

# Senate Committee on Finance

March 14, 2024



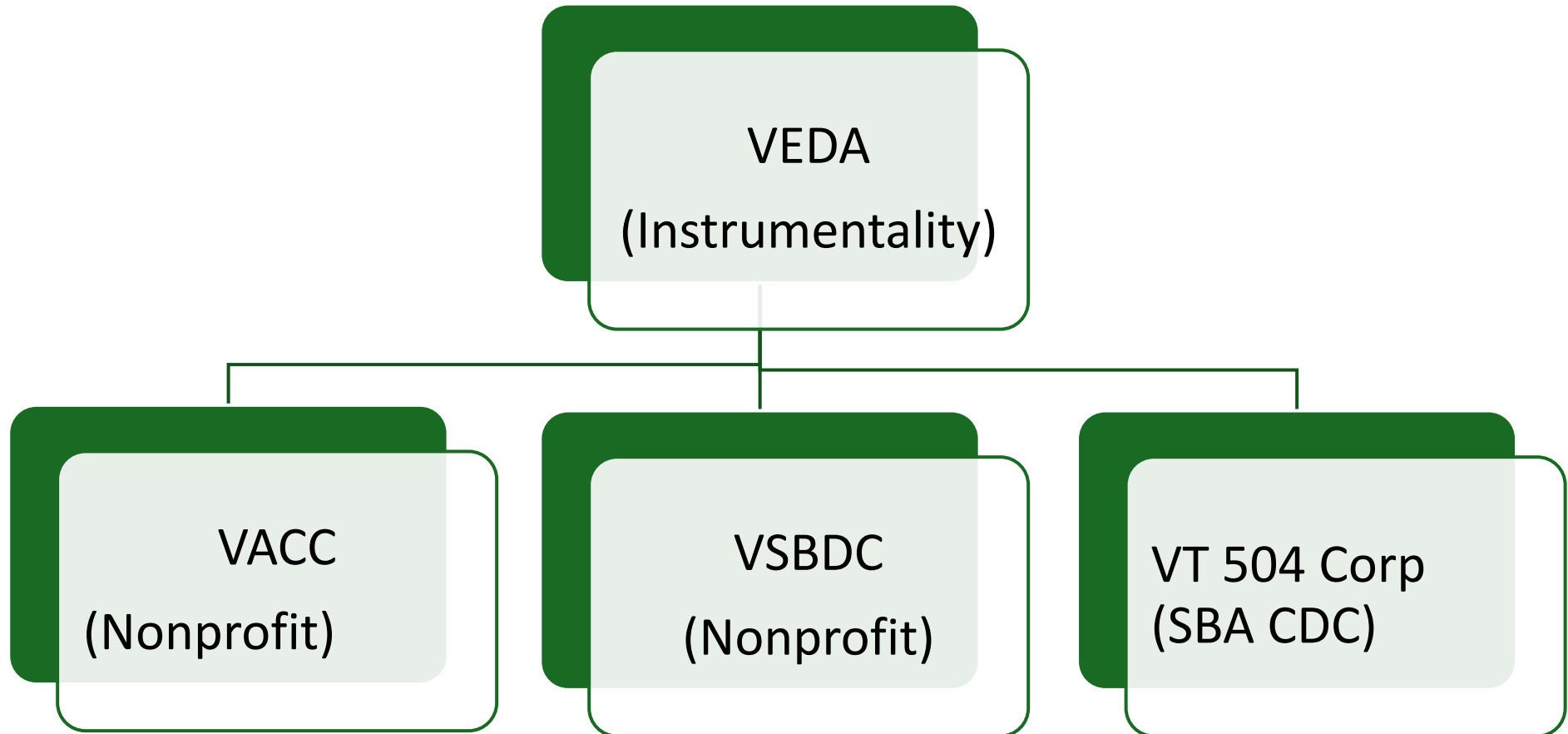
# Vermont Agricultural Credit Corp.

(“VACC”; 10 V.S.A. § 374a)

Formed in 1999 as a non-profit corporation to

*“...provide an alternative source of sound and constructive credit to farmers and forest products businesses who are not having their credit needs fully met by conventional agricultural credit sources at reasonable rates and terms.”*

