



LOW INTEREST LOANS FOR AGRICULTURAL CONSERVATION

LILAC MANUAL



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INTRODUCTION

Agricultural activities can impact water quality in Maryland. If not properly managed soil, fertilizer and animal wastes—along with the nutrients they carry—can find their way into ground and surface waters while contributing to long-term pollution problems. Farmers routinely employ conservation equipment, new technologies and best management practices (BMPs) to protect water quality and improve agricultural management.

The Low Interest Loans for Agricultural Conservation (LILAC) Program was developed by Maryland Department of Agriculture (MDA) and the Maryland Department of the Environment (MDE) under provisions of the State Revolving Loan Fund. It was recognized that the cost of installing BMPs and purchasing conservation equipment could pose a financial burden on individual farmers. Although cost-share programs exist that fund a percentage of the installation cost for certain BMPs and tax subtraction benefits exist for certain conservation equipment, loan assistance is now available as a component of agricultural efforts to improve water quality and meet Chesapeake Bay restoration goals.

Maryland has established nutrient reduction and water quality goals necessary to meet the Total Maximum Daily Load (TMDL) thresholds established by EPA and the agricultural community is being held accountable for doing its part. MDA and MDE are working together to provide ways to help farmers finance BMPs and improve water quality in streams, rivers and the Chesapeake Bay.

Eligibility criteria, policies, BMP information, and forms found in this manual are provided for use as a comprehensive reference by field staff as they assist farmers in implementing BMPs and addressing agricultural management needs. The information contained in this document represents current program guidelines. As we continue to refine the program in response to advances in technology, changes in state policy, and suggestions identified by field staff, sections of the manual will be revised and updated.

GENERAL ELIGIBILITY

The Low Interest Loans for Agricultural Conservation (LILAC) Program was established to assist eligible applicants in implementing certain BMPs, utilize conservation equipment or adopt new technologies that help to improve water quality by controlling or reducing movement of nutrients, sediment, animal wastes, or agricultural chemicals. Under this program, discounted loans are made available to agricultural producers for the primary purpose of conserving soil and water resources and for protecting or restoring the environment for the public benefit.

To be eligible for the LILAC Program, BMPs must address and treat agricultural runoff or non-point source (NPS) pollution related to agricultural sources. MDA interprets "agricultural sources" as cropland (including horticulture), pasture or hay land, or areas on the farm devoted to raising livestock or poultry. MDA recognizes that it is common for other land uses (woodland or non-agricultural land) to contribute to water quality concerns. While these areas may be a consideration in designing certain practices, they cannot be the sole source of a water quality problem when determining LILAC eligibility. Agricultural land as defined above must be the significant contributing factor in establishing eligibility for the LILAC Program. BMPs such as animal waste management systems and stream protection practices that qualify for state or federal cost-share programs in most cases will qualify for LILAC.

Certain agricultural equipment may be eligible for LILAC if it is used to store, handle, transport or land apply animal manure or waste. Eligibility will be determined based on the need outlined within a Waste Management System Plan (WMSP). Such equipment must **directly** relate to the handling, storing, transporting or land application of any animal waste and may include vertical tillage equipment to incorporate manure, manure injection equipment or manure spreading equipment.

Conservation tillage equipment such as deep no till rippers, and no-till planters and drills may also be eligible for the LILAC Program if they are needed to minimize disturbances to the soil when planting crops. Such equipment must **directly** relate to the planting management to keep soil losses within tolerable limits. MDA may also approve newer technologies that assist with the management of nutrients such as integrated optical sensing equipment, nutrient application equipment, and global positioning systems used to manage agricultural nutrient applications.

SPECIFIC ELIGIBILITY CRITERIA AND GUIDELINES

Applicant

An applicant may be an individual, partnership, corporation, trust, or other business enterprises where an owner, landlord, or tenant participates in the operation of a farm.

Eligibility

To be eligible for loan assistance, practices must address and treat NPS pollution related to agricultural sources. Cropland (including horticulture), pasture or hay land or areas on the farm devoted to raising livestock or poultry constitute land uses that are agricultural sources. Although it is common for other land uses (woodland or non-agricultural land) to contribute to the impacts of a NPS problem on a farm and these areas may influence BMP design, they cannot be the sole source of a water quality problem when determining eligibility.

