

CHAPTER 130c. SUSTAINABLE AGRICULTURE PROGRAMS

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Authority

The provisions of this Chapter 130c issued under the Sustainable Agriculture Act (3 P. S. §§ 2101—2117), unless otherwise noted.

Source

The provisions of this Chapter 130c adopted March 30, 2001, effective March 31, 2001, 31 Pa.B. 1691, unless otherwise noted.

Subchapter A. GENERAL PROVISIONS

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§ 130c.1. Objectives.

The purpose of the act is to:

- (1) Establish a program for sustainable agriculture practices and to create the Board.
- (2) Define the powers and duties of the Department and the Board.
- (3) Provide for sustainable agriculture loan and grant programs and an alternative crop grant program.
- (4) Provide for funding.

§ 130c.2. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Act—The Sustainable Agriculture Act (3 P. S. §§ 2101—2117).

Agricultural activity or farming—The commercial production of agricultural crops, livestock or livestock products, poultry products, milk or dairy products or fruits and other horticultural products.

Alternative crop—Crops not normally grown on an annual or rotational basis in this Commonwealth. The term may include crops used to replenish soil nutrients, crops used for animal or human consumption or crops used to reduce reliance on fuel, agricultural chemicals or synthetic fertilizer.

Applicant—A farm enterprise applying for a loan or grant.

Beneficial insects—Insects which, during their life cycle, are effective pollinators of plants, are parasites or predators of pests, or are otherwise beneficial to farming.

Board—The Board of Sustainable Agriculture.

Corporate farm—A corporation formed for the purpose of engaging in agricultural activity or farming which is not a family farm corporation.

Creditworthy—The ability to pay debts as they become due, to offer sufficient security and collateral and having no history of any previous default on loans specified in § 130c.14(g) (relating to general conditions).

Defoliant—A substance or mixture of substances intended for causing the leaves or foliage to drop from a plant, with or without causing abscission.

Department—The Department of Agriculture of the Commonwealth.

Desiccant—Any substance or mixture of substances intended for artificially accelerating the drying of plant tissue.

Executive Director—The person appointed by the Secretary to advise the Board.

Family farm corporation—A corporation formed for the purpose of farming in which the majority of the voting stock is held by and the majority of the stockholders are natural persons or their spouses or other persons related to the natural persons or their spouses and at least one of the majority stockholders is residing on or actively operating or managing the farm and none of the stockholders of which are corporations.

Family farm partnership—A general partnership entered into for the purpose of farming, having no more than three unrelated members and having at least one member residing on or actively operating or managing the farm.

Farm enterprise—A natural person, family farm corporation, family farm partnership engaged in farming or a corporate farm or nonprofit educational institution.

Farmland—Land in this Commonwealth that is capable of supporting the commercial production of agricultural crops, livestock or livestock products, poultry products, milk or dairy products, fruit or other horticultural products.

Fund—A fund created by section 7 of the act (3 P. S. § 2107) and established by the Department which shall receive all revenues and appropriations, allowed under the act. The Fund shall pay all costs, except administrative expenses, related to the Program. The Funds shall also contain the revolving loan account created by section 9 of the act (3 P. S. § 2109).

Individual—A natural person, meaning a single person as distinguished from a group or class, and as distinguished from a partnership, corporation or association.

Nonprofit educational institution—A State-owned or State-related college or university in this Commonwealth or a nonprofit organization, association or group in this Commonwealth which:

- (i) Has demonstrated a capacity to conduct agricultural research or education programs.
- (ii) Has experience in research or education in sustainable agricultural practices.
- (iii) Qualifies as a nonprofit organization under section 501(c) of the Internal Revenue Code of 1986 (26 U.S.C.A. § 501(c)).

Pest—An insect, rodent, nematode, fungus, weed or any other form of terrestrial or aquatic plant or animal life or virus, bacteria or other microorganism (except viruses, bacteria, or other microorganisms on or in living man or other living animals) which the Administrator of the Environmental Protection Agency declares to be a pest under section 25(c)(1) of the Federal, Fungicide and Rodenticide Act of 1947 (7 U.S.C.A. § 136w(1)).

Pesticide—An insecticide or herbicide having the following characteristics:

- (i) A substance or mixture of substances intended for preventing, destroying, repelling or mitigating a pest.
- (ii) A substance or mixture of substances intended for use as a plant regulator, defoliant or desiccant.

