



*“Promoting Sustainability, Profitability and Innovation in
Maryland Agricultural and Resource-Based Business”*

Application for the Maryland Wood Products Industry Equity Investment Program

Program Description

MARBIDCO recognizes the importance of the forests products industry from economic, environmental and consumer perspectives, and thus seeks to assist in growing a strong and diversified wood products industry in Maryland. MARBIDCO aims to assist Maryland’s forestry businesses with improving operations and efficiency, increasing productivity and employment opportunities, and supporting new markets development.

Maryland’s forests products industry experienced the same business challenges faced by the industry throughout the mid-Atlantic region caused by the 2008 recession, papermill closures, and volatile fuel prices and interest rates. The COVID-19 Pandemic exacerbated these economic distresses, especially with regards to labor. By helping to sustain and grow a healthy forestry industry, investment now will yield substantial longer-term benefits for Marylanders. Recognizing this, the Governor and Maryland General Assembly authorized \$500,000 in funding for FY 2024 for MARBIDCO to offer the **Maryland Wood Products Industry Equity Incentive Program (WPIEI)**.

In addition, the Maryland Department of Natural Resources is providing an additional \$100,000 in funding to target projects that focus on value-added wood products. A product that is value added has incremental value realized by a wood processor as a result of: 1) a change in physical state of the wood fiber; 2) highly differentiated production or marketing of wood products; and 3) an economic benefit realized from the production of biomass energy.

The WPIEI Program offers up to a 25% matching grant, up to the maximum amount allowed, for the purchase of equipment or facilities improvement. An ancillary objective of this program is to complement the financial services offered by private commercial lenders by leveraging funds to facilitate larger scale projects which will enable industry growth. This program will help Maryland wood fiber harvesters, processors and manufacturers engage in increased production and utilization of locally sourced wood fiber, improve business operations and efficiency, and pursuit of new market opportunities.

Eligible applicants may apply for incentive grants for a wide range of equipment and capital asset purchases of specialized forestry and logging equipment and small- and large-scale wood processing equipment. Eligible projects include tangible equipment purchases and facilities improvement costs.

Eligible applicants include commercial timber harvesters, and primary or secondary wood products processors. Applicants can include sole proprietorships, partnerships, cooperatives, corporations, and LLCs. Grant funds and matching funds must be used for equipment and capital asset purchases that have a useful life of seven years or more. MARBIDCO is seeking applications for projects or purchases that will improve operations and/or efficiency, increase productivity and/or workforce expansion, or aid in the pursuit of new markets. This should be evident in the project description and business plan.

More specifically, commercial wood processing enterprises may apply for equipment and facilities project incentive grant funding to process or manufacture the following primary and secondary forest products: lumber, pilings, logs, firewood, mulch, pellets, shavings, veneers, flour, sawdust, plywood, millwork, CLT, and furniture (using Maryland wood). Forest harvesters are also eligible to apply.

MARBIDCO will match up to 25% of total project cost, with a maximum grant award not to exceed \$50,000 (although value-added projects could receive up to \$100,000). All equipment purchases must be made (and facility improvement contracts let) by no later than April 15, 2024. (Please note too that any equipment or capital asset purchase made before October 1, 2023, are ineligible for this program.)

Competition for this grant funding is expected to be high and it is anticipated that eligible requests will exceed the amount of funds available to distribute in FY 2024 (which is estimated to be approximately \$565,000, including the DNR value-added grant funding). Key objectives for this program are to stimulate the strengthening of markets for Maryland-grown wood and diversification of the types of products made. An applicant should be sure to highlight in their applications how the utilization of their grant award would serve to increase the production and utilization of locally sourced wood fiber, improve business operations and efficiency, create/retain jobs, and/or aid in serving new markets.

For applicants with a focus on value-added processing, applications should demonstrate how the financial assistance will help support, stimulate and market innovative and creative ways to enhance production of value-added wood products. Value-added projects could include the purchase of a dry kiln or the production of biochar, for example. Sawmills and secondary manufacturers that will use grant funds to purchase equipment to improve optimization systems will also be considered. An example of this could include a 3-D log scanning coupled with computer-aided design that would determine the best sawing solution. A biomass energy-related project could also be eligible.

Applications from prior year grant recipients of the Maryland Wood Products Industry Equity Investment Program may be evaluated at a lower priority to first-time program applicants.

The application submission deadline is December 15, 2023. Applicants will be notified by March 1, 2024, if they have been approved. **Electronic submissions of applications are encouraged.** Applications received in the U.S. Mail and postmarked no later than December 15, 2023, will also be accepted.

