

**248.711 Criteria for application for state funds -- Uses and restrictions on funds in counties account -- Administration of agricultural development fund -- Applicant's right to appear before oversight committee.**

- (1) Criteria to be used in considering applications for state funds shall include, but not be limited to:
  - (a) Assistance to tobacco farmers and communities in counties most affected by the loss in tobacco income;
  - (b) Assistance to communities most dependent on agriculture;
  - (c) Enhancement and promotion of agriculture in the Commonwealth;
  - (d) Merits of the proposal in the application;
  - (e) Compatibility with state and local agriculture-related comprehensive plans;
  - (f) Documentation of measures likely to ensure soundness of the proposal such as cash flow, security, market evaluation, and infrastructure considerations;
  - (g) Promotion of diversification;
  - (h) Regional orientation;
  - (i) Cooperation among entities involved in the project and application process; and
  - (j) Effect on the economic viability of family farms.
- (2) Uses and restrictions on the funds in the counties account shall include, but not be limited to, the following:
  - (a) Funds may be used for deferred, no-interest, or low-interest venture capital loans to enhance farms' revenues by initiating:
    1. Current farming techniques or practices improvements; or
    2. New farming ventures on the farm;
  - (b) Funds used for loans shall be administered through a duly licensed or chartered financial institution organized and regulated:
    1. Under the laws of this state in accordance with KRS Chapter 286; or
    2. Created by Congress and organized and regulated in accordance with provisions of federal law;
  - (c) Terms of the loans may include a limit on deferral of payment of interest or principal to five (5) years, and a limit on the interest rates. Repaid loans and interest shall be credited to the appropriate county's allocation within the counties account;
  - (d) Funds may be used as grants for local agricultural economic development projects;
  - (e) Funds may be used as grants for water line extension to farms or for a fifty percent (50%) match for water improvements on farms;
  - (f) Funds may be used for programs to assist farmers in transitioning from one (1) type of farming to another or from farming to another vocation;
  - (g) Local governments may apply for funds to clean up environmental problems created by a farm failure where there is no reasonable prospect that the

problem will be cleaned up by a private individual or entity;

- (h) Eligibility for funds in this subsection shall require that:
    - 1. Tobacco farmers be given priority;
    - 2. Applicants have sufficient equity to assure a reasonable chance of success of the action proposed for funding;
    - 3. Small farmers have as equal access to the funds as large farmers; and
    - 4. Consideration be given to what percent of a county's allocation of moneys an applicant is requesting; and
  - (i) Counties may use their funds for multicounty or regional projects. They may also use their funds to maximize state or federal matching fund programs.
- (3) In administering the fund under KRS 248.709(1), the board shall be governed by the following principles:
- (a) Individuals, groups, educational institutions, governmental entities, cooperatives, including limited cooperative associations, and other agriculturally related entities are eligible to receive moneys from the fund; and
  - (b) The board shall receive five hundred thousand dollars (\$500,000) for administrative costs in fiscal year 2001 and six hundred thousand dollars (\$600,000) in fiscal year 2002. These amounts shall include any costs necessary to offset administrative expenses incurred by the county cooperative extension service offices for providing administrative support to the agricultural development councils as provided in KRS 248.721.
- (4) If the state board recommends that an application not be approved or that it be changed, the applicant may take the application before the oversight subcommittee created in KRS 248.723 for discussion and possible resolution of differences.

**Effective:** July 12, 2012

**History:** Amended 2012 Ky. Acts ch. 160, sec. 138, effective July 12, 2012. -- Created 2000 Ky. Acts ch. 530, sec. 6, effective April 26, 2000.

**2024-2026 Budget Reference.** See State/Executive Branch Budget, 2024 Ky. Acts ch. 175, Pt. I, A, 21, (7) at 1817.

**2024-2026 Budget Reference.** See State/Executive Branch Budget, 2024 Ky. Acts ch. 175, Pt. X, C, 1, (1) at 1942.

**Legislative Research Commission Note** (7/12/2006). 2006 Ky. Acts ch. 247 instructs the Reviser of Statutes to adjust KRS references throughout the statutes to conform with the 2006 renumbering of the Financial Services Code, KRS Chapter 286. Such an adjustment has been made in this statute.