Plant regulator—A substance or mixture of substances intended, through physiological action, for accelerating or altering the behavior of plants or the produce thereof. The term does not include substances to the extent that they are intended as plant soil amendments. The term does not include nutrient mixtures or soil amendments that are commonly known as vitamin-hormone horticultural products, intended for improvement, maintenance, survival, health, and propagation of plants, and as are not for pest destruction and are nontoxic, nonpoisonous in the undiluted packaged concentration.

Program—The Sustainable Agriculture Loan or Grant Program or the Alternative Crop Grant Program.

Project—A specific plan set forth on a loan or grant application submitted under the act and this chapter, describing sustainable agriculture or alternative crop practices to be implemented using loan or grant funds received under that application.

Secretary—The Secretary of Agriculture of the Commonwealth or a designee.

Sustainable agriculture—An integrated system of plant and animal production practices having a site-specific application that will over the long term:

- (i) Satisfy human food and fiber needs.

- (ii) Enhance environmental quality and the natural resource base upon which the agricultural economy depends.
- (iii) Make the most efficient use of nonrenewable resources and on-farm resources and integrate, where appropriate, natural biological cycles and controls.
- (iv) Sustain the economic viability of farm operations.
- (v) Enhance the quality of life for farmers and society as a whole.

§ 130c.3. Records.

- (a) A recipient of grant or loan funds under the act and this chapter shall maintain books, records and other evidence pertinent to expenditures and costs incurred in connection with the sustainable agriculture project to which those funds are applied. The books and records shall be maintained according to generally accepted accounting principles.
- (b) Financial records, supporting documents, statistical records and other records pertaining to any loan or grant made under the act shall be retained by the recipient for 3 years following the year in which the loan or grant expires.
- (c) The records and documents shall be available for inspection or audit at reasonable times by the Department or its authorized agents.

§ 130c.4. Conflict of interest.

A member of the Board may apply for a sustainable agriculture loan or grant or an alternative crop grant provided all decisions regarding the loan or grant application are subject to section 3(j) of the Public Official and Employee Ethics Act, 65 Pa.C.S. § 1103(j) and if the action does not violate the State Adverse Interest Act (71 P. S. §§ 776.1—776.9) or 4 Pa. Code Chapter 7, Subchapter K (relating to code of conduct for appointed officials and State employees).

§ 130c.5. Duties of the Executive Director.

The Executive Director's duties shall include:

- (1) *Review and evaluation.* The Executive Director will review and evaluate loan and grant applications submitted to the Board.
- (2) *Research.* The Executive Director will identify sustainable agriculture practices.
- (3) *Integration and coordination.* The Executive Director will integrate and coordinate sustainable agriculture activities and education.
- (4) *Development.* The Executive Secretary will develop information systems which integrate and utilize the experience and expertise farmers, agribusiness and specialists.
- (5) *Promotion.* The Executive Secretary will promote sustainable agriculture practices.

§ 130c.6. Notice of disposition of application.

The Board will provide an applicant written notice of the acceptance or rejection of the application by mailing a notice within 90 days of receipt of the application. If the application is incomplete, the Board will follow the action prescribed by § 130c.16 or § 130c.36 (relating to processing of loan application).

Cross References

This section cited in 7 Pa. Code § 130c.16 (relating to processing of applications); and 7 Pa. Code § 130c.36 (relating to processing of application).

§ 130c.7. Loan or grant cancellation.

A sustainable agriculture loan or grant or an alternative crop grant may be canceled by the Secretary upon a determination that the funds are not being spent or utilized in accordance with the act, the loan or grant agreement or this chapter.

§ 130c.8. Right of recovery.

The Department has the right to make a claim for and receive from the loan or grant recipient monies not expended in accordance with the act, the loan or grant agreement or this chapter. When a loan or grant recipient defaults, the Department has the right to make a claim for and receive from the loan or grant recipient the principal balance of the loan and interest incurred to date. Payment shall be due within 60 days of the written demand.

Cross References

This section cited in 7 Pa. Code § 130c.14 (relating to general conditions); and 7 Pa. Code § 130c.34 (relating to general conditions).

§ 130c.9. Deficits.

The Department's financial obligation is limited to the amount of the sustainable agriculture loan or grant or the alternative crop grant. The Department is not responsible for funding cost overruns incurred by loan or grant recipients.

