

2026 CAIP Incentive Area Guidelines: VALUE-ADDED & MARKETING



These guidelines represent one of 11 incentive areas within the **County Agricultural Incentives Program (CAIP)** to provide Kentucky agricultural producers cost-share assistance on practices that increase net farm income and opportunities to try new/innovative technologies or systems that improve farm efficiency and productivity.

Funded participants shall adhere to all local, state, and federal rules and regulations.

Incentive Area Limitations

- Meeting rooms, exposition centers, education facilities, or construction/improvements to buildings serving primarily as residences or dwellings are not eligible.
- Self-propelled vehicles/equipment are not eligible for cost-share, including but not limited to tractors, trucks, all-terrain vehicles, skid steers, etc.
- Reimbursements for repairs, routine maintenance, beautification/cosmetics, and/or renewal of annual subscriptions are not eligible for cost-share.
- Beginning in 2010, all transport equipment was removed as eligible cost-share items from all incentive areas. This exclusion includes trailers, wagons, and carts with the primary function of transportation.

A. Value-Added

Eligible Cost-share Items:

Includes adding value, on-farm, to food, and fiber

1. **Beeswax candle making equipment**, including wax melter, molds **75%**
2. **Cider presses** and other juice extracting equipment **75%**
3. **Dairy** pasteurization and processing equipment **75%**
4. **Egg** processing and packaging equipment **75%**
5. **Maple Syrup/Sorghum** – equipment for processing and packaging **75%**
6. **Wool/hair processing** – carding, dying, spinning, knitting, felting, and weaving equipment **75%**
7. Other equipment essential to provide on-farm value-added processing **75%**
8. Refrigerated and non-refrigerated equipment for transporting product (*excluding motorized vehicles; excluded from transportation equipment exclusion*) **75%**
9. Commercial kitchen usage fees; off-farm processing fees for commercial resale of meat or fiber **75%**
10. **Education** – Cost of participation in an advanced agricultural education program **75%**

B. Agritourism Development

Eligible Cost-share Items:

1. Conversion of existing farm structures into appropriate facilities for agritourism **50%**
2. Construction, including site preparation, of new on-farm facilities for agritourism **50%**
3. Site preparation for items that ensure consumer safety – including parking areas, grading, traffic flow, sidewalks, and establishing walkways **50%**

C. Certified/Commercial Kitchen Construction or Renovation

Eligible Cost-share Items:

1. Conversion of existing farm structures into appropriate facilities for certified/commercial kitchen **50%**
2. Construction, including site preparation, of new on-farm facilities for certified/commercial kitchen **50%**
3. Construction materials to install the appropriate grade of washable ceiling tiles, flooring, and wall covering **50%**
4. Materials for the installation of water lines, gas lines, and drainage lines from existing lines **50%**
5. Materials to install any necessary hand or mop sinks **50%**
6. Materials to install appropriate lighting **50%**
7. Equipment necessary to add value to fruit and vegetable crops or to produce baked items in compliance with KRS 217.136, including, but not limited to, stoves, refrigerators/freezers, preparatory equipment, canners, stainless steel tables, storage facilities/equipment. **75%**
8. The cost of attending a training program required by the Cabinet for Health and Family Services under KRS 217.136 for home processing and micro-processing of food products or training required to become a commercial processor. (GAP training is eligible) **50%**
9. Documented, hired labor, related to construction/renovation listed above *see also Exclusions* **(this percentage will match the chosen project's percentage)**
10. Contracted site preparation and equipment rental **(this percentage will match the chosen project's percentage)**

D. Marketing and Promotion

Prerequisites:

- Applicant shall provide an acknowledgement in any publications, brochures, articles, advertising, and activities, which indicate that a portion of the funding was provided by the Kentucky Agricultural Development Fund. Logo available on-line at <https://www.kyagr.com/agpolicy>.

Eligible Cost-share Items:

1. Promotional and advertising materials **75%**
2. Signage for promoting/selling products **75%**
3. On-farm direct-to-consumer sales:
 - a. Construction of new permanent structures or conversion of existing structures to be used for retail sale of product **50%**
 - b. Site preparation including on-site utility extensions and officially permitted on-site waste treatment facilities **50%**
 - c. Refrigerated and non-refrigerated equipment for storing product **75%**
 - d. Display equipment, including refrigerated equipment, to assist in selling of product **75%**
4. Business plan development and/or feasibility study **75%**
5. Third-party farm certification **75%**

E. Good Agricultural Practices (GAP) & Food Safety

Eligible Cost-share Items:

1. Conversion of existing farm structure into appropriate facilities for washing, handling, and storing produce (e.g. enclosing packing houses, installing concrete floors) **50%**
2. Construction, including site preparation of new on-farm facilities for produce washing, handling, and storage **50%**
3. Materials to install or upgrade infrastructure related to worker hygiene and wildlife exclusion to ensure Food Safety Modernization Act (FSMA) or GAP compliance (e.g. sinks, hand-washing stations, portables, fencing, deterrent equipment) **50%**
4. Other harvest, washing, handling, and storage equipment essential to good agricultural practices or food safety (e.g. harvest totes, drum washers, stainless steel benches and racks) **75%**
5. Documented, hired labor, for any construction or renovations listed above *see also Exclusions* **(this percentage will match the chosen project's percentage)**
6. Contracted site preparation and equipment rental **(this percentage will match the chosen project's percentage)**
7. Cost of participation in a Good Agricultural Practices (GAP) training program **75%**

Exclusions/Limitations:

- Construction or improvements to buildings not used for produce washing, handling, or storage are not eligible.