

FHA Financing On-Farm Stills

Lines are forming at Farmers Home Administration offices throughout the country as news spreads that the USDA — now backing on-farm alcohol production as a possible solution to both the energy crisis and glutted grain markets — has directed FmHA to begin financing on-farm alcohol plants.

Jim Montgomery, of Manly, Iowa, got in line early and is now running what is reportedly the first government-backed still in the country. He built the 12-gal. an hour still himself with the help of a \$14,000 FmHA loan.

"This is my second still so loan officers knew that I knew what I was getting into," Montgomery told FARM SHOW. His application was also speeded along by the fact that the head of the local FmHA office had been involved indirectly with alcohol fuels for years.

Under FmHA guidelines, Montgomery, with qualifying collateral, could have borrowed as much as \$300,000 of guaranteed loan money for an on-farm still. According to an FmHA official handling farm loans, there are no strict guidelines for "up-front" money. However, because only \$10 million has been set aside nationwide in fiscal 1980 for financing on-farm plants and other "energy related installations," the agency is carefully screening each

applicant's alcohol knowledge before they're even considered.

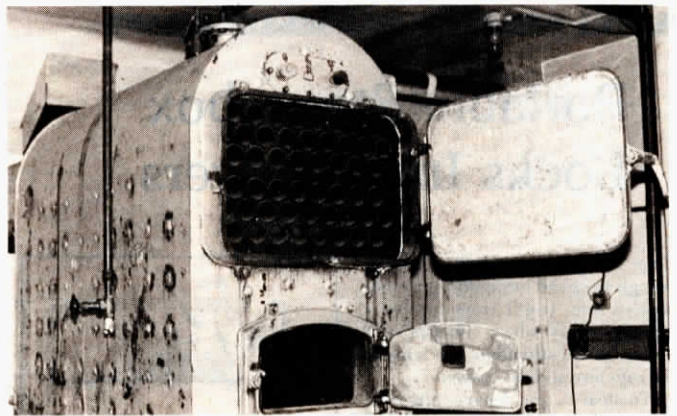
There are other reasons for caution, too.

"You can imagine what kind of problems we'd have if we had to take a farmer's farm away, or if he lost his equity, because we helped him get into something he doesn't know anything about," James E. Lee, assistant FmHA administrator, told FARM SHOW.

"I can tell after a few minutes if a farmer knows anything about alcohol," adds Jim Moen, midwest FmHA agricultural management specialist. "For example, one farmer seeking a loan said, 'But they come with instruction manuals! We had to suggest that he do a lot more study. It isn't that simple.'"

Three on-farm stills had been financed by FmHA when this issue of FARM SHOW went to press: Montgomery's Iowa still; a \$21,000 loan to Amboy, Minnesota farmer Martin Tonn, also for a home-built unit; and a \$140,000 loan to Franklin Navratil, a New Effington, South Dakota, farmer, implement dealer and mechanic who put up his farmland as collateral for a 700 gal. per batch still.

Montgomery, who conducts training seminars and has written a \$4.00 book — "Facts, Figures, and Comments on Alcohol Production"



This cooker is part of Jim Montgomery's alcohol still, reportedly the first government-financed still in the U.S.

— says he plans to build a 25 gal. per hour still as soon as he feels he has thoroughly mastered all the techniques involved.

"Few people really understand the process and there's little accurate information available," he told FARM SHOW. "I may be the only farmer in the country this spring who's powered 100% by home-brewed alcohol in the field." With the help of a neighbor, Montgomery has two tractors and a pickup already converted to and running on 170 proof alcohol. He says he's measured a 15% increase in power in his International 806 tractor over gasoline.

Ten times as much money (\$100 million) is being made available in 1980 for business and industrial-size distilleries geared to producing agricultural fuels. Two loans — one for

\$325,000 in South Carolina and one for \$1,025,000 in Montana — have already been guaranteed by FmHA. Officials indicate that the amount available will meet only a fraction of the demand. Twenty percent down payment is required for large distillery loans.