Subchapter B. SUSTAINABLE AGRICULTURE LOAN PROGRAM

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§ 130c.11. Objective.

This subchapter establishes the requirements and procedures of the Program, under which an applicant may receive a loan to implement farming practices that emphasize sustainable agriculture in this Commonwealth.

§ 130c.12. Funding.

Sustainable agriculture loans shall be made to the extent funds are made available in the revolving loan account. The revolving loan account, created under section 9 of the act (3 P. S. § 2109), shall be used to fund all sustainable agriculture loans. The revolving loan account shall be funded by appropriations made by the General Assembly and interest earned on the account and interest from loan repayment.

§ 130c.13. Amount of loan.

The maximum amount of a loan is \$15,000 for farm enterprises which are not corporate farms and \$25,000 for corporate farms.

§ 130c.14. General conditions.

(a) *Interest rates.* The interest rate on any loan will be calculated using simple interest at the percentage rate equal to the Federal Reserve discount rate at the time the loan was made.

(b) *Term of loan and rate of payment.* The term of the loan may not be greater than the useful life of the project, which shall be defined in the loan agreement. The term of the loan may not exceed 7 years. Payments shall be made monthly, quarterly or semiannually, as determined by the Board.

(c) *Security.*

(1) *Requirement.* The Board will secure each loan before distributing the loan proceeds and its lien position may not be less than a second position as to liens on real estate and equipment connected with the farm operation. A loan shall be fully secured and no part of the loan may be unsecured.

(2) *Valuation of collateral.* Real estate security shall be valued on the basis of resale value, taking into account any liens or encumbrances on the land.

(3) *Additional security.* The Board may require other and additional security as it deems just and reasonable, including personal liability promissory notes with confessions of judgment, judgment notes, additional collateral, insurance and guarantees.

(d) *Sale of real or personal property.* If the recipient sells real or personal property connected with the project which is subject to a lien in favor of the Department or Board the principal balance of the loan and interest incurred to date shall immediately become due and payable.

(e) *Verification.* Within 3 months of the project completion date specified in the loan agreement, the recipient shall submit to the Department a final report

which includes written receipts, records and any other pertinent documentation evidencing the total amount of the costs incurred and expenditures associated with the project. At the same time, the recipient shall also submit a narrative report describing the effectiveness of the project, the results obtained, the experience gained and the personal knowledge acquired.

(f) *Failure to verify.* If the required receipts, records and documentation are not submitted within the 3-month period or a portion of loan proceeds are unaccounted for, the Secretary may demand the recipient repay the entire principal balance of the loan or a lesser amount and interest incurred to date. Payment shall be due within 60 days of the written demand.

(g) *Loan agreement.* A recipient shall sign a loan agreement setting forth the term and amount of the loan, a repayment schedule and other terms or conditions as the Department may reasonably require.

(h) *Previous default.* A loan will not be made under this chapter to an applicant who has previously defaulted on a loan made, guaranteed or insured by the Commonwealth, the Federal Government or by the government of another state.

(i) *Default.* A recipient who fails to abide by the terms of the act, the loan agreement or the rules in this chapter shall be in default. Additionally, a loan will be declared in default if the loan recipient fails to make the required payment within 30 days of the due date. When a loan recipient defaults, the Department may seek recovery of the loan funds as delineated in § 130c.8 (relating to right of recovery). A default may be waived by the Secretary, after consultation with the Board, in the event of a physical disability suffered by the recipient or other extenuating circumstances.

Cross References

This section cited in 7 Pa. Code § 130c.2 (relating to definitions).

§ 130c.15. Submission of application.

An applicant desiring to be considered for a loan under this chapter shall submit to the Board, on a form prepared by the Board, an application for a loan. The completed application shall contain the information requested by the Board. Applications shall be postmarked by July 31 of each year. Loan applications may be obtained from:

Pennsylvania Department of Agriculture
Bureau of Plant Industry
2301 North Cameron Street
Harrisburg, PA 17110-9408
Telephone number: (717) 787-4843

§ 130c.16. Processing of applications.

