

## Obtaining Money from the Kentucky Agricultural Development Board to Start a New USDA Meat Processing Facility

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The COVID-19 pandemic is affecting production agriculture and the overall food supply chain across the globe: Grocery stores have implemented purchasing limits, restaurants are running out of certain menu items, meat packers and processors are operating at a low-production capacity (if at all), and many farmers are being forced to euthanize animals.

As a result of a disrupted food supply chain in this era of social distancing, the relationship between many producers and consumers is strengthening, as direct farm sales and community-supported agriculture (CSA) has exponentially increased. A wave of U.S. meat processing plant closures due to coronavirus has sparked concerns among the supply chain, with financial losses predicted to be as high as \$13.6 billion.

To increase processing capacity, on May 19, 2020, Governor Andy Beshear and the Kentucky Agricultural Development Board (KADB) approved a \$1 million investment for Kentucky meat processing expansion. The Meat Processing Investment Program (MPIP) provides funding to incentivize economic expansion of businesses to process Kentucky beef, dairy, pork, lam, sheep, and goat products.

On August 21, 2020, Governor Andy Beshear and the KADB approved an additional \$500,000 for the Meat Processing Investment Program, bringing total funding to \$1.5 million.



### Funding for My New Meat Processing Facility?

To note: You can apply for money to construct a meat processing facility, purchase an existing meat processing facility, and/or restore an existing processing facility.

**The maximum award is \$250,000 per facility.**

### Requirements to Apply:

- Applicant shall be actively developing a new USDA inspected facility, located in Kentucky.
- Applicant shall be registered and in good standing with the Kentucky Secretary of State. Individuals/sole proprietors are not required to register.
- Participants shall obtain a formal business plan (financials included) reviewed by the Kentucky Center for Agriculture and Rural Development (KCARD).
- Applicant shall have a site visit from an advisory team specialist to determine if your project qualifies for funding.
- Participants shall complete a KADF Project application (<https://agpolicy.ky.gov/funds/Pages/program-portal.aspx>).
- Applicants are required to request KADF County Funds from a minimum of five counties.
- Applicant must include documentation of matching funds for project.
- The applicant must present to the KADB Meat Processing Expansion Committee at its monthly meeting to answer questions regarding the application.

### Funding Limitation:

- No more than 50% of the funds for a project, not to exceed \$250,000, may come from Kentucky Agricultural Development Fund (KADF) grants, forgivable loans or loans for Level 4. This includes county cost-share funds and Kentucky Agricultural Finance Corporation (KAFC) loan programs.
- True financial match may be eligible as matching funds. Recommendation for additional money- Community Ventures at <https://www.cvky.org/start-a-business>.
- Funds will be distributed on a cost-reimbursement basis over a 12-month period (equipment/renovation/certification) or an 18-month period (construction).

- Applicants with active Legal Agreements for other KADF awards shall maintain compliance with the terms of the existing agreements.
- The reimbursement rate for expenses shall be fifty cents (\$0.50) of reimbursement for each dollar (\$1.00) of budgeted, approved, documented and verified expenses.

### Eligible Investments and Exclusions

- Eligible items shall be restricted to components and investments used to increase processing capacity and sales of Kentucky livestock and meat products for operations located in Kentucky.
- Improvements to personal residences, non-farm commercial property, and any other non-farm structures are not eligible.
- Tractors, motorized vehicles, and other mobile equipment with an internal combustion engine are excluded from this program (unless specifically approved by KADB).
- Land may be considered as a match.



## Application Consideration

- Governor's Office of Agricultural Policy (GOAP) staff will notify the applicant of the KADB Meat Processing Expansion Committee meeting at which the application will be discussed. The applicant will be asked to present the application during the meeting and answer questions.
- The committee will make a recommendation to the KADB for a final vote the following month. For example, an application submitted by the January deadline will be reviewed by the committee in February, with a possible final decision by the KADB in March.
- Projects are judged on the merits of the business as it relates to the potential for profitability of local farmers. Higher consideration will be given to applicants who showcase the following:
  - Geographic need for a processing facility in the proposed area
  - Farmer ownership opportunities in the business
  - Demonstration of producer/market interest
  - Local County Agricultural Development Councils documented support

## Post-Approval Requirements and Deadlines

- Projects approved for funding shall be completed and all required documentation for reimbursement submitted to the (GOAP) no later than either 12 months (equipment/renovation/certification) or 18 months (construction) from the effective date of the legal agreement.
- Applicant shall maintain items purchased with KADF funds for a minimum of five (5) years after the completion of the project and up to 10 years on constructed facilities.

## Sources

1. Fortune, Aidan. "Concerns over US Meat Supply Chain Following Plant Closures." Globalmeatnews.com, William Reed Business Media Ltd., 14 Apr. 2020, [www.globalmeatnews.com/Article/2020/04/14/Concerns-over-US-meat-supply-chain-following-plant-closures](http://www.globalmeatnews.com/Article/2020/04/14/Concerns-over-US-meat-supply-chain-following-plant-closures).
2. Kentucky Agriculture Development Fund. (2020, May 19). Gov. Beshear and Kentucky Agricultural Development Board Approve \$1 Million Investment for Meat Processing Expansion Investment Aids Critical Expansion During Pandemic [Slides]. Governor's Office of Agricultural Policy. <https://agpolicy.ky.gov/Documents/20200519%20KADF%20Meat%20Processing%20Investment%20Program.pdf>
3. Kentucky Agriculture Development Fund. (2020a). The KADF Meat Processing Investment Program (MPIP) [Slides]. Governor's Office of Agricultural Policy. [https://agpolicy.ky.gov/funds/Documents/meat-processing\\_guidelines-2020.pdf](https://agpolicy.ky.gov/funds/Documents/meat-processing_guidelines-2020.pdf)

**For additional information, assistance with program application, or a site visit, please contact:**

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Application must be submitted no later than close of business on the last Friday of the month to be eligible for Committee Review the following month.

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