Projects must be located on a farm. An eligible practice must always be placed on the farm that contributes, at least in part, to the NPS pollution problem. As long as agricultural land uses (as defined above) are the significant contributing factor to a NPS problem, the type of land use impacted is not a factor in determining eligibility. BMPs such as animal waste management systems and stream protection practices that qualify for state or federal cost-share programs in most cases will qualify for LILAC. MDA will also be considering innovative technologies that treat and manage manure as they become proven for LILAC eligibility.

Critical Conditions

In determining the existence of critical conditions, justification that waters of the State, including both surface and ground waters are impacted, or have the potential to be impacted by nutrients, sediment, animal waste, or agricultural chemicals is required. In addition, the following criteria are considered in designating critical conditions:

- whether the area has serious soil loss due to sheet, rill, gully, or wind erosion;
- whether the area has severely eroded soils as designated in the county soil survey;
- whether the area is designated as a land use capability class IIIe or greater, including all areas in class C slopes or greater, as designated by the county soil survey;
- whether the area is included in a land use capability, sub-class S, as designated by the county soil survey;
- whether there is actual water pollution (moderate or severe);
- whether potential for water pollution exists; or
- if there is no water pollution existing or threatening;
- Whether the purchase of equipment is needed to properly implement a Waste Management System Plan.
- Whether the equipment or technology will improve management of manure or soil and help address potential or existing water quality concerns

APPLICATION PROCEDURES

General Criteria

Applications for loan assistance are approved using the following criteria:

- A critical condition resulting from agricultural activity exists. This is a condition on agricultural land where there is or may be a high potential for the movement of nutrients, sediment, animal wastes or agricultural chemical into the waters of the State.
- The proposal must be in compliance with applicable BMP eligibility criteria, as set forth by NRCS technical guidance or the Maryland Department of Agriculture's Conservation Grants Program.
- Equipment used in the management, storage, handling or application of animal manure must be addressed in a Waste Management System Plan and/or Nutrient Management Plan.

An application may be rejected for any of the following reasons:

- The applicant's land is not a farm or is not used for agricultural purposes.
- A critical condition does not exist on the farm.
- The applicant is not in good standing with the Maryland Department of Agriculture's Conservation Grants Program or is out of compliance with the Nutrient Management Program.

Procedures

The SCD works with a farmer to evaluate site conditions on a farm and recommends BMPs necessary to address farm management goals and water quality problems or concerns. If a technical determination is made that a water quality problem exists or has the potential to exist and can be corrected with a BMP or other means, the SCD works with the farmer to design the BMP and complete the necessary forms for LILAC and other programs if applicable. The SCD may work with the farmer to assure that certain equipment is addressed in a Waste Management System Plan or Nutrient Management Plan.

APPLICATION PROCEDURES *(continued)*

Application

Applications for the LILAC Program are made on the Linked Deposit Certification of Qualification. Information is filled out by the applicant with the assistance of the SCD. One of the following must be attached to the application:

- A LILAC Project *Form (if the applicant wants to construct an eligible BMP without MACS cost-share assistance)*
- Certification for Animal Manure Storing/Handling/Application Equipment *(if the loan is for the purchase of manure handling/application equipment)*
- Certification for Conservation Tillage Equipment *(if the loan is for the purchase of a no-till drill, planter or no-till ripper)*
- Certification for Technical Equipment *(used for the precision application of nutrients)*

Application—MDA

Within 15 days of receipt of a complete application, MDA will certify and send the application to MDE for approval. After approval by MDE, MDA will notify the SCD and applicant. In addition, a certificate is sent to the applicant from MDE through MDA. If the application is incomplete, MDA will contact the SCD to request information or clarification. Once completed, the application may be resubmitted to MDE by MDA.

Approved Applicant

Once the applicant receives notification, the applicant may then select a participating lending institution from the list of eligible lenders. The applicant presents the approved Linked Deposit Certification of Qualification to the lender when applying for a loan for an eligible BMP or water quality improvement project. The lender evaluates the loan application using its own criteria and approves or rejects the loan.

Bank's Responsibilities

If the bank approves the loan, the lender requests a Linked Deposit from MDE. The lender then disburses the funds to the applicant. The lender makes repayment to MDE in accordance with program requirements.