(a) *Executive Director.* Upon receipt of an application for a sustainable agriculture loan and any required supporting documentation, the Executive Director

will review this information for completeness and accuracy and submit it to the Board. As set forth in § 130c.6 (relating to notice of disposition of application) the Board will have 90 days to review and take action on an application. If the Executive Director determines the application is incomplete or inaccurate, final processing of the application may be discontinued and the Board will send a letter of rejection to the applicant or additional data may be requested. If additional data is requested, the Executive Director will notify the applicant of the additional data needed and the 30-day time period for response. Processing of the application will cease and the 90-day review period, in § 130c.6, will be tolled during the 30-day response period until the applicant supplies the requested data. If additional data has been requested, the Executive Director may terminate the processing of the application when the additional data is not supplied within 30 days of a written request.

(b) *Board.* The Board will review all complete applications and supporting documentation and have the power to accept, accept with special conditions or reject applications and issue loans in accordance with the general considerations and eligibility criteria of the act and this chapter.

Cross References

This section cited in 7 Pa. Code § 130c.6 (relating to notice of disposition of application).

§ 130c.17. Applicant eligibility.

(a) *Individuals.* To be eligible for a loan under this chapter, the applicant, if an individual, shall be:

- (1) A resident of this Commonwealth or show sufficient evidence that he intends to become a resident.
- (2) An active resident operator or resident manager of the farm.
- (3) Sufficiently educated, trained or experienced to carry out the project and shall certify that he will participate in the project for the duration of the loan period.
- (4) Able to prove and document that the farmland or farm enterprise for which the loan is acquired is located in this Commonwealth.
- (5) Able to demonstrate the proceeds of the loan will be used for eligible sustainable agriculture purposes as defined in the act and this chapter and that all loan proceeds will be used exclusively for sustainable agriculture purposes in Commonwealth farming operations only.
- (6) Creditworthy.

(b) *Family farm partnership.* To be eligible for a loan under this chapter, if a family farm partnership, the applicant's principal operating or managing partners shall:

- (1) Be residents of this Commonwealth or demonstrate they intend to become residents.
- (2) Have no more than three unrelated members.

(3) Have at least one member residing on or actively operating or managing the farm.

(4) Demonstrate the applicant or the principal operating or managing partners thereof have sufficient education, training or experience to carry out the sustainable agriculture project proposed in the loan application and shall certify he will participate in the project for the duration of the loan period.

(5) Be able to prove and document that the farmland or farm enterprise for which the loan is acquired is located in this Commonwealth.

(6) Be able to demonstrate the proceeds of the loan will be used for eligible sustainable agriculture purposes as defined in the act and this chapter and that all loan proceeds will be used exclusively for sustainable agriculture purposes in Commonwealth farming operations only.

(7) Be creditworthy.

(c) *Family farm corporation.* To be eligible for a loan under this chapter, the applicant, if a family farm corporation, shall meet the following requirements:

(1) The family farm corporation shall be incorporated or registered to do business in this Commonwealth.

(2) The principal operating or managing members or shareholders of the family farm corporation shall be residents of this Commonwealth or show sufficient evidence that they intend to become residents.

(3) At least one of the majority stockholders of the family farm corporation shall reside on or actively operate or manage the farm.

(4) None of the shareholders of the family farm corporation may be corporations.

(5) The applicant or the principal operating or managing members or shareholders of the family farm corporation shall have sufficient education, training or experience to carry out the sustainable agriculture project proposed in the loan application and shall guarantee he or they will participate in the project for the duration of the loan period.

(6) The family farm corporation shall demonstrate that the farmland or farm enterprise for which the loan is acquired is located in this Commonwealth.

(7) The family farm corporation shall be able to demonstrate the proceeds of the loan will be used for eligible sustainable agriculture purposes as defined in the act and this chapter and that all loan proceeds will be used exclusively for sustainable agriculture purposes in Commonwealth farming operations only.

(8) The family farm corporation shall be creditworthy.

(d) *Corporate farm.* To be eligible for a loan under this chapter, the applicant, if a corporate farm, shall meet the following requirements:

(1) The corporate farm shall be incorporated or registered to do business in this Commonwealth.

(2) The principal operating or managing members or shareholders of the corporate farm shall have sufficient education, training or experience to carry

out the sustainable agriculture project proposed in the loan application and shall guarantee the corporation will participate in the project for the duration of the loan agreement.

(3) The corporate farm shall demonstrate that the farm enterprise owns or leases farmland in this Commonwealth.

