

SB3077



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3077

Introduced 2/2/2024, by Sen. David Koehler

SYNOPSIS AS INTRODUCED:

New Act
30 ILCS 105/5.1015 new

Creates the Local Food Infrastructure Grant Act. Requires the Department of Agriculture to develop and administer a Local Food Infrastructure Grant Program to enhance local food processing, aggregation, and distribution within the State through the award of annual grants. Specifies that eligible grant applicants include certain entities that store, process, package, aggregate, or distribute farm products raised in Illinois. Provides that grant awards shall be between \$1,000 and \$150,000. Describes match requirements for grant recipients. Describes allowable expenses. Requires the Department to create an independent Steering Committee to guide the implementation and evaluation of the grant program. Describes the Steering Committee's composition and responsibilities. Establishes various grant application requirements. Requires the Director of Agriculture to report certain information to the Governor and General Assembly each year. Limits the liability of program administrators. Contains provisions concerning termination of a grant agreement under the Act. Defines terms. Effective immediately.

LRB103 36919 JAG 67033 b

A BILL FOR

1 AN ACT concerning agriculture.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Local
5 Food Infrastructure Grant Act.

6 Section 5. Definitions. In this Act:

7 "Department" means the Department of Agriculture.

8 "Director" means the Director of Agriculture.

9 "Fund" means the Local Food Infrastructure Grant Fund.

10 "Grantee" means the person or entity to whom a grant is
11 made from the Fund.

12 "Lender" means a federal or State chartered bank, a
13 federal land bank, a production credit association, a bank for
14 cooperatives, a federal or State chartered savings and loan
15 association, a federal or State chartered building and loan
16 association, a small business investment company, or any other
17 institution qualified within this State to originate and
18 service loans, including, but not limited to, an insurance
19 company, a credit union, and a mortgage loan company. "Lender"
20 includes a wholly owned subsidiary of a manufacturer, seller,
21 or distributor of goods or services that makes loans to
22 businesses or individuals, commonly known as a captive finance
23 company.

1 "Liability" includes, but is not limited to, accounts
2 payable; notes or other indebtedness owed to any source;
3 taxes; rent; amounts owed on real estate contracts or real
4 estate mortgages; judgments; accrued interest payable; and any
5 other liability.

6 "State" means the State of Illinois.

7 "Underserved Farmer" means a farmer or rancher who meets
8 the United States Department of Agriculture criteria to be
9 designated as a beginning farmer, socially disadvantaged
10 farmer, veteran farmer, or limited resource farmer.

11 "Underserved community" means a community that has limited
12 or no access to resources or that is otherwise disenfranchised
13 as determined by the Department. These communities may include
14 people who are socioeconomically disadvantaged; people with
15 limited English proficiency; geographically isolated or
16 educationally disenfranchised people; people of color as well
17 as those of ethnic and national origin minorities; women and
18 children; individuals with disabilities and others with access
19 and functional needs; and seniors.

20 "Value-added agricultural product" means any farm or
21 agricultural product or by-product that has its value enhanced
22 through processing in Illinois, packaging in Illinois, or any
23 other activity in Illinois.

24 Section 10. Findings.

25 (a) The General Assembly finds that the following

1 conditions exist in this State:

2 (1) Small fruit, vegetable, and livestock farmers are
3 vital to the health and wealth of Illinois communities,
4 yet Illinois does not currently have infrastructure in
5 place to support local food farmers or to feed Illinois
6 communities.

7 (2) An estimated 95% of the food consumed in Illinois
8 is purchased from outside of our borders, resulting in the
9 export of billions of food dollars outside our State
10 rather than the enhancement of our local food economies.

11 (3) A shift of just 10% toward local food purchasing
12 by Illinois individuals, families, schools, institutions,
13 and State agencies could generate billions in economic
14 growth for our State.

15 (4) For Illinois families, businesses, schools, and
16 institutions to shift their purchasing practices, Illinois
17 must invest in supporting critical local food
18 infrastructure needed to bolster production, aggregation,
19 and distribution of local food.

