



# 10-Minute Supervisor Trainings

Kentucky Soil and Water Conservation Commission

September 2018

## Equipment Loans

The Kentucky Division of Conservation administers the Equipment Revolving Loan Program, which has been in effect since 1948. During this time, \$62 million has been loaned to 2,320 individuals and conservation districts for the purpose of purchasing specialized equipment and infrastructure.

The equipment is 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 agriculture chemicals, equipment for animal waste systems and other equipment suited for conservation work.

Infrastructure is the plant and assets required for maintaining a district office presence. Plant and assets are long-term fixed and variable assets that are used to run a business and are not for resale to customers. They normally include buildings, IT networks, telephones, other items that are in an office, and other structures, appurtenances, real estate regardless of whether it is attached, and any other obligations that are used to obtain those assets.



Applications for loans are submitted by the conservation district to the Kentucky Soil and Water Conservation Commission. Loans can be requested for up to two-thirds of the purchase price including sales tax. The minimum required one-third down payment can be satisfied by either trade-in or cash. The equipment must be new or have less than 500 hours working time and the dealer will warranty the equipment as new. The equipment can be leased to a contractor in the area who agrees to perform conservation work at a reasonable price. Conservation work shall be given first priority for equipment use. Equipment shall not be used in any manner in work associated with strip mining or the uncontrollable or “clear-cut” method of timber harvesting.

Once loans are approved by the Kentucky Soil and Water Conservation Commission the Division of Conservation sets up the terms of the loan, repayment schedule and reporting requirements in a contract with the conservation district. Similar contract terms are drawn up when a conservation district leases to a contractor.

The Division of Conservation holds the title to all equipment until the loan is paid in full. At that time the lien will be released to the conservation district and may be transferred to the contractor. Contractors must give priority to conservation work. If no conservation work is available, contractors can use the equipment for any work not specifically forbidden by the contract. Contractors must report monthly the type and amount of work completed.

If you have questions or need additional information concerning the Equipment Revolving Fund, contact the local conservation district office in your county or Johnna McHugh, assistant director, Kentucky Division of Conservation. A downloadable equipment loan application and loan report form are available on the Division of Conservation website.

### **NEW LOAN TERMS**

Adopted by the SWCC July 2018

- 0% interest per annum on the outstanding balance
  - Valid for length of loan for new loans
  - Valid for 6 month trial period for existing loans
- Loans can be repaid on a 3-7 year payment plan