



## **Montana Growth Through Agriculture**

### **Program Guidelines**

**Updated May 2018**

For deadline postings, go to the Growth Through Agriculture webpage at  
[www.gta.mt.gov](http://www.gta.mt.gov)

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***Refer Any Questions to:***

Montana Growth Through Agriculture Program  
Montana Department of Agriculture  
PO Box 200201  
Helena, MT 59620-0201  
406-444-0134  
GTA@mt.gov

***Legal Authority:***

MCA Sections 90-9-102 and 90-9-401 (Montana Code Annotated)  
ARM 4.16.101 – 4.16.701 (Administrative Rules of Montana)



State of Montana  
 Department of Agriculture  
 AGRICULTURE DEVELOPMENT COUNCIL  
 AGRICULTURE MARKETING & BUSINESS DEVELOPMENT  
*Montana Growth Through Agriculture Program*

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## **OVERVIEW**

The Montana Growth Through Agriculture (GTA) program was created by the 1987 Legislature and is administered by the seven-member Montana Agriculture Development Council (Council), which is attached to the Department of Agriculture. The legislative purpose of the program is to strengthen and diversify Montana's agricultural industry through loans and grants to assist the development of innovative agricultural business organizational improvements and the commercialization and marketing of new agricultural products in order to keep pace with a transforming agricultural industry and to create new jobs and expand small business opportunities.

### **Goal: Strengthen and diversify Montana's agricultural industry**

The program addresses this goal by providing funding opportunities that are detailed in the rest of this document.

### **Eligibility Criteria**

Projects should primarily add value to Montana's agricultural products, have prospects for achieving commercial success given the current personnel, experience and resources of the applicant and have the possibility to create and/or retain jobs in Montana.

### **Match Requirement**

\$1 for \$1 match is required for all types of Growth Through Agriculture proposals including both grants and loans.

### **For Application Assistance**

Contact Food and Agriculture Development Center ([www.foodandag.mt.gov](http://www.foodandag.mt.gov)) network and/or Small Business Development Center ([www.sbdc.mt.gov](http://www.sbdc.mt.gov)) network before you begin the application process. These organizations can assist with the application as well as required financial projections, key financial assumptions, business plan, and marketing plan. Templates for business plans, financial projections and financial assumptions are available on the GTA website at [www.gta.mt.gov](http://www.gta.mt.gov).

### **Types of Funding Available**

Maximum - \$150,000 made up of:

- Up to \$50,000 in the form of grant funding
- Up to \$100,000 in the form of loan funding

### **What Funds Can be Used For**

Examples of project activities include, but are not limited to:

- Equipment purchases
- Advertising and promotion
- Consultant services such as engineering costs

## *How the Program Works*

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The Council will determine the review periods for applications and subsequently, the dates will be posted on the GTA webpage as soon as the Council makes this determination. Applicants are encouraged to contact the Food and Agriculture Development Center Network ([www.foodandag.mt.gov](http://www.foodandag.mt.gov)) for assistance in planning their projects and application review and feedback. Application forms and procedures are posted online at [www.fundingmt.org](http://www.fundingmt.org).

Public and private entities and organizations, business and industry, educational institutions, local governments and individuals are eligible to submit applications for funding to the Council. The Council reviews applications to determine the funding made to eligible projects.

Generally, to qualify for consideration, proposals must have practical, near-term application involving new or alternative technologies, practices or organizational arrangements that will stimulate expanded agricultural development, economic activity and employment growth.

### **Personal Guarantee Required**

Recipients of GTA grant and/or loan funding are required to name a personal guarantee, unless otherwise specified by the Council. This would be a person that would be responsible to personally guarantee that the terms of the grant or loan would be met or would be personally and financially responsible if not met.