One of FmHA's goals is to help build at least one alcohol plant in each of the 50 states in 1980, and money has been allocated on a state by state basis. Contact your local FmHA office for more details.

For more information on the government-backed Montgomery still, and his "how to" book on alcohol production, contact: FARM SHOW Followup, Jim Montgomery, Manly, Iowa 50456 (ph 515 454-2922).

BREWS ONE GAL. IN 90 MIN.

New Stove-Top Still Lets You Experiment

"This is a learner's still — you can experiment without going broke," says John Butler, vice president of Victory Still, Inc., manufacturer of a stove-top still that can make alcohol out of kitchen scraps.

Victory Still provides you with the still, enough enzymes and yeast for 30 to 35 batches, and all the forms you need to operate legally with a federal experimental permit. One 5-gal. batch makes about one gal. of fuel-grade alcohol.

"You follow the same steps as on a farm-size still but do it on a smaller scale. Without spending a bundle, you familiarize yourself with the basic processes," explains Butler.

Here's how the still works: You fill it with vegetable peelings and other kitchen garbage (or regular grain), boil it for 15 min. mixed with two enzymes, and let it sit for 3 to 5 days.

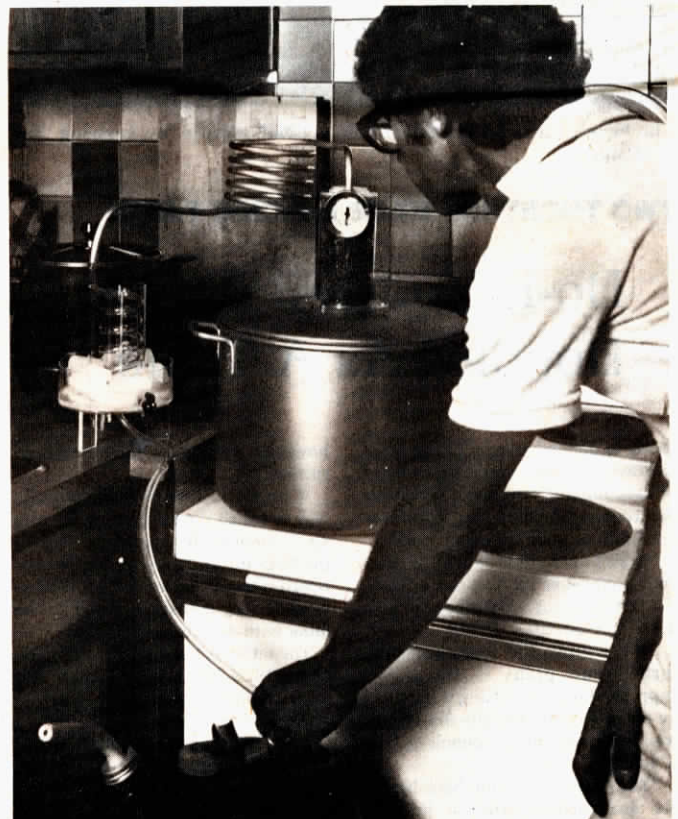
Then, it goes back on the stove to boil off the alcohol. In 90 min., you'll have about one gal. of home-brewed alcohol.

"We've gotten as high as 192 proof but the average is 170," notes Butler, adding that it burns great in chain saws, lawn mowers and other small engines.

If garbage is used, total cost will be around 25 cents a gal., depending on local utility rates, and several batches can be boiled up and fermented at once in a separate container. It's also possible, by passing it through the still a second time, to make 200-proof alcohol that can be mixed with gasoline.

The new still sells for \$99.95.

For more information, contact: FARM SHOW Followup, Victory Still, Inc., 3317 Tait Terrace, Norfolk, Va. 23513 (ph 804 855-7110).



Because it uses aluminum tubes instead of copper, alcohol produced by the stove-top still is undrinkable.