# VEDA: An Instrumentality of the State

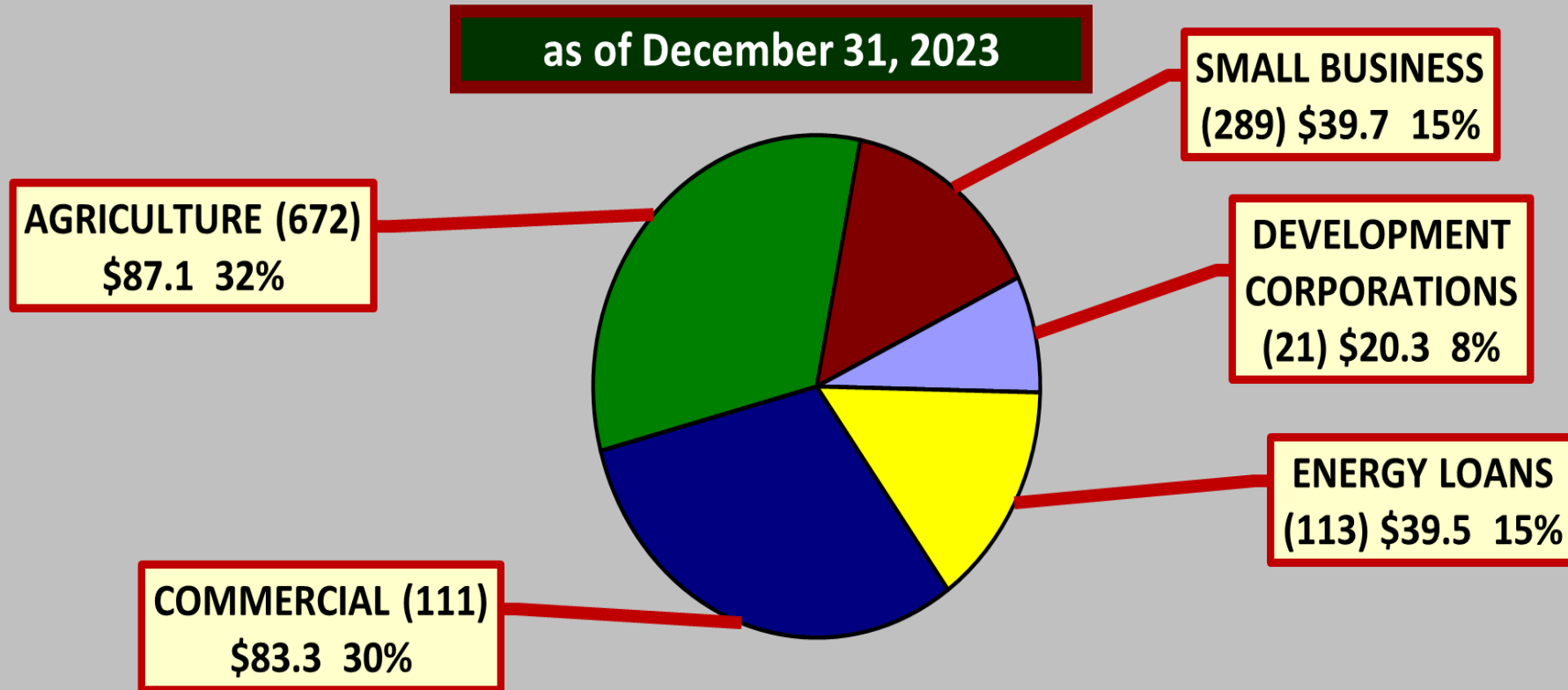


# Agricultural Loans Represent About 1/3 of VEDA's Loans

## VEDA DIRECT LOAN PORTFOLIOS

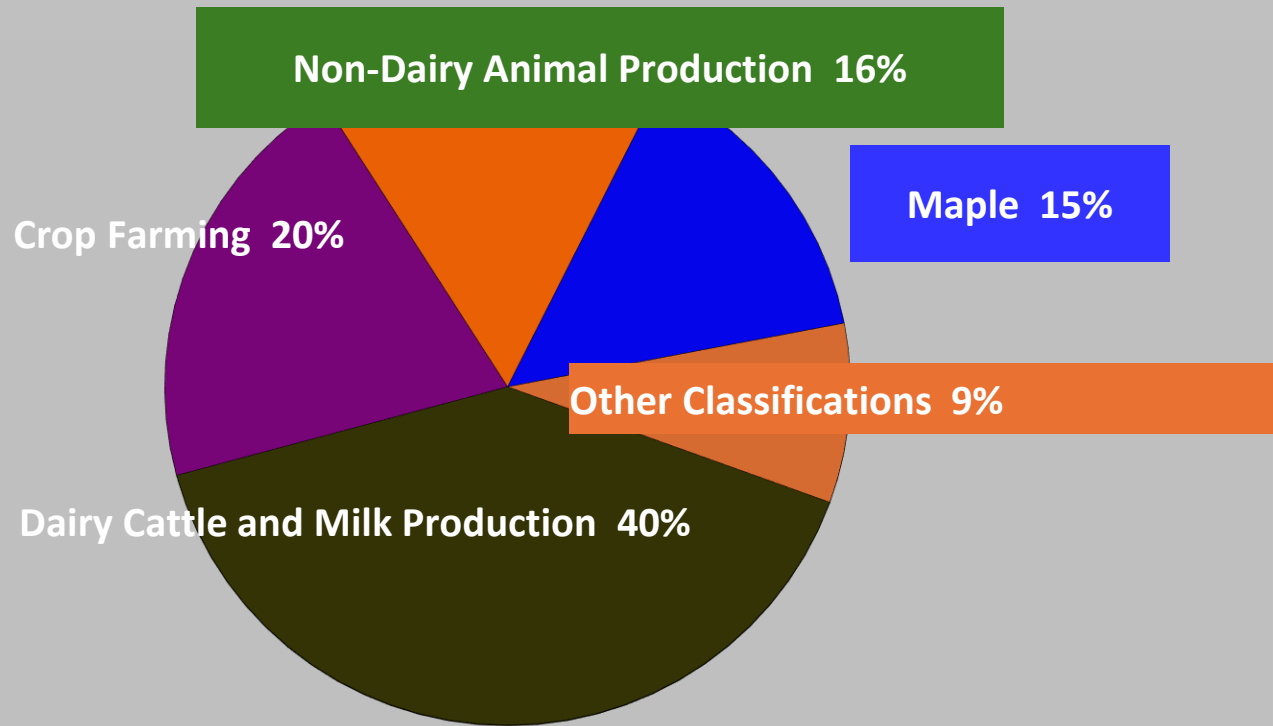
By Number, Dollar Amount (in millions) and Percent of Total