### **Types of Awards**

The Council determines which projects to fund, and may elect to fund a project through grants or loans. **All awards are provided on a reimbursement basis unless otherwise specified by the Council.**

1. A **grant** is an award of money without the expectation that the funds will be repaid. **Security provisions are required and are structured on an individual case basis.** The maximum grant amount for any single application is \$50,000.
2. A **loan** is an award of money with the expectation that the money will be repaid. The Council has the option to defer interest and/or payments for loans. Loans may be repaid over a period of up to eight years. **Security provisions are required and are structured on an individual case basis.** The maximum loan amount for any single application is \$100,000.

## *What Qualifies*

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### **General Criteria for Funding**

The Council may make a grant or loan if it determines that the project is consistent with the goals of the Growth Through Agriculture Act and:

- 1) primarily adds value to Montana's agricultural products,
- 2) has the prospects for commercial success given current personnel, experience and resources of the applicant,
- 3) has the prospects to create and/or retain jobs in Montana,
- 4) primarily processes or adds value to Montana's agricultural products currently produced or potentially produced in the state, and

- 5) has the management structure to allow the Agriculture Development Council to reasonably conclude that the applicant will comply with ongoing reporting and monitoring activities.

### **Additional Loan Eligibility Requirements**

- The Council has the option to offer high and low interest loans up to \$100,000 for those projects that meet the general criteria for funding listed above.
  - To be eligible for a low interest loan, the applicant must have unencumbered collateral to secure the full amount of the loan.
  - The Council can select up to two targeted areas for projects which would be eligible for low interest loans. These targeted areas will encourage specific types of projects and will inform the public of the Council's particular interests. These targeted areas must be announced 60 days prior to becoming effective.

### **Additional Grant Eligibility Requirements**

- The Council may award grants up to \$50,000. In addition to meeting the general criteria for funding, grant applicants must demonstrate through their application that they meet at least one of the following additional criteria:
  - The project will benefit additional agricultural companies,
  - The project will accomplish research that will benefit agriculture as a whole, or
  - The applicant is a nonprofit entity.

### **Eligible Costs**

Eligible costs under the GTA program include, but are not limited to:

- Equipment
- Consultant Services (professional, technical, operational)
- Travel
- Advertising and Promotion
- Supplies and Materials
- Communication (telephone, postage, printing, etc.)
- Data Processing

### **Ineligible Costs**

- Costs incurred prior to application - Typically costs incurred prior to submitting an application for GTA program funding are not funded, however, the Council may consider reimbursement of costs incurred within 12 months prior to approval of a GTA loan or grant on a case by case basis, but only if specifically allowed by the Council.
- Salaries, wages, food and entertainment are rarely considered eligible costs.
- Food costs – If funding is requested for food costs, applicant must demonstrate how the food purchase would impact agriculture – such as a meal serving and promoting an all Grown/Raised in Montana ingredients and products and where to purchase them.
- **Payment of institutional overhead or other indirect costs. The Council does not allow program funds to be used for the payment of institutional overhead**

**or other indirect costs.** These costs may be used as in-kind matching contributions from the applicant.

- Political purposes - In no case can funds be used for political purposes.

### **Matching Funds**

Matching funds in an amount at least equal to the amount requested is required by law. For the purposes of the GTA program, matching contributions are funds directed toward completing the project, which are from private, federal, state (other than state grants) or commodity check-off sources, **in an amount that is at least equal to the GTA funds requested for the project.**

Matching contributions may be provided in the form of cash, in-kind services, indirect or overhead costs, or a combination. Matching contributions may be provided by the project sponsor or by other supporter(s), and must be contributed as a direct result of the project, not as a result of normal day-to-day operations. Matching contributions **may not include other state grants.**

### ***Matching Funds Definitions***

The Growth Through Agriculture program requires at least \$1 in matching funds for every \$1 awarded in program funding.

### Items to Note about Matching Funds:

- The purpose of matching funds is to assure commitment and buy-in from project partners.
- The concept of matching funds is the same as sharing costs.
- All matching funds must be directly attributable to a project.
- Cash match is preferred for all projects. However, in-kind match is most appropriate for non-capital projects.

