

# Mississippi Milk Producers Transportation Cost Assistance Loan Fund

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# MS Farm Bureau served as the Catalyst for Dairy Loan Program

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- Mississippi Legislature passed and Governor signed bill in April 2007
  - Several members of State Legislature have “connections” with dairies
  - Recognized financial strains on dairies from Hurricane Katrina & much higher fuel, fertilizer and energy costs
    - Number of dairy farms fell from 235 before Katrina to ~ 170 in 16 months
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# Program Provides No Interest Loans for Dairy Farmers, Only

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- ❑ Provides **NO INTEREST** loans with a **\$20,000 MAXIMUM** amount per farm
  - ❑ Loan program funded by the sale of \$3.5 million in State bonds
  - ❑ First attempts to provide financial assistance was in the forms of:
    1. Refundable Tax Credits/Refunds
    2. Grants for “new agricultural” enterprises
    3. Pay for additional costs of hauling milk
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# Milk Transportation Cost

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- Loan program designed to help dairy farmers “pay the increasing” costs of shipping milk from their farms
  - To be eligible for this loan program a Mississippi dairy farmers MUST:
    - Produce a minimum of 300,000 lbs. of milk during a calendar year
    - Provide evidence of the cost incurred for shipping milk from their farm
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# Determining Loan Principal

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- Amount of this **NO INTEREST** loan will be equal to the total milk hauling and fuel surcharges (transportation or shipping) paid by dairy farmers
    - Hauling & fuel surcharges found on farmer's "monthly settlement" check
  - Loan amount will be the accumulated hauling charges since Jan 1, 2006 ... **up to the maximum of \$20,000**
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# Repayment of Loan

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- Repayment of **NO INTEREST** loan will begin on July 1, 2009
  - Repayment amortized over a 96 month (8-year) period
  - In other words, repayment of loan must be completed by June 30, 2017
  - Repayment be in equal monthly installments ... **to be managed by MS Development Authority (MDA)**
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# 1<sup>st</sup> Steps of Loan Application

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- MDA & Mississippi State University Extension Service (MSU-ES) worked together to develop loan application
  - Created a “simple” 2-page Loan Application form
    - Application requires farmers to provide evidence of pounds of milk shipped and hauling charges
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# Documents needed to Complete 1<sup>st</sup> Step of Milk Loan Application

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## □ Only 3 documents required:

1. Completed and notarized 2-page Loan Application
  2. Copy of dairy farm's MS Dept of Health Milk Permit with number displayed
  3. Copies of annual summaries and/or monthly milk "settlement" checks
    - With pounds of milk shipped and hauling (fuel surcharges) legible
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# Verification of Eligible Farmers

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- ❑ Law/bill states that MS State University Cooperative Service “shall promulgate the rules and regulations ...” for this loan program
  - ❑ So, Herndon was “asked” to assist by verifying dairy farm eligibility
  - ❑ And, dairy farmers mailed their 2-page loan applications, milk permits and milk shipment records to MSU-ES (me)
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# After Verification by MSU-ES

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- MSU-ES sent Loan Applications and supporting materials to MDA
  - Then, MDA processes ALL remaining documents
  - Finally, Loan funds distributed to dairy farmers by MDA
    - First distributions made last October
    - Second distributions ... this February
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# Final Steps of Loan Application

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- ❑ MDA required applicants/farmers to sign & notarize a “lengthy” 13-page Promissory Agreement and W-9 forms
  - ❑ MDA’s turnaround was 1-2 weeks in “mailing checks” after receiving forms from farmers → *pretty quick??*
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# What if a Farm “Sold Out”??

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- If a dairy farm “sold out” and/or stopped shipping milk during January 2006 to May 2009 ... but has produced at least 300,000 lbs. during any calendar year (Jan-Dec):
  - Then, the farm is **NOT** eligible if it stopped shipping milk prior to July 1, 2007
    - Verified via milk check information & MS Health Dept Milk Permit
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# Current Status of Loan Program

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- As of January 29, a total of 107 loan applications have been received with accumulated eligible loan requests amounting to nearly \$1,800,000
  - Contact Information for Bill Herndon:  
Phone Number: 662/325-7999  
FAX Number: 662/325-8777  
email: [herndon@agecon.msstate.edu](mailto:herndon@agecon.msstate.edu)
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# Milk Loan Application Form

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## MILK PRODUCERS TRANSPORTATION COST ASSISTANCE LOAN APPLICATION

**Applications will be accepted from July 1, 2007 to May 15, 2009.**

Date of Application: \_\_\_\_\_

1. Business Name/Organization: \_\_\_\_\_

2. Taxpayer/Employer Organization:

Corporation     Subchapter S     Subchapter C  
 Proprietorship     Limited Liability Partnership     Partnership  
 Limited Liability Company     Non-Profit Corporation

Other: \_\_\_\_\_

3. Owner/Name of Primary Individual: \_\_\_\_\_

4. Street Address: \_\_\_\_\_ PO Box \_\_\_\_\_

5. City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

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# Milk Loan Application Form

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6. In business since: \_\_\_\_\_
7. County: \_\_\_\_\_
8. Business Telephone # \_\_\_\_\_
9. Home Telephone # \_\_\_\_\_
10. Cell Telephone # \_\_\_\_\_
11. E-mail Address: \_\_\_\_\_
12. Social Security # \_\_\_\_\_
13. Tax Identification # \_\_\_\_\_
14. State Department of Health Permit # \_\_\_\_\_  
(i.e. Facility ID Number)

**(next page)**

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# Milk Loan Application Form

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- 15. Attach copies of all monthly settlement check statements that you wish to use to determine eligible pounds of milk sold commencing with January 2006.**

Copies must be legible and must specify the following information on each settlement check and/or the annual summary specifying each month's milk check information.

- a. Check number and date
- b. Pounds of milk shipped/sold during the month
- c. Total amount of dollars deducted for hauling/shipping charges for milk produced/sold.

**Feel free to black out the dollar amount of the check(s) if so desired.**

I am a resident of the State of Mississippi.

I hereby give authority to obtain my farm's milk production information from the Milk Market Administration of the USDA and/or from various other appropriate sources to determine eligibility.

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Signature

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# Questions and/or Comments

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