



May 28th Legislative Questions

1. **A. What is the purpose of this loan program?**

The Agriculture Resource Development Loan program was originally initiated in February 1976 with a legislative appropriation of \$250,000. These funds were to be used to help Utah Agriculture and were first used to help Utah Ranchers. It was felt that healthy livestock depended on healthy rangeland; the start of a Rangeland Improvement Program would help private rangeland owners but would also help the economy of rural Utah and families throughout the state. The early projects benefited grazing by eliminating juniper trees and sagebrush to allow for growth of natural grasses. This program was so efficient that by the early 1980's irrigation projects were introduced. These projects not only increased efficiency and productive land, but it increased the productivity on the land. This program is administered by the Utah Conservation Commission (4-18-5(e)) for the benefit of farmers and ranchers with the technical support provided by local Conservation Districts. We have a contemporary partnership in USDA through NRCS that makes this program a stronger resource for agriculture.

B. Why was a sales tax earmark designated as a source of revenue?

Legislation appropriated a large amount to DNR through the Division of Water Resources in the early 80's to provide funding for their water conservation loan and grant programs. At the same time, it was determined that Utah Department of Agriculture and Food also had a loan program used for water conservation projects in the early stages and appropriated the amount of \$525,000 to support their water conservation projects.

2. **What is the current balance of the fund?**

Throughout the 39 year existence, appropriated and sales tax money to the ARDL program as of April 2015 totals \$22,621,530. The cash balance in our investment account to support the program is \$13,095,675. This has increased because of interest earned and the number of loans repaid.

3. **What is the current total number of outstanding loans?**

449 existing loans with 20 pending applications based on April 2015 reports

4. **What is the current total balance owing on all outstanding loans?**

\$16,664,255 disbursed \$1,015,554 undisbursed approved loans; total of \$17,679,808 based on April 2015 reports.

5. **Who are the recipients of the loans?**

The loan program is for the benefit of Utah Farmers and Ranchers.

6. **A. What are the usual terms of the loans?**

	No of Yrs	Collateral	Int Rate	LTV
Secured	15 yrs	Real Estate or Water Stock	3% \$52,000 or less	70%
			2.75% \$52,001 up to \$103,999	
			2.50% \$104,000 or greater	
Refinanced	12 yrs	Same as above	Same as above	70%
Unsecured	7 yrs	Chattel	3% \$50,000 or less	70%
	10 yrs	None	Same as Secured Loans	70%

B. Are loans being repaid according to the terms?

Yes, however, we have on occasion modified the terms to assist the borrower during hardships.

7. **For FY 2015 (to date), FY 2014, and FY 2013, what is the total number of loans granted and the total dollar amount of all loans granted? Please also provide a brief description of each loan, including the recipient, dollar amount of loan, terms, and the proposed project to be funded by the loan.**

Please see attached spread sheets.

8. **Are the proceeds of these loans ever used to service a bond or other form of indebtedness? If so, what are the terms for repayment of the bonded indebtedness?**

No, there has been nothing since inception.

9. **Do you have any recommendations for changes or improvements to this loan program?**

82% of the water usage is by agriculture. We need to continue to conserve but improve water efficiency in order provide water for future population increases. This water will be coming from agriculture.

10. **Do you have any other information that would help the TRC in reviewing this loan program?**

We have provided loans for conservation projects in all 38 conservation districts of the state of Utah. We have been good stewards of the program and have been able to keep agriculture in the state during the worst times of the economy. We have had less than 1/2 percent in foreclosed debt over the lifetime of the program.