Applicant's Responsibilities

When the project is complete, the applicant notifies the SCD who in turn conducts an inspection to certify completeness. The applicant begins to make repayment of the loan following the terms of the loan established by the lender.

LILAC ELIGIBLE PRACTICES AND EQUIPMENT

<u>Eligible Practices & Equipment:</u>	410 Grade Stabilization Structure
313 Waste Storage Structure	412 Grassed Waterways
318 Dead Bird Composting Facility	468 Lined Waterways or Outlet
327 Conservation Cover	512 Pasture Management
330 Contour Farming	558 Roof Runoff Structure
331 Contour Orchards	561 Heavy Use Area Protection
342 Critical Area Planting	574 Spring Development
350 Sediment Basins	578 (728) Stream Crossing
359 Waste Treatment Lagoons	585 Strip-Cropping, Contour
362 Diversions	586 Strip-Cropping, Field
378 Sediment Control Ponds	587 Structure for Water Control
382 Fencing	600 Terrace System
386 Field Border	614 Watering Facility
390 Riparian Herbaceous Cover	635 Vegetative Treatment Area
391 Riparian Forest Buffer	642 Water Well
393 Filter Strip	657 Wetland Restoration for Water Quality

Eligible Equipment includes manure spreaders, loaders, pumps, agitators and related hardware for transferring manure to temporary storage and for application, injection or incorporation of manure on agricultural land as outlined by a Waste Management System Plan.

Conservation Tillage equipment may also be eligible for the LILAC Program if it is needed to minimize the disturbance of the soil in planting crops and is a no-till or conservation tillage drill or planter or deep no till ripper.

Nutrient Management equipment may include newer technologies that assist with the management of nutrients such as integrated optical sensing equipment, nutrient application equipment, and global positioning systems used to manage agricultural nutrient applications.

Note: Other NRCS approved practices may be eligible for the program based on waste management or resource management issues.

MARYLAND DEPARTMENT OF AGRICULTURE
LOW INTEREST LOANS FOR AGRICULTURE CONSERVATION PROGRAM

ANIMAL WASTE HANDLING / SPREADING EQUIPMENT CERTIFICATION

APPLICANT INFORMATION

NAME _____ SS# / FID# _____
ADDRESS _____ TELEPHONE _____
CITY _____ STATE _____ ZIP _____ - _____

EQUIPMENT INFORMATION

TYPE OF EQUIPMENT _____
MAKE / MODEL / YEAR _____
PLACE OF PURCHASE _____
COST \$ _____

VERIFICATION

I, _____, verify that the equipment listed above is needed to properly handle or spread animal waste as outlined in a Waste Management System Plan. I understand that failure to retain ownership for a minimum of 3 years will constitute ineligibility for the program. I further verify that this equipment will be used in accordance with a Waste System Management Plan.

SIGNATURE OF APPLICANT TITLE DATE

SOIL CONSERVATION DISTRICT CERTIFICATION

I certify that the equipment described herein will effectively handle / spread animal waste in a manner consistent with a Waste Management System Plan.

DISTRICT MANAGER

SIGNATURE OF SCD REPRESENTATIVE TITLE DATE

MARYLAND DEPARTMENT OF AGRICULTURE CERTIFICATION

I certify that the equipment described herein meets the criteria for the Low Interest Loans for Agricultural Conservation Program.

SIGNATURE OF MDA REPRESENTATIVE TITLE DATE

MARYLAND DEPARTMENT OF AGRICULTURE
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CONSERVATION TILLAGE EQUIPMENT CERTIFICATION

APPLICANT INFORMATION

NAME _____ SS# / FID# _____
ADDRESS _____ TELEPHONE _____
CITY _____ STATE MD ZIP _____ - _____

EQUIPMENT INFORMATION

TYPE OF EQUIPMENT _____
MAKE / MODEL/ YEAR _____
PLACE OF PURCHASE _____
COST \$ _____

VERIFICATION

I, _____, verify that the equipment listed above is needed to minimize the disturbance of the soil in planting crops in a no-till or conservation tillage drill or planter. I understand that failure to retain ownership for a minimum of 3 years will constitute ineligibility for the program. I further verify that this equipment will be used in accordance with a Soil Conservation and Water Quality Plan.