In-Kind Matching Funds - In-kind matching contributions is limited to 10% of the total match proposed. These contributions should be calculated at the actual market price of the services rendered but must be no more than \$25.00 an hour. All in-kind matching contributions must be project specific as opposed to the normal operation of an ongoing business.

### ***Eligibility of Matching Funds***

#### **Always Allowed**

##### *Cash Match*

- Costs are shared between GTA and the **applicant** with money that is on-hand, dedicated to the project.
- Costs are shared between GTA and **other funding sources** (eg. lenders) with:
  - Money that is on-hand, dedicated to the project or
  - Money that will be dedicated to the project upon approval of GTA funding
  - Funding sources: private, federal, state (other than state grants) or commodity check-off

#### **Occasionally Allowed**

### *Cash Match*

- Costs are shared between GTA and the applicant or other funding sources such as lenders with money that has been spent on the project within the one year prior to the Council's funding decision.

### *In-Kind Match*

- Donations of time, supplies or other resources directly to and for the benefit of the project.
- These donations must be incremental to the project, meaning they are not an on-going expense.
- Award administration costs
- Limited to 10% of total match

## **Not Allowed**

### *In-Kind Match*

- In-kind contributions of over \$25.00 per hour
- Exaggerated projections of time donated to the project
- Indirect or tangential donations
- Utilization of GTA proceeds (such as the operation of a piece of equipment purchased with GTA funds)

### *Cash Match*

- Expenses incurred through normal operations
- Costs incurred more than 12 months prior to the Council's award decision

### *Other State Grants*

- Matching contributions may not include other state grants.

## ***Who Can Apply***

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Proposals for funding are accepted from:

- Individuals
- Businesses and Industry Organizations
- Public and Private Agencies and Organizations
- Educational Institutions
- Local Governments

### **Business Registration Required**

You must have proper business registration submitted to the Montana Secretary of State's office ([www.sos.mt.gov](http://www.sos.mt.gov)) before presenting your Growth Through Agriculture proposal to the Agriculture Development Council.

Two or more individuals or organizations may propose to conduct a project jointly by submitting one application as co-applicants. Please contact program staff for procedures if you are interested in submitting a joint application.

Applicants must demonstrate their team has proven ability to carry out all elements of the proposed project. In addition, applicants proposing to rely upon the expertise of another individual or organization to undertake any part of the project must clearly define the responsibilities of that party as well as provide evidence of that entity's willingness and demonstrated ability to undertake that area of responsibility.

## *Steps to Apply*

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Please refer to the GTA program webpage [www.gta.mt.gov](http://www.gta.mt.gov) and the online application system at [www.fundingmt.org](http://www.fundingmt.org) for application procedures and application deadlines. The application should provide members of the review panel with sufficient information including copies of any cost quotes to determine that the proposed activity utilizes a sound approach, is cost efficient, enhances agricultural economic activity and development as outlined in the application, and merits financial support. A schedule of events will be posted on [www.fundingmt.org](http://www.fundingmt.org) for the funding deadline and when funding decisions will be made.

**Submission of a completed application for funding explicitly authorizes the Department of Agriculture and the Council to make inquiries as necessary.**

## *How Projects are Selected*

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The Council meets to review project applications and select which projects will be funded. Successful projects are funded through contractual agreements that outline each party's responsibilities.

### **Selection Criteria**

Selection of successful projects is a competitive process. All applications will be evaluated based on the degree to which each application addresses the General Application Review Criteria for funding listed in Attachment A.

In addition, all proposals must include sufficient information to allow the above factors to be judged. This includes providing documentation of adequate cash matching funds to complete the project. Only those proposals that furnish complete information will be considered for evaluation.