(4) The corporate farm shall be able to demonstrate the proceeds of the loan will be used for eligible sustainable agriculture purposes as defined in the act and this chapter and that all loan proceeds will be used exclusively for sustainable agriculture purposes in Commonwealth farming operations only.

(5) The corporate farm shall be creditworthy.

(e) *Nonprofit educational institution.* A nonprofit educational institution is not eligible for a loan.

Cross References

This section cited in 7 Pa. Code § 130c.18 (relating to review of a loan application).

§ 130c.18. Review of a loan application.

(a) *Evaluation.* The Board will evaluate the application based on the applicant's eligibility as set forth in § 130c.17 (relating to applicant eligibility).

(b) *Ranking.* No single factor will be paramount. In rendering a decision, the Board will rank the application based on the following criteria:

(1) *Financial responsibility.* Financial responsibility reflecting the ability of the applicant to meet and satisfy all debt service as it becomes due and payable, continue farm operations and protect the Department against undue risk. The applicant's cash flow history, total assets controlled, equity owned, contingent liabilities and history of earnings to date are significant measures of financial responsibility.

(2) *Collateral offered on available security.* The requirement of collateral and collateral taken shall reasonably protect the Department, provide the necessary control of equity and repayment and leave the applicant in a position to reasonably manage the farm operation. The applicant's ability to give the Department a first position in terms of a lien on collateral or to share a first position, will be given great weight.

(3) *Repayment capacity.* The relevant criminal and credit history and ratings of the applicant as determined from credit reporting services and other sources.

(4) *Tax obligations.* The payment to date of all tax obligations due and owing by the applicant to the Commonwealth or any political subdivisions thereof.

(5) *Projected use.* The manner in which loan proceeds will be utilized in furthering sustainable agriculture in this Commonwealth. This encompasses the

goals of the project, its impact on agriculture, the environment and society, its ability to increase farm profitability and productivity, and the potential for success of the project.

(6) *Capital needs (amount of the loan)*. The Board will look at the capital needs of the applicant in light of available funds.

(7) *Farming practices*. The intent to use practices that would improve soil fertility, lower the cost of production, cause the optimum and environmentally compatible use of off-farm inputs, such as chemical or synthetic fertilizers or pesticides, or otherwise promote sustainable agriculture. These practices are further explained and defined in § 130c.19 (relating to eligible uses).

(c) *Discretion*. The Board may exercise its judgment in reviewing applications and in determining the amount of each loan so that, where possible, the widest audience becomes acquainted with the principles of sustainable agriculture. This discretion may be exercised to assure loan funds are distributed to the maximum number of applicants and dispersed throughout this Commonwealth.

§ 130c.19. Eligible uses.

(a) *Loan proceeds*. Proceeds from a loan made under this chapter shall be used by the loan recipient solely for eligible sustainable agriculture practices. Sustainable agriculture practices include agricultural practices which:

- (1) Are ecologically beneficial.
- (2) Improve and ensure the soil and water quality for future generations.
- (3) Enhance environmental quality and the natural resource base upon which the agricultural economy depends.
- (4) Make the most efficient use of nonrenewable resources.
- (5) Integrate natural biological cycles and controls, such as planting cover crops to defend against insects and weeds, using mechanical tillage to control weeds and relying on natural systems, such as biological controls and natural predators.
- (6) Ensure the optimum and environmentally compatible use of or eliminate the need for the purchase of off-farm inputs such as chemical or synthetic fertilizers and pesticides.
- (7) Make the best use of on-farm labor and resources, such as using animal and plant manure to enrich soil.
- (8) Sustain the economic viability of farm operations, by implementing practices which lower production costs.
- (9) Enhance the quality of life for farmers and society.
- (10) Satisfy human food and fiber needs.
- (11) Emphasize planting a diverse array of crops and the production of alternative crops.

(b) *Ineligible use of proceeds*. Loan proceeds may not be used for any of the following purposes:

- (1) To refinance a portion of the total project cost or any other existing loans or debts.
- (2) To finance, fund or to use in a project outside the geographic boundaries of this Commonwealth.
- (3) To purchase off-farm inputs, such as chemical or synthetic fertilizers and pesticides.
- (4) To fund any educational or promotional program.

Cross References

This section cited in 7 Pa. Code § 130c.18 (relating to review of a loan application).