Eligible Expenses: Grant funds and matching funds must be used for equipment projects and capital asset purchases that have a useful life of seven years or more. Examples include, but are not limited to, the following:

- Wood processing equipment and facilities
- Sawmills
- Dry kilns
- Skidders and in-woods chippers
- Primary and secondary wood processing equipment
- Optimization systems for maximizing fiber yield recovery
- Shavings, pellet mills, and sawdust dryers
- Other capital equipment that is designed specifically for use in the forest products industry

Ineligible expenses may include, but are not limited to the following:

- Expense incurred before October 1, 2023
- Tractors, trucks, vans, or any over-the-road motorized vehicles
- Feedstock or timber purchases
- Property acquisition costs
- Mortgage refinancing
- Costs of borrowing (e.g., points / fees)
- Site plan and construction permits
- Wages paid to applicant or employees, or applicant or employee training costs
- Solar or wind energy projects
- Furnishings, fixtures, or equipment
- considered personal (non-business) property,
- Machine storage, ancillary workshops, housing, classrooms, etc.
- Any portion of expense for which the applicant pays a contractor in merchandise or service in lieu of cash
- Attorney's fees and consultants' fees
- Fees and/or costs not consistent with eligible costs
- Computer equipment

Application Submission Requirements

- Submit a completed and signed application form and all required attachments.
- Written Business Plan (see page 9 of application for detail on what information must be included)
- Project Budget - list of equipment or facilities to be acquired.
- Tax Return for the preceding year (latest available, 2022)
- Business Operation Financials (including a balance sheet, and current year income statement)
- Evidence of matching funds (e.g., copy of bank statement or bank loan commitment letter)

Maryland Wood Products Industry Equity Incentive Grant Program Conditions

| | |
|---------------------------------|---|
| Minimum Amount of Grant: | \$15,000 |
| Maximum Amount of Grant: | \$50,000 (or \$100,000 for a value-added project) |
| Maximum Percentage of Grant: | MARBIDCO will match up to 25% of the cost of the project with a \$50,000 cap for each project. (That is, the maximum amount of grant funding that any single applicant can receive from the WPIEI program is \$50,000, except for a value-added project.) |
| Matching Funds Required: | Yes. This can be in the form of cash (equity), a bank loan, or a MARBIDCO loan (please see the MARBIDCO website for information on the MRBIFF and Forestry Loan Programs). |
| Application Deadline | Application deadline: December 15, 2023 (electronic submissions are encouraged). |
| Disbursement of Funds | Applicants should expect to purchase or order equipment by no later than April 15, 2024 . Funds will be disbursed on a reimbursement basis (proof of payment required) or MARBIDCO can directly pay vendors with submission of approved invoices. |
| Send Completed Applications to: | Electronically to bcadden@marbidco.org or mail to: MARBIDCO Wood Products Industry Equity Incentive Grant c/o Brian Cadden 1410 Forest Drive, Suite 21 Annapolis, MD 21403 |

APPLICANT INFORMATION

1) Legal Name of Entity Applying for Grant (Grantee): _____

Address _____ City _____

State _____ Zip Code _____ County _____

Primary Telephone: _____

Other Telephone: _____

Email Address _____

2) Contact Name: _____

Address _____ City _____

State _____ Zip Code _____

Primary Telephone: _____

Other Telephone: _____

Email Address: _____

3) Additional Industry Information:

Forest Product Operators License #: _____

Other Government Permit/ ID#: _____

(Describe _____)

4) Business Structure:

Year & State Established/Incorporated: _____

Proprietorship Partnership Agricultural Cooperative LLC Corporation

5) Business Management/Ownership

Name: _____ Title: _____ % Ownership: _____

Date of Birth: _____ Last 4-digit SSN#: _____

Address: _____ City: _____

State _____ Zip Code _____

Primary Telephone: _____ Other Telephone: _____

Email Address: _____

Name: _____ Title: _____ % Ownership: _____

Date of Birth: _____ Last 4-digit SSN#: _____

Address: _____ City: _____

State _____ Zip Code _____

Primary Telephone: _____ Other Telephone: _____

Email Address: _____

Name: _____ Title: _____ % Ownership: _____

Date of Birth: _____ Last 4-digit SSN#: _____

Address: _____ City: _____

State _____ Zip Code _____

Primary Telephone: _____ Other Telephone: _____

Email Address: _____

6) Employment Data

of Current Full-time Jobs: _____

of Current Part-time Jobs: _____

of New Full-time jobs projected within 36 months: _____

of NEW Part-time jobs projected within 36 months: _____

PROJECT INFORMATION

7) Project Type (Check all that apply)

| |
|--|
| <input type="checkbox"/> Timber Harvesting |
| <input type="checkbox"/> Primary Wood Processing |
| <input type="checkbox"/> Secondary Wood Processing |
| <input type="checkbox"/> Biomass /Energy Project |
| <input type="checkbox"/> Other (Describe) |

Do you believe that this project will qualify as being value-added? Yes _____ No _____

8) TOTAL PROJECT COST: \$ _____

9) Requested Grant Funds Amount: \$ _____ Matching Funds: \$ _____

10) List of Equipment to be Purchased:

| List of Equipment to be Purchased | Amount |
|-----------------------------------|--------|
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(Provide detail on a separate sheet if necessary)

11) Brief Summary Project & Business Summary:

Provide Brief Description of Project, including a description of applicant’s need for eligible equipment and facility improvements and how grant funds will positively impact your business. Include details relative to current position, future growth, business capacity, and market development, as well as anticipated new labor needs. **Describe in detail how the grant will help improve business operations and efficiency, and/ or pursue new markets.** (Provide the details on a separate sheet if necessary)

12)Physical Facilities:

If Owned:

Size(acres)_____ Location(s) _____

Type/# of Buildings_____

If Leased:

Size(acres)_____ Location _____

Type/# of Buildings_____

OTHER (COMMERCIAL EQUIPMENT)

Please provide description of existing machinery, approximate Age, Estimated Value.