as of December 31, 2023



# Dairy Represents 40% of VACC's Ag Loans and 13% of all VEDA Loans

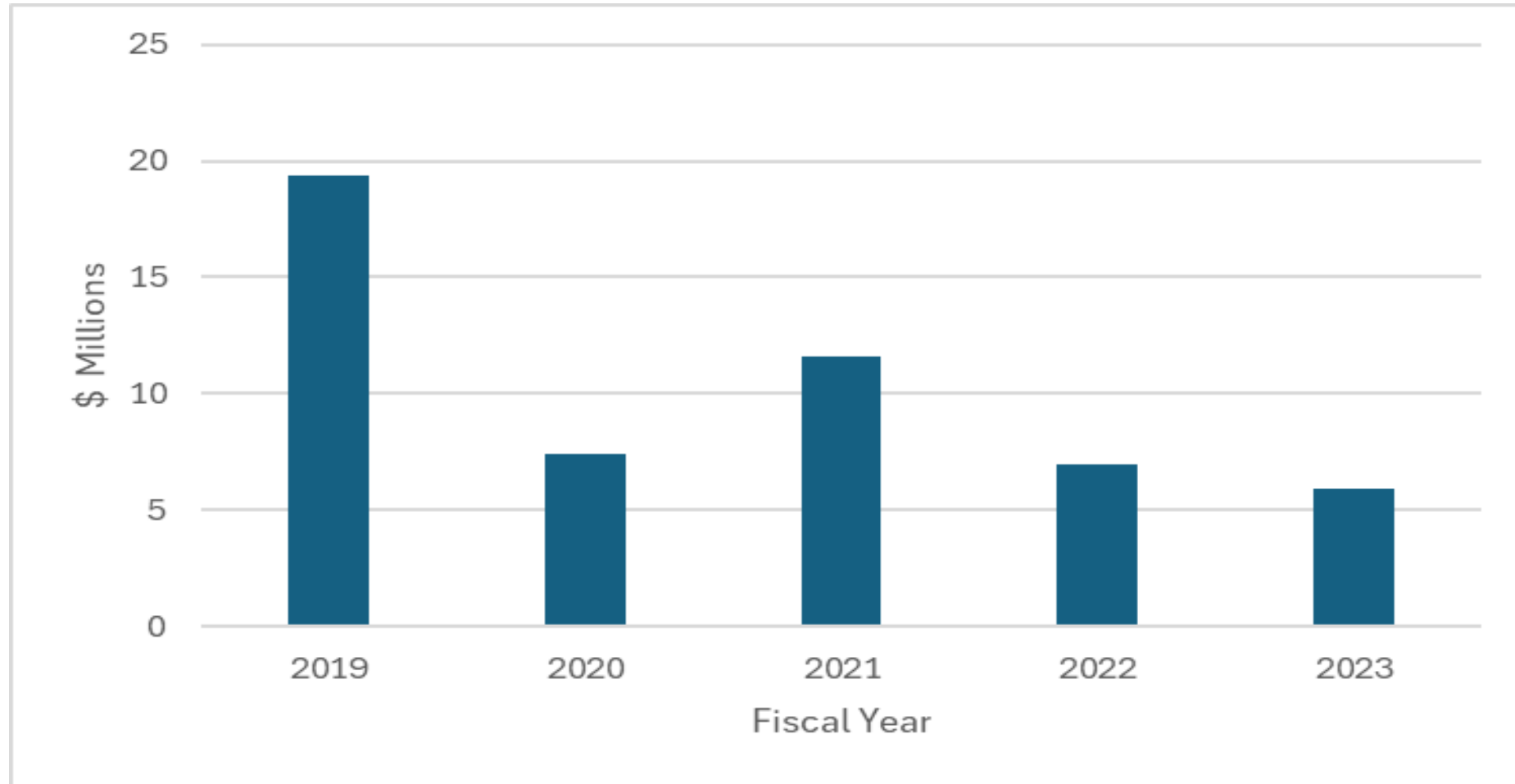
**VEDA Agricultural Loans  
Dollar Concentration  
By Industry Classification**



