

Governor's Agriculture and Forestry Industries Development Fund

To support localities in their efforts to attract new and expanding agriculture and forestry processing/value-added facilities using Virginia grown products, the Governor's Agriculture and Forestry Industries Development Fund (AFID) allows the Governor to make discretionary grants to localities (and other political subdivisions) that will be critical to the success of the project.

Maximum grant request: \$500,000

Background:

Economic development projects in the agriculture and forestry sectors often have trouble qualifying for many traditional economic incentives because of their relatively small size, lack of interstate competitiveness, seasonality, and other factors. This difficulty is unfortunate because businesses that add value to Virginia grown products not only create jobs and investment, they also provide direct economic support to Virginia agricultural and forestry producers and enhance the value of the working lands that are the basis of this production. An active agriculture and forestry industry and a strong base of working lands provide many benefits to the commonwealth, including tourism, rural economic activity, ecosystem services, quality of life, and fiscal strength to localities

As Virginia's top two industries, agriculture and forestry warrant an economic development program tailored to their unique characteristics. In recognition of the importance of these industries, Governor McDonnell, working with Delegate Steve Landes and Senator Bill Stanley, brought forward legislation in the 2012 General Assembly session that established AFID. Its goal is to provide the Commonwealth a new way to grow its agriculture and forestry industries by strategically targeting for assistance those businesses that add value to Virginia grown agriculture and forestal products. By providing the funding critical to these projects' success, the state is helping these businesses create new markets for the products of Virginia's working lands and new opportunities those who derive value from them.

Key provisions:

- Applications must be made by a political subdivision, or alliance of subdivisions, on behalf of the business beneficiary; and requires a dollar for dollar match (cash or in-kind) from the applicant for every dollar of AFID funds requested.
- The business beneficiary must be a new business or existing businesses making new private investments and/or creating new jobs in the applicant locality for the purposes of adding value or further processing Virginia grown agricultural or forestry products.
- In order to qualify for an AFID grant, the benefiting project must: be a facility that produces "value-added agricultural or forestal products," which is defined as any agricultural or forestal product that (i) has undergone a change in physical state; (ii) was produced in a manner that enhances the value of the agricultural commodity or product; (iii) is physically segregated in a manner that results in the enhancement of the value of the agricultural or forestal product; (iv) is a source of renewable energy; or (v) is aggregated and marketed as a locally produced agricultural or forestal product.
- A minimum of 30 % of the project's annual total purchases of agricultural or forestry products in normal years must come from Virginia to apply; additional points will be awarded for higher percentages.
- AFID grant funds cannot exceed 25% of qualified capital investment as defined in the guidelines
- Applicant will be asked to provide a statement explaining how these funds play a critical role in the expected success of the project.
- Each grant requires a performance agreement with clawback provisions between the applicant and the business beneficiary detailing pledges for private investment, jobs and purchase of Virginia-grown agriculture and forestry products.
- Secretary of Agriculture and Forestry makes final recommendation of eligibility, award amount and conditions to the Governor.

Determination of Grant Awards, Amount and Conditions:

In determining grant awards, the following criteria will be considered: (i) amount of jobs expected to be created, (ii) anticipated amount of private capital investment, (iii) anticipated additional state tax revenue expected to accrue to the state and affected localities as a result of the capital investment and jobs created, (iv) anticipated amount of Virginia-grown agricultural and forestal products used by the project, (v) projected impact on agricultural and forestal producers, (vi) a return on investment analysis, (vii) an analysis of the impact on competing businesses already located in the area and (viii) other factors deemed appropriate by the Secretary of Agriculture and Forestry.

Application Process:

Applications are made to the Secretary of Agriculture and Forestry by a locality (or other political subdivision) in partnership with the business beneficiary based on the following process:

1. Businesses interested in receiving AFID grant funds should first contact their local economic development professional, or other appropriate representative of the political subdivision, to introduce the qualifying project to him/her.
2. If there is support from the political subdivision to apply for an AFID grant and provide the required local match, the economic development professional (or appropriate representative) should contact Stephen Versen, AFID Fund Coordinator at the Virginia Department of Agriculture and Consumer Services (Stephen.Versen@vdacs.virginia.gov, 804-786-6911) to discuss the project.
3. If the project meets all requirements for an AFID grant, the initial project information will be reviewed by the Secretary of Agriculture and Forestry. During this period, the applicant and business beneficiary may be asked for additional information and assurances related to proposed targets for jobs, capital investment and purchase of Virginia grown products.
4. If an AFID grant meets the initial approval of the Secretary of Agriculture and Forestry, the Secretary will communicate the proposed AFID fund amount and any required agreement terms to the political subdivision.
5. The political subdivision and business beneficiary will then each be required to submit a formal letter to the Secretary of Agriculture and Forestry requesting AFID grant funds based on the approved terms communicated by the Secretary.
6. The Secretary of Agriculture and Forestry will recommend the AFID grant to the Governor, who will give final approval to the grant and coordinate the announcement with the parties involved.
7. The political subdivision will be given a deadline for full execution of the performance agreement between the political subdivision and the business beneficiary, as well as a separate deadline for requesting the approved AFID grant funds.
8. Once the performance agreement is fully executed and submitted to the Secretary of Agriculture and Forestry, the political subdivision may request the approved AFID funds up until deadline agreed to in the performance agreement.