**No partial or incomplete proposals will be considered.**

### **Scoring**

Proposals that are complete and meet minimum eligibility criteria will receive an initial review and scoring by the Council and will be scored on the following scale:

Basic Business Considerations	Score: 1 -5
Agriculture Impact	Score: 1-10
Economic Impact	Score: 1-10
Potential for Success	Score: 1-5
Innovation/Originality	Score: 1-5
Geographic Considerations	Score: 1-5
Total possible score:	40

Minimum Score: Applications receiving a minimum score of 20 out of 40 would be invited to present to the Council. Applications receiving a lower score would be notified that their proposal did not make it to the next round of review.

The Council reserves the right to adjust the number of applications invited to present to the Council based on the amount of funding available.

The Council reserves the right to make a final selection, award partial funding or reject all proposals.

The Council may meet to reconsider all projects that have not received funding or not received the maximum requested funding if funds permit within the last 120 days of the fiscal year.

### **Award Process**

Applicants selected by the Council for funding will be notified approximately two weeks after the Council meets. If the funding award is accepted by the applicant, a contract will be developed by the Council to define all project terms, conditions and responsibilities of the applicant. The contract will clarify all legal patents and proprietary rights that will result from the proposed activity and will incorporate the successful application among its provisions. Once the contract is reviewed and signed by all applicable parties, the recipient will be able to request reimbursement for eligible costs incurred as outlined by the terms of the funding award made by the Council.

Selected projects must comply with all applicable federal, state and local laws, licensing and regulations for funds to be awarded. Evidence of such compliance may be required before the grant or loan check is issued.

Applications not chosen for funding will be notified by the Council in writing within 30 days of the Council's decision.

*\*Please Note: Unless otherwise specified by the Council, a rejected or partially funded proposal cannot come before the Council a second time within 12 months of its last presentation. The Department will screen applications to decide if a proposal is duplicative.\**

### **Reporting Requirements for Funded Projects**

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Reporting is a condition of receiving program funding. Reporting is completed online and the Council reserves the right to determine the extent of reporting requirements, subject to modification over the course of the project. Interim reporting requirements will be based on the cost, duration and nature of the project. Typically, award recipients are required to submit completed semi-annual report forms that address both the project activities and expenditures for the preceding six (6) months. Also, recipients are required to submit a completed final report form that summarizes the impacts of the project. The Montana Agriculture Development Council and staff will be responsible for monitoring each funded project.

The recipient may be required to make an oral report to the Council at the conclusion of the project. The oral report would be made at a regularly scheduled Council meeting. The Council may also require the completion of follow-up surveys of funded projects in order to determine long-term impacts.

### ***Other Considerations***

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## **Ownership and Publication of Materials**

All information and materials generated by the proposed activity become the joint property of the State of Montana and the recipient. The award recipient will retain the right to utilize, reprint and distribute all said information and materials.

## **Liability**

The Montana Agriculture Development Council will not be held liable for any costs incurred by any firm for work performed in the preparation of and production of a proposal or for any works performed prior to the formal execution of a contract.

## **Confidentiality**

All written materials developed for the project as a result of a grant and /or documents submitted to the Department, shall be considered public except any information in which there is a privacy interest and that interest and the demands of individual privacy clearly exceed the merits of public disclosure of the personal, financial, and business information contained therein. If an applicant/funding recipient deems a document to be confidential, please contact program staff to discuss.

## **Rights of Agriculture Development Council**

The Agriculture Development Council reserves the right to:

- Reject any or all proposals received.
- Waive or modify minor irregularities in proposals received after prior notification and concurrence of applicant.
- Clarify the scope of any application, within the program requirements and with appropriate notice to all applicants, to best serve the interests of the State of Montana.
- Amend the application's specifications after their release, with appropriate written notice to all potential applicants.
- Require a good faith effort on the part of the project sponsors to work with the Council and the Department of Agriculture.
- Request a credit check release, credit report, recent tax filing, or financial statement to clarify program eligibility.