## Agricultural Loans

Dairy Cattle and Milk Production	234	\$35,012
Crop Farming	176	17,609
Non-Dairy Animal Production	96	14,236
Maple	89	12,731
<u>Other Classifications</u>	<u>77</u>	<u>7,466</u>
<b>Agricultural Total</b>	<b>672</b>	<b>\$87,054</b>

# Ag Loans Closed FY 19 - 23



# Ag Loans Closed by Industry Sector FY 19-23

Agriculture, Forestry, Fishing & Hunting	Loans	Financed	
Dairy Cattle and Milk Production	223	20,839,888	35%
Maple	70	8,503,077	14%
Apple Orchards	12	3,780,421	6%
Other Vegetable (except Potato) and Melon Farming	47	3,406,916	6%
Goat Farming	10	2,489,307	4%
Horses and Other Equine Production	12	2,450,464	4%
Beef Cattle Ranching and Farming	26	2,337,971	4%
All Other Miscellaneous Crop Farming	29	2,290,685	4%
Hay Farming	26	1,975,661	3%
Nursery and Tree Production	15	1,934,520	3%
Logging	32	1,771,104	3%
Broilers and Other Meat Type Chicken Production	8	1,232,069	2%
Others	100	5,904,728	10%
	610	58,916,811	

# VEDA's Agricultural Loan Programs

## **Farm Ownership Loans:**

- Acquire or enlarge farming or forestry facility
- Acquire or make improvements to a farming or forestry facility, including construction costs
- Promote soil and water conservation and protection
- Refinance existing farm debt

## • **Farm Operating Loans:**

- Purchase livestock, M&E or fixtures
- Short-term working capital (lines of credit or term loans)
- Refinance existing working farm operating debt

## • **Agricultural Energy Loans:**

- Renewable energy generation, energy efficiency and energy technologies
- Approximately 26 ag energy borrowers with loans totaling over \$8.0 million since inception.



# Past One Time Special Loan Programs Using State Assistance

- **2009 Farm Operating Loan Program (FOLP)**
  - \$1.0 million appropriation to help farmers with cash flow shortfalls due to low milk prices.
  - State funds used to subsidize interest rates and fund loan loss reserves.
  - \$7.2 million in loans to 125 farms
- **2010 Debt Stabilization Program (DSP)**
  - Additional \$1.0 million appropriation to enable farmers to consolidate vendor debt and lengthen repayment term to improve working capital during a prolonged period of low milk prices.
  - State funds used to subsidize interest rates and fund loan loss reserves.
  - \$45.4 million in loans to 213 farms.

# Past One Time Special Loan Programs Using State Assistance (cont'd)

- **2016 Organic Dairy Transition Loan Program**
  - \$75,000 grant from WLEB /VAAFMM to subsidize interest rates.
  - \$808,500 in loans to 6 farms.
- **2018 FOLP**
  - \$250,000 appropriation to help cow dairy farmers with cash flow shortfalls due to sustained low milk prices.
  - State funds used to for loan loss reserves .
  - \$1.5 million in loans to 21 farms.

# Other Emergency Loan Programs

## **2021-2022 SBA Paycheck Protection Program (PPP):**

- 242 loans to ag businesses totaling \$5.0 million

## **2023 Forgivable Loan Program (FLP):**

- 48 loans to ag businesses totaling \$3.2 million

# Proposed Changes to VACC Statute

- Expand eligibility to farmers owning 20% or greater of the farming operation.
- Expand eligibility to specialized service providers to the agricultural and forestry sectors.
- Eliminate requirement for business to be formed in VT.
- Eliminate requirement for VT residency.
- Modify language related to sourcing of agricultural commodities and forest products from primarily to “at least partially” produced in this State”.
- Add eligibility for nonprofit organizations.
- Add clarifying language to include farmworker housing and farmer housing.

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