Subchapter C. SUSTAINABLE AGRICULTURE GRANT PROGRAMS AND ALTERNATIVE CROP GRANT PROGRAMS

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§ 130c.31. Objectives.

This subchapter establishes the requirements and procedures of the Program and the Alternative Crop Grant Program, under which an applicant may receive grants that enable it to implement practices and develop programs which emphasize sustainable agriculture and the use of alternative crops to promote sustainable agriculture in this Commonwealth.

§ 130c.32. Funding.

Sustainable agriculture grants and alternative crop grants will be made to the extent funds are made available. The revenues and appropriations will be deposited in the Fund. All costs, except administrative expenses, related to the sustainable agriculture program will be paid from the Fund.

§ 130c.33. Amount of grant.

Grants may not exceed \$25,000 except as provided in this subchapter. An additional amount of up to \$25,000 may be granted if the applicant matches that additional amount dollar for dollar so that a single grant may not exceed \$50,000 in 1 calendar year.

§ 130c.34. General conditions.

(a) *Grant agreement.* The applicant shall sign a grant agreement setting forth the term and amount of the grant and other terms or conditions as the Department may reasonably require.

(b) *Verification.* Within 3 months of the project completion date specified in the grant agreement, the applicant shall submit to the Department a final report which includes written receipts, records and any other pertinent documentation evidencing the total amount of the costs incurred and expenditures associated with the project. At the same time, the applicant shall also submit a narrative report describing the effectiveness of the project, the results obtained, the experience gained and the personal knowledge acquired.

(c) *Failure to verify.* If the required receipts, records and documentation are not submitted within the 3-month period or a portion of grant proceeds are unaccounted for, the Secretary may demand the applicant repay the entire principal balance of the grant or a lesser amount and interest incurred to date. The interest rate will be calculated using simple interest at the percentage rate equal to the Federal Reserve discount rate at the time the grant was made. Payment shall be due within 60 days of the written demand.

(d) *Default.* A recipient who fails to abide by the terms of the act, the grant agreement or this chapter shall be in default. When a grant recipient defaults, the Department may seek recovery of the grant funds as delineated in § 130c.8 (relating to right of recovery). A default may be waived by the Secretary, after consultation with the Board, in the event of a physical disability suffered by the recipient or other extenuating circumstances.

§ 130c.35. Submission of application.

(a) *Obtaining an application/deadline.* An applicant desiring to be considered for a grant under this chapter shall submit to the Board, on a form prepared by the Board, an application for a grant. The completed application shall contain the information requested by the Board. Applications shall be postmarked by July 31 of each year. Grant applications may be obtained from:

Pennsylvania Department of Agriculture
Bureau of Plant Industry
2301 North Cameron Street
Harrisburg, PA 17110-9408
Telephone number: (717) 787-4843

(b) *Limitations.* An applicant may submit applications, in the same year, under both the Sustainable Agriculture Grant Program and the Alternative Crop Grant Program. An applicant will not be awarded more than one grant in each calendar year and an applicant already possessing a grant will not be eligible to apply for any other grant under this chapter until the applicant's current grant is completed and the proper verification has been provided to the Board.

§ 130c.36. Processing of application.

(a) *Executive Director.* Upon receipt of an application for a sustainable agriculture grant or alternative crop grant and the required supporting documentation, the Executive Director will review this information for completeness and accuracy and submit it to the Board. As set forth in § 130c.6 (relating to notice of disposition of application), the Board has 90 days to review and take action on an application. If the Executive Director determines the application is incomplete or inaccurate, final processing of the application may be discontinued and the Board will send a letter of rejection to the applicant or additional data may be requested. If additional data is requested, the Executive Director will notify the applicant of the additional data needed and the 30-day time period for response. Processing of the application will cease and the 90-day review period, set forth in § 130c.6, will be tolled during the 30-day response period until the applicant supplies the requested data. If additional data has been requested, the Executive Director may terminate the processing of the application when the additional data is not supplied within 30 days of a written request.

(b) *Board.* The Board will review all complete applications and supporting documentation and will have the power to accept, accept with special conditions or reject applications and issue grants in accordance with the general considerations and eligibility criteria of the act and this chapter.

Cross References

This section cited in 7 Pa. Code § 130c.6 (relating to notice of disposition of application).

§ 130c.37. Applicant eligibility.

