and marketing of locally-produced agricultural food products within 400 miles of the farm that produced the agricultural commodity OR within the same state as the farm that produced the agricultural commodity.**
 - Examples of value-added products in this category are locally grown lettuce sold to nearby restaurants or strawberry ice cream sold at a farmers market that is within 400 miles of the dairy farm that produced the milk from which the ice cream was made.

Priority will be given to NCVACS-Equipment applicants who have either received or applied for a USDA-VAPG since 2008; applicants who demonstrate their value-added activity has been in operation less than two years at the time of application; applicants who are former tobacco growers or quota holders; and applicants who are not currently receiving financial assistance from any other project funded by the N.C. Tobacco Trust Fund Commission.

Eligible Equipment for Cost Share Awards

General farm equipment is not eligible for NCVACS funding; in other words, a tractor does not qualify as a value-added equipment need under the NCVACS program. However, particular implements, packaging and processing equipment, and other equipment for which a clear need is demonstrated in an eligible value-added enterprise, are eligible for NCVACS-Equipment cost share funding.

NCVACS-Equipment awards may be applied toward both new and used equipment, provided that the equipment is fully functioning and can be utilized immediately upon receipt. If NCVACS funds are to be applied to new equipment, at least two (2) estimates or quotes, including specification sheets and photo(s) and/or diagram(s) are required. If NCVACS funds are to be applied to used equipment, an independent, third-party appraisal, including photo(s) and/or diagram(s), and proof of clear ownership, such as a receipt, are required. **The professional appraiser must be approved by N.C. MarketReady. Submit credentials by completing Section V of this application, "Appraiser Certification".**

Ownership of the equipment purchased with the assistance of an NCVACS-Equipment award must be maintained for a minimum of two years from the date of purchase. Records of the project must be maintained for a five-year period, beginning at the NCVACS-Equipment award date. NCVACS and/or the N.C. Tobacco Trust Fund Commission reserve the right to review any records related to the NCVACS project during this period.

Multiple Grant Eligibility

Eligible applicants may only receive one NCVACS-Equipment award. Applicants who received 2009 NCVACS funding for VAPG Grant Writing or Agricultural Enterprise Feasibility Assessment are eligible to apply for an NCVACS-Equipment award in 2010.

Certification of Matching Funds

NCVACS-Equipment awards are designed to offset the cost of value-added equipment for eligible North Carolina farmers. Expenses incurred beyond the NCVACS-Equipment award will be the responsibility of the eligible party submitting the application. Applicants must certify that matching funds will be available at the same time cost share funds are anticipated to be spent.

Table 1	
Total Equipment Budget	NCVACS-Equipment Award
Up to \$25,000	Up to 50% cost share
\$25,001 - \$50,000	Up to 40% cost share
\$50,001 - \$75,000	Up to 30% cost share
\$75,001 - \$100,000	Up to 25% cost share

Recipient matching funds equal to the cost share amount must be spent in advance of cost share funding. Once a recipient verifies that matching funds have been expended, the cost share funding may be issued to the dealer, distributor, manufacturer, seller, etc. Recipients will verify their expenditures by

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completing the Matching Funds Report (available at <http://www.ncmarketready.org>, under “Value-Added Cost Share”) and submitting copies of receipts, canceled checks or paid invoices. *For example: A recipient purchases a piece of value-added equipment costing \$70,000 during the NCVACS-Equipment period. The recipient must pay up to 30 percent of the equipment cost (\$21,000) and submit proof of payment and other required documentation to NCVACS. NCVACS will then make a matching payment of \$21,000 to the seller, and the recipient will be responsible for the remaining balance.*

Requirements

The NCVACS program will base funding decisions on information supplied by the applicant. Applicants are expected to respond to requests for clarification or additional information in a timely fashion. Any application that does not contain information sufficient to permit review after the request for additional information has been made will be disqualified from further consideration. An application may be withdrawn by request of the applicant.

Applicants must assure N.C. MarketReady that they will permit audits and site visits for the enterprise described in their applications for a period of up to five years from the date of the award. Applicants must also agree to provide information to N.C. MarketReady that may be used to create case studies for educational and reporting purposes for the same period of up to five years from the date of the award.

Public Documents Notice

All applications, attachments to applications and written materials received by the NCVACS program are public record, unless determined otherwise by court order or other applicable law. Cost share recipients may be asked to provide feedback and information to NCVACS that may be incorporated into case studies, educational materials, etc.

Reporting Policy

Successful applicants will be expected to submit the following written documentation:

- Matching Funds Report (available at <http://www.ncmarketready.org>) – Due before cost share funds will be released.
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For more information on NCVACS-Equipment visit <http://www.ncmarketready.org> or contact Brittany Whitmire at 919-830-9557 or brittany_whitmire@ncsu.edu.