KENTUCKY DIVISION OF CONSERVATION

EQUIPMENT REVOLVING LOAN FUND

The Kentucky Division of Conservation administers an Equipment Revolving Fund Loan Program. The lending program was established in 1948 by the Kentucky General Assembly to provide funds to Kentucky’s 121 conservation districts for the purchase of specialized equipment. The equipment has been used in projects to conserve or protect Kentucky’s soil, water and other natural resources. Equipment eligible for loans through the program include dozers, backhoes, front-end loaders, earthmover pans, no-till drills and planters, precision applicators for agricultural chemicals, equipment for animal wastes systems and other equipment suited for conservation work.

Conservation districts submit applications to the Kentucky Division of Conservation for loans, which may be up to 2/3 of the purchase price of the equipment. The minimum required 1/3 down payment might be satisfied with cash or trade-in allowance. Loan applications are considered and voted upon by members of the Kentucky Soil and Water Conservation Commission. Upon approval, the division drafts a contract setting forth terms of the loan, uses permitted, repayment schedule, reporting requirements, and any other necessary terms.

The loan is extended at an interest rate of 1 percent per annum on the outstanding balance. Payments of interest and principal are required monthly. Contracts are set up for complete payment of the principal over a three to seven year period. Principal must be paid current, according to schedule, at the end of each sixth month period of the contract, but specific monthly payments of a certain sum are not required.

The Division of Conservation secures title to all equipment financed until the loan has been paid in full.

Because the loan program is a revolving fund it has been successful in providing over $62,000,000 in loans to 2300 individual contractors and conservation districts over the history of the program. This volume has been generated from its original appropriation of $1,850,000.