(a) *Individuals.* To be eligible for a grant under this chapter, the applicant, if an individual, shall be:

- (1) A resident of this Commonwealth or show sufficient evidence that he intends to become a resident.
- (2) An active resident operator or resident manager of the farm.
- (3) Sufficiently educated, trained or experienced to carry out the sustainable agriculture or alternative crop project proposed in the grant application and guarantee he will participate in the project for the duration of the grant period.
- (4) Able to prove and document that the farmland or farm enterprise for which the grant is acquired is located in this Commonwealth.
- (5) Able to demonstrate the proceeds of the grant will be used for eligible sustainable agriculture or alternative crop purposes as defined in the act and this chapter and that all grant proceeds will be used exclusively for sustainable agriculture or alternative crop purposes in Commonwealth farming operations only.

(b) *Family farm partnership.* To be eligible for a grant under this chapter, the applicant, if a family farm partnership, the applicant's principle operating or managing partners shall:

- (1) Be residents of this Commonwealth or demonstrate they intend to become residents.
- (2) Have no more than three unrelated members.
- (3) Have at least one member residing on or actively operating or managing the farm.
- (4) Demonstrate the applicant or the principal operating or managing partners thereof have sufficient education, training or experience to carry out the sustainable agriculture or alternative crop project proposed in the grant application and guarantee he will participate in the project for the duration of the grant period.
- (5) Be able to prove and document that the farmland or farm enterprise for which the grant is acquired is located in this Commonwealth.
- (6) Be able to demonstrate the proceeds of the grant will be used for eligible sustainable agriculture or alternative crop purposes as defined in the act and this chapter and that all grant proceeds will be used exclusively for sustainable agriculture or alternative crop purposes in Commonwealth farming operations only.

(c) *Family farm corporation.* To be eligible for a grant under this chapter, the applicant, if a family farm corporation, shall meet the following requirements:

- (1) The family farm corporation shall be incorporated or registered to do business in this Commonwealth.
- (2) The principal operating or managing members or shareholders of the family farm corporation shall be residents of this Commonwealth or show sufficient evidence that they intend to become residents.
- (3) At least one of the majority stockholders of the family farm corporation shall reside on or actively operate or manage the farm.
- (4) None of the shareholders of the family farm corporation may be corporations.
- (5) The applicant or the principal operating or managing members or shareholders of the family farm corporation shall have sufficient education, training or experience to carry out the sustainable agriculture or alternative crop project proposed in the grant application and shall guarantee the family farm corporation will participate in the project for the duration of the grant period.
- (6) The family farm corporation shall demonstrate that the farmland or farm enterprise for which the grant is acquired, is located in this Commonwealth.
- (7) The family farm corporation shall be able to demonstrate the proceeds of the grant will be used for eligible sustainable agriculture or alternative crop purposes as defined in the act and this chapter and that all grant proceeds will

be used exclusively for sustainable agriculture or alternative crop purposes in Commonwealth farming operations only.

(d) *Corporate farm.* To be eligible for a grant under this chapter, the applicant, if a corporate farm, shall meet the following requirements:

(1) The corporate farm shall be incorporated or registered to do business in this Commonwealth.

(2) The principal operating or managing members or shareholders of the corporate farm shall have sufficient education, training or experience to carry out the sustainable agriculture or alternative crop project proposed in the grant application and shall guarantee the corporation will participate in the project for the duration of the grant agreement.

(3) The corporate farm shall demonstrate that the farm enterprise owns or leases farmland in this Commonwealth.

(4) The corporate farm shall be able to demonstrate the proceeds of the grant will be used for eligible sustainable agriculture or alternative crop purposes as defined in the act and this chapter and that all grant proceeds will be used exclusively for sustainable agriculture or alternative crop purposes in Commonwealth farming operations only.

(e) *Nonprofit educational institution.* To be eligible for a grant under this chapter, the applicant, if a nonprofit educational institution, shall:

(1) Qualify as a nonprofit organization under section 501(c) of the Internal Revenue Code of 1986 (26 U.S.C.A. § 501(c)).

(2) Be a State-owned or State-related college or university in this Commonwealth or any nonprofit organization, association or group in this Commonwealth.

(3) Have experience in research or education in sustainable agriculture practices.

(4) Have demonstrated a capacity to conduct agricultural research or education programs.