SIGNATURE OF APPLICANT TITLE DATE

SOIL CONSERVATION DISTRICT CERTIFICATION

I certify that the equipment described herein is designed to minimize to disturbance of the soil in planting crops and is anon-till or conservation tillage drill or planter.

DISTRICT MANAGER

SIGNATURE OF SCD REPRESENTATIVE TITLE DATE

MARYLAND DEPARTMENT OF AGRICULTURE CERTIFICATION

I certify that the equipment described herein meets the criteria for the Low Interest Loans for Agricultural Conservation Program.

SIGNATURE OF MDA REPRESENTATIVE TITLE DATE

MARYLAND DEPARTMENT OF AGRICULTURE
LOW INTEREST LOANS FOR AGRICULTURE CONSERVATION PROGRAM

TECHNICAL EQUIPMENT USED FOR PRECISION APPLICATION OF NUTRIENTS

APPLICANT INFORMATION

NAME _____ SS# / FID# _____
ADDRESS _____ TELEPHONE _____
CITY _____ STATE MD ZIP _____ - _____

EQUIPMENT INFORMATION

TYPE OF EQUIPMENT _____
MAKE / MODEL/ YEAR _____
PLACE OF PURCHASE _____
COST \$ _____

VERIFICATION

I, _____, verify that the technical equipment listed above is needed to assist in the precision application of nutrients, i.e. integrated optical sensing equipment, nutrient application equipment, and global positioning systems. I understand that failure to retain ownership for a minimum of 3 years will constitute ineligibility for the program. I further verify that this equipment will be used in accordance with a Soil Conservation and Water Quality Plan.

SIGNATURE OF APPLICANT TITLE DATE

SOIL CONSERVATION DISTRICT CERTIFICATION

I certify that the technical equipment described herein is designed to assist in the precision application of nutrients, i.e. integrated optical sensing equipment, nutrient application equipment and global positioning systems.

DISTRICT MANAGER

SIGNATURE OF SCD REPRESENTATIVE TITLE DATE

MARYLAND DEPARTMENT OF AGRICULTURE CERTIFICATION

I certify that the equipment described herein meets the criteria for the Low Interest Loans for Agricultural Conservation Program.

SIGNATURE OF MDA REPRESENTATIVE TITLE DATE

MARYLAND DEPARTMENT OF AGRICULTURE
LOW INTEREST LOANS FOR AGRICULTURE CONSERVATION PROGRAM

(LILAC) PROJECT FORM

Name and Address	Telephone #	County	Social Security # / FID #
	Property Account #	Watershed Segment	Geographic Area
	Acres Benefited	Animal Type and Units Served	Waste Generated Daily

Project Description:

Project or Component	NRCS # (if any)	Extent Requested

Soil Conservation District Certification

The _____ Soil Conservation District has reviewed this referral and finds it adequate and appropriate for this program.	Authorized Signature (Chairman or Designee): _____	Date: _____
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Applicant Agreement

Public Information Notice: The principle purpose, for which the information on the applicant is used, is to identify you as one of those persons whom the agency intends to refer for the State Revolving Loan Funds. If you fail to provide the requested information, the agency may not provide you with a referral for State Revolving Loan Funds. You have the right to inspect, amend, or correct personal information collected by the agency. Much of the personal information collected by the agency is available for public inspection. This information is not routinely shared with the state, federal, or local government agencies.

Certification: I request a referral for State Revolving Loan Funds to fund the above project (s) in order to solve a nutrient management / non-point source water quality problem. I have read the program guidelines and understand the steps involved for loan approval. I understand the eligible lending institution will ultimately determine approval for the requested load if at any time the program requirements are not met, the referral can be canceled at any time by the Department.

Signature of Applicant: _____	Date: _____
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Maryland Department of Agriculture Certification

I certify that the project described herein meets the criteria for the low interest loans for Agricultural Conservation Program.

_____ <i>Signature of MDA Representation</i>	_____ Title	_____ Date:
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MARYLAND DEPARTMENT OF AGRICULTURE
 LOW INTEREST LOANS FOR AGRICULTURE CONSERVATION PROGRAM

COST ESTIMATE OF PROJECT

Materials / Equipment	Quantity	Cost	Total
		Total Project cost:	