(Provide detail on a separate sheet if necessary)

| List of Major Plant / Equipment Owned | Approx. Age | Est. Value |
|---------------------------------------|-------------|------------|
| | | |
| | | |
| | | |
| | | |
| | | |

DECLARATIONS

If answering “yes” to any of these questions, please provide an explanation on a separate sheet and attach.

| | | |
|---|-----------|----------|
| Has the business or any of the top management personnel ever declared bankruptcy? | Yes _____ | No _____ |
| Does the business or any of the management personnel owe any taxes for prior years? | Yes _____ | No _____ |
| Have any managers or owners received a felony conviction? | Yes _____ | No _____ |

AUTHORITY TO COLLECT PERSONAL INFORMATION

Certain personal information requested by MARBIDCO is necessary in determining your eligibility. Failure to disclose this information may result in the denial of these benefits or services. Availability of this information for public inspection is governed by the Maryland Public Information Act, General Provisions Article, Sections 4-101 et seq. of the Annotated Code of Maryland (“PIA”). This information will be disclosed to appropriate MARBIDCO staff and committees, public officials, and MARBIDCO’s auditors for purposes directly connected with approval of the proposed financing and administration of the program for which its use is intended. Such information can also be shared with State, federal, or local government agencies, and any financial assistance that you receive from MARBIDCO is subject to public disclosure. Proprietary business information is generally not disclosable to the General Public under the Maryland Public Information Act*.

*(*The PIA protects certain confidential information from disclosure. Please note that information is not confidential if the information (1) was already known to MARBIDCO, (2) is or later comes into the public domain through no fault of MARBIDCO, (3) is independently developed by MARBIDCO, or (4) comes to MARBIDCO from a third-party which is not in violation of any obligation of confidentiality to Applicant or MARBIDCO.)*

You authorize MARBIDCO to obtain any additional information, including financial information, concerning the applicant from any source which MARBIDCO reasonably requires in order to determine whether to make the requested grant, including credit histories, credit reports, and credit scores.

CERTIFICATIONS

1. I/we have the right to submit this application.
2. All information in this application and any attachments and addendums is true and complete to the best of my/our knowledge, information, and belief and is submitted so that MARBIDCO and its committee can decide whether to offer financial assistance.
3. I/we agree not to engage in employment practices which deny equal employment rights to persons by reason of (i) political or religious opinion or affiliation, marital status, race, color, creed or national origin; (ii) sex or age, except when sex or age constitutes a bona fide occupational qualification; or (iii) physical or mental disability of a qualified individual with a disability. I/we also agree to comply with the State's policy on maintaining a drug and alcohol-free workplace.
4. I/we hereby authorize all involved in the financing of this project to exchange freely without further authorization and consent, any and all information, including financial information, and reports provided in connection with this application.

Signatures provided by facsimile or other electronic means, for example, and not by way of limitation, in Adobe .PDF sent by electronic mail, shall be deemed to be original signatures.

Signature _____ Signature _____

Printed Name _____ Printed Name _____

Date _____ Date _____

Signature _____ Signature _____

Printed Name _____ Printed Name _____

Date _____ Date _____

GRANT APPLICATION CHECKLIST

Please provide the following for a complete application to be reviewed for funding.

- Submit a completed and signed application form and all required attachments.
- Written Business Plan: (*See detailed description on next page regarding business plan expectations)
- Project Budget and timeline – itemized list of equipment to be acquired with cost estimates, quotes etc.
- Business operation tax return for the preceding (1) year (2022 or 2021 if 2022 is not available) including all schedules. Sole proprietors should submit (2022 or 2021 if 2022 is not available) personal tax return including all schedules.
- Business Operation Financials (including balance sheet, income statement)
- Evidence of matching funds (e.g., copy of bank statement or bank loan commitment letter).
- Evidence the business is in Good Standing with State Department of Assessment and Taxation
- Copy of Active Forest Products Operators License from the Department of Natural Resources

***BUSINESS PLAN MUST INCLUDE THE FOLLOWING INFORMATION:**

1. What specific changes the business is making with this project to adjust to current market conditions and how will grant funds be used to make business adjustments.
2. How the grant will help improve operational efficiency, production, and/or pursue new markets. Please be sure to highlight any innovations that might result from the use of the grant funds.
3. History of the applicant forestry operation or enterprise.
4. The experience of the principal operators.
5. The existing business operation and the planned continuing, additional, or modified business production/harvesting/processing activities.
6. The existing and new labor needs anticipated to be needed for the enterprise.
7. Any currently required or new materials (inputs) and any special equipment that will be needed.
8. The plan should also briefly explain the sales and marketing activities of the business enterprise (current and going forward).
9. Please provide any expense and sales/revenues projections if they are available.