## Attachment A – General Application Review Guidelines

### **Growth Through Agriculture - General Application Review Guidelines**

The following are general guidelines used by staff and the Council in the review of Growth Through Agriculture applications:

#### **- Basic business considerations**

- Did applicant completely and clearly address that they have followed the appropriate business set up and are aware of and following applicable local, state and federal regulations pertinent to their business?
- Proper legal entity with all needed IP (copyright, trademarks) in place and proper bylaws and filings if a corporation
- No obvious violations of state/federal law occurring
- No liabilities (legal or financial) severally encumbering the project
- Any issues on the credit check?
- Basic understanding of the laws and regulations of the business contemplated
  - Land, lease, rail access issues addressed as applicable
  - Are all necessary agreements in place? If not, is there a reasonable plan to secure within a timeframe to allow the project to move forward as scheduled?
  - Licensing requirements – food safety?
  - Contacted County Sanitarian, Department of Livestock, Department of Environmental Quality, as applicable

#### **- Level of Impact to Montana Agriculture relatively sufficient for level of investment**

- Did applicant completely and clearly address the level of agricultural impact of their project?
- Primarily processes or adds value to Montana’s agricultural products currently produced or potentially produced in the state?
- Specific producers identified that will be purchased from (if applicable)?
- Relative amount of value added to Montana’s agricultural products as a result of the proposed project
  - Example – project using 10 lbs of Montana-grown produce would likely be less competitive than a project using 10,000 lbs of Montana-grown produce
  - Example – project using 1,000 lbs of meat requesting \$10,000 would likely be more competitive than a project using 1,000 lbs of meat requesting \$50,000

#### **- Level of Economic Impact relatively sufficient for level of investment**

- Did applicant completely and clearly address the level of economic impact of their project?
- The potential job creation/retention as a result of the activity relatively sufficient for investment
- Projected level of income for owners and employees
- Project will be significantly profitable within a few years
- Amount of hard assets/infrastructure placed in the state
- Has project received program funding previously?
- Was previously funded project successful? If yes:
  - Did previously funded project create jobs and agricultural impact as projected?
  - Was prior reporting completed in a timely manner?

- Was prior repayment timely if applicable?
- Is new project going to significantly create additional economic impact?

**- Potential for the proposed activity to provide for agricultural/economic development success**

- Quality of application and the information provided in the application?
- Stage of planning/business life cycle sufficient for immediate investment
- Project has the prospects for commercial success given current personnel, experience and resources of the applicant
  - Are financial projections and key financial assumptions well prepared?
  - Are cashflow projections positive & reasonable?
  - Sales projections reasonable and profitable?
  - Financial projections provided a reasonable projected profit to the business entity?
  - Provide reasonable financial benefit to owners to ensure active engagement in project and ongoing business entity?
- Management team able to perform work immediately
- Business/project has all resources in place to perform work immediately
- Other financial investments needed to complete the project are secured or will be secured in the near term
  - Financial Investors have been identified, secured or will be secured within near term
- Project readiness to proceed immediately upon notification of award (proper licenses, trained staff, and various permits already in place for example)
- Project has the management structure to allow the Agriculture Development Council to reasonably conclude that the applicant will comply with ongoing reporting, repayment and monitoring activities.

**- Innovation/Project Originality**

- Is the project innovative? Original? Unique?
- Level of innovation sufficient relative to amount of funding requested?
- Uniqueness of the project relative to Montana?
- Does project assist the development of:
  - Innovative agricultural business?
  - Organizational improvements?
  - The commercialization and marketing of new agricultural products?

**- Geographic considerations**

- The community and regional economic need:
  - What impact would the project have on the community & region?
  - The same project in a small rural community may be more competitive than the same project in a larger community – provided that the project appears to be sustainable in the smaller community.
- Unique project in the region and/or state:
  - Are there other similar projects in the region?
- Local participation and commitment demonstrated with matching funds and letters of support?