Cross References

This section cited in 7 Pa. Code § 130c.38 (relating to review of a grant application).

§ 130c.38. Review of a grant application.

(a) *Evaluation.* The Board will evaluate the application based on the applicant's eligibility as set forth in § 130c.37 (relating to applicant eligibility).

(b) *Ranking.* No single factor will be paramount. In rendering a decision, the Board will rank the application based on the following criteria:

(1) *Financial responsibility.* Financial responsibility reflecting the ability of the applicant to meet and satisfy all debt service as it becomes due and payable, continue farm operations and protect the Department against undue risk.

The applicant's cash flow history, total assets controlled, equity owned, contingent liabilities and history of earnings to date are significant measures of financial responsibility.

(2) *Applicant background.* The relevant criminal and credit history and ratings of the applicant as determined from credit reporting services and other sources.

(3) *Tax obligations.* The payment to date of all tax obligations due and owing by the applicant to the Commonwealth or any political subdivisions thereof.

(4) *Projected use.* The manner in which grant proceeds will be utilized in furthering sustainable agriculture in this Commonwealth. This encompasses the goals of the project, its impact on agriculture, the environment and society, its ability to increase farm profitability and productivity, and the project's potential for success.

(5) *Capital needs (amount of the grant).* The Board will look at the capital needs of the applicant in light of available funds.

(6) *Environment.* The environmental benefit.

(7) *Profitability.* The potential impact on farm profitability.

(8) *Technology.* The applicability of the techniques or technology to other farm enterprises.

(9) *Effectiveness.* The effectiveness of the project as a demonstration, where applicable.

(10) *Farming practices.* The intent to use practices that would improve soil fertility, lower the cost of production, cause the optimum and environmentally compatible use of off-farm inputs, such as chemical or synthetic fertilizers or pesticides, or otherwise promote sustainable agriculture. These practices are further explained and defined in § 130c.39 (relating to eligible uses).

(c) *Discretion.* The Board may exercise its judgment in reviewing applications and in determining the amount of each grant so that, when possible, the widest audience becomes acquainted with the principles of sustainable agriculture. This discretion may be exercised to assure grant funds are distributed to the maximum number of applicants and dispersed throughout this Commonwealth.

§ 130c.39. Eligible uses.

(a) *Grant proceeds.* Proceeds from a grant made under this chapter shall be used by the grant recipient for the practice or promotion of sustainable agriculture or for research or educational programs pertaining to the development of sustainable agriculture, or to adopt practices that emphasize the use of alternative crops. Sustainable agriculture practices include agricultural practices which:

(1) Are ecologically beneficial.

(2) Improve and ensure the soil and water quality for future generations.

(3) Enhance environmental quality and the natural resource base upon which the agricultural economy depends.

- (4) Make the most efficient use of nonrenewable resources.
 - (5) Integrate natural biological cycles and controls, such as planting cover crops to defend against insects and weeds, using mechanical tillage to control weeds and relying on natural systems, such as biological controls and natural predators.
 - (6) Ensure the optimum and environmentally compatible use of or eliminate the need for the purchase of off-farm inputs such as chemical or synthetic fertilizers and pesticides.
 - (7) Make the best use of on-farm labor and resources, such as using animal and plant manure to enrich soil.
 - (8) Sustain the economic viability of farm operations, by implementing practices which lower production costs.
 - (9) Enhance the quality of life for farmers and society.
 - (10) Satisfy human food and fiber needs.
 - (11) Emphasize planting a diverse array of crops and the production of alternative crops.
 - (12) Identify agricultural practices that maintain productivity and minimize environmental and farmland degradation.
 - (13) Develop, integrate and coordinate field experiments and on-farm research and educational efforts related to the practice of sustainable agriculture.
 - (14) Develop, integrate and coordinate new techniques and technologies which advance the field of sustainable agriculture.
- (b) *Ineligible use of grant proceeds.* Grant proceeds may not be used for any of the following purposes:
- (1) To refinance a portion of the total project cost or any other existing loan or debt.
 - (2) To finance, fund or to use in a project outside the geographic boundaries of this Commonwealth.
 - (3) To purchase off-farm inputs, such as chemical or synthetic fertilizers and pesticides.
 - (4) To fund any educational or promotional program which is not for the sole purpose of advancing the practice of sustainable agriculture.

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