



AGRICULTURE LOAN PROGRAMS

NATURAL RESOURCES, AGRICULTURE, & ENVIRONMENTAL QUALITY APPROPRIATIONS SUBCOMMITTEE
 STAFF: IVAN DJAMBOV & ANGELA OH

BUDGET BRIEF

SUMMARY

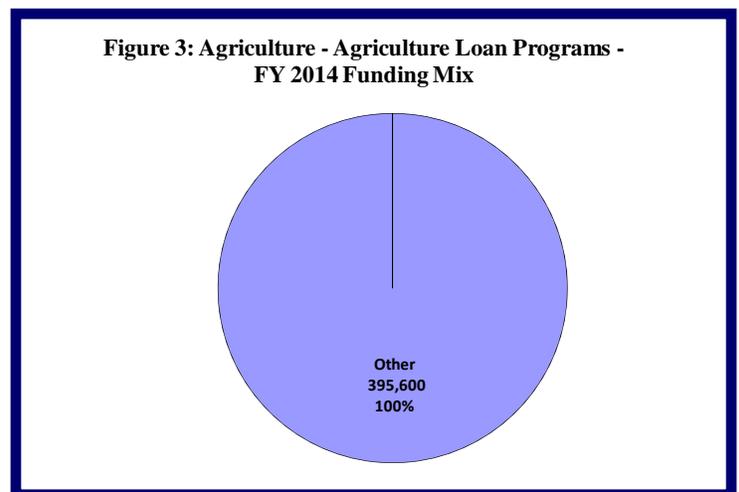
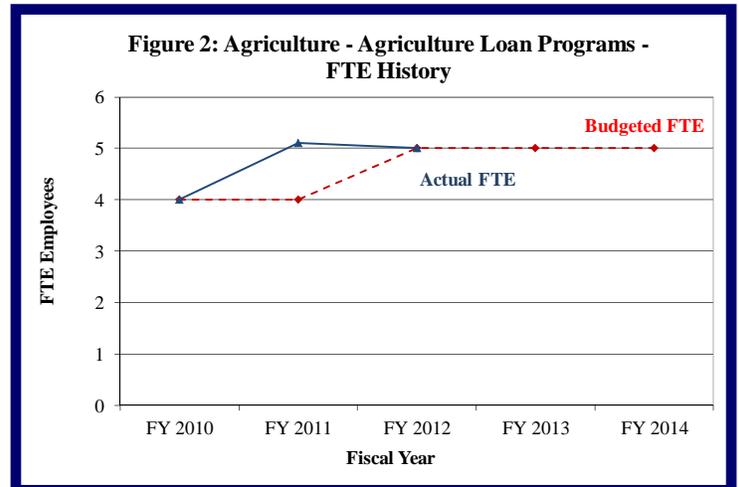
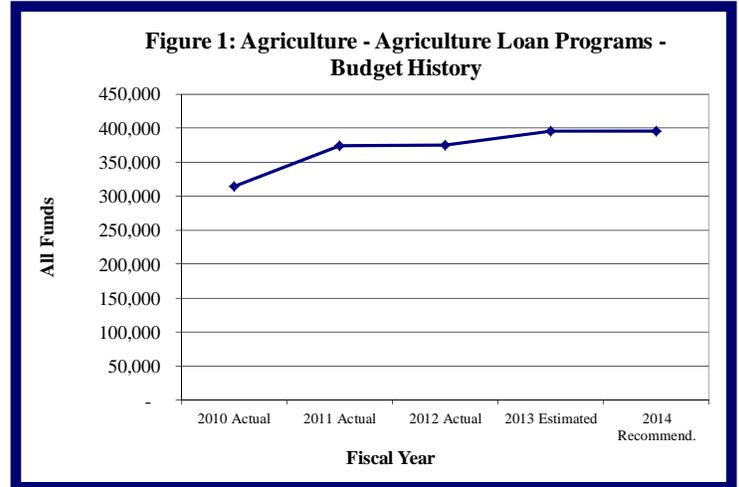
The Loans line item administers the two loan funds: the Agriculture Resource Development Loan Fund and the Rural Rehabilitation Loan Fund.

The Agriculture Resource Development Loan Fund (ARDL) provides low-interest (3% annual interest plus a one-time 4% technical assistance fee) loans.

The funding sources for this fund include \$525,000 annual appropriation from the 1/16 of the sales and use tax revenue. Other funding sources include loan repayments, interest, and money appropriated by the Legislature. Loans may be made for rangeland improvement, watershed protection, flood prevention, soil and water conservation, and energy efficient farming projects.

The Utah Rural Rehabilitation Loan Fund was established from a one-time federal appropriation in 1937. This revolving loan fund is replenished by repayments and low interest rates. In essence, the Rural Rehabilitation Program is a lender of last resort to farmers who represent too high a risk to acquire financing from conventional lending institutions. Assets may be used for real estate loans, farm operating loans, youth loans, educational loans, and irrigation/water conservation loans.

For FY 2014, the Analyst recommends for the Agriculture Loans line item a total budget of \$395,600.



BUDGET DETAIL TABLE

| Agriculture - Agriculture Loan Programs | | | | | | |
|---|------------------|------------------|------------|------------------|------------|------------------|
| | FY 2012 | FY 2013 | | FY 2013 | | FY 2014* |
| Sources of Finance | Actual | Appropriated | Changes | Revised | Changes | Recommended |
| Agri Resource Development | 248,900 | 255,300 | 0 | 255,300 | 0 | 255,300 |
| Utah Rural Rehab Loan | 140,300 | 140,300 | 0 | 140,300 | 0 | 140,300 |
| Lapsing Balance | (14,500) | 0 | 0 | 0 | 0 | 0 |
| Total | \$374,700 | \$395,600 | \$0 | \$395,600 | \$0 | \$395,600 |
| Programs | | | | | | |
| Agriculture Loan Program | 374,700 | 395,600 | 0 | 395,600 | 0 | 395,600 |
| Total | \$374,700 | \$395,600 | \$0 | \$395,600 | \$0 | \$395,600 |
| Categories of Expenditure | | | | | | |
| Personnel Services | 349,300 | 364,400 | (31,600) | 332,800 | 0 | 332,800 |
| In-state Travel | 3,400 | 1,500 | 1,900 | 3,400 | 0 | 3,400 |
| Out-of-state Travel | 2,300 | 1,200 | 1,100 | 2,300 | 0 | 2,300 |
| Current Expense | 13,400 | 22,500 | 28,400 | 50,900 | 0 | 50,900 |
| DP Current Expense | 6,300 | 6,000 | 200 | 6,200 | 0 | 6,200 |
| Total | \$374,700 | \$395,600 | \$0 | \$395,600 | \$0 | \$395,600 |
| Other Data | | | | | | |
| Budgeted FTE | 5 | 5 | 0 | 5 | 0 | 5 |
| Actual FTE | 5 | 0 | 0 | 0 | 0 | 0 |
| Vehicles | 1 | 1 | 0 | 1 | 0 | 1 |