20 (b) The General Assembly determines and declares that
21 there exist conditions in the State that require the
22 Department to issue grants on behalf of the State for the
23 development of local food processing, aggregation, and
24 distribution.

25 Section 15. Local Food Infrastructure Grant Program.

1 Subject to appropriation, the Department shall develop and
2 administer a Local Food Infrastructure Grant Program to
3 enhance local food processing, aggregation, and distribution
4 within the State through the award of annual grants.

5 (1) Eligible grant applicants include any one or more
6 of the following entities that store, process, package,
7 aggregate, or distribute farm products raised in Illinois
8 or plan to do so:

9 (A) Illinois farms with less than 50 employees;

10 (B) Illinois cooperatives with less than 50
11 employees;

12 (C) Illinois processing facilities with less than
13 50 employees;

14 (D) Illinois food businesses with less than 50
15 employees;

16 (E) Illinois food hubs with less than 50
17 employees;

18 (D) Illinois nonprofit organizations; and

19 (E) units of local government in Illinois.

20 Grant proposals may be submitted by individuals,
21 groups, partnerships, or collaborations.

22 (2) Grant awards shall be between \$1,000 and \$150,000.

23 (3) The recipient of a grant under this Section must
24 provide a portion of the total project costs. Of the
25 funded projects, 80% will be required to provide a 50%
26 match. The remaining 20% of funded projects will be

1 categorized as "high need" and will be required to provide
2 a match of up to 20%. The recipient's match may be in cash,
3 cash-equivalent investments, bonds, irrevocable letters of
4 credit, or any combination of those matching fund sources.
5 Acceptable sources of matching funds include, but are not
6 limited to, commercial and private lenders, leasing
7 companies, and grants.

8 (4) All grant funding must be used for purchasing,
9 leasing to own, renting, building, or installing
10 infrastructure that will increase market access of
11 Illinois communities to Illinois agricultural products.
12 Allowable expenses include, but are not limited to:

13 (A) equipment used in the production of
14 value-added agricultural products;

15 (B) milling or pressing equipment;

16 (C) creamery or milk product processing and
17 packaging equipment;

18 (D) food hub development or expansion;

19 (E) cooler walls and refrigeration units;

20 (F) grading, packing, labeling, packaging, or
21 sorting equipment;

22 (G) refrigerated trucks;

23 (H) custom exempt mobile slaughter units and
24 livestock processing equipment;

25 (I) agroforestry processing equipment; and

26 (J) local fish and shrimp processing.

1 Grant funding may not be used for labor, marketing, or
2 promotion.

3 (5) The Local Food Infrastructure Grant Fund is
4 created as a special fund in the State treasury.
5 Appropriations and moneys from any public or private
6 source may be deposited into the Fund. The Fund shall be
7 used for the purposes of this Act. Repayments of grants
8 made under this Section shall be deposited into the Fund.
9 A maximum of 10% of all funds appropriated through this
10 Fund may be awarded to the Department for administrative
11 costs.

12 Section 20. Steering Committee.

13 (a) The Department shall create an independent Local Food
14 Infrastructure Steering Committee to guide the implementation
15 and evaluation of the grant program created by this Act. The
16 Steering Committee shall be selected by the Director, and it
17 shall be composed of, at a minimum, the following members: at
18 least 3 farmers, including one specialty crop farmer, one
19 livestock farmer, and one farmer of color; one representative
20 from the local food processing industry; one representative
21 from a nonprofit organization serving farmers of color; one
22 representative from a nonprofit organization serving farmers
23 at large; and one representative from the Department.

24 (b) The Steering Committee's responsibilities shall
25 include:

- 1 (1) determining the grant funding cycle;
- 2 (2) determining application requirements and terms of
3 the grant agreement;
- 4 (3) determining grant criteria and preferences in
5 addition to those specified in this Act;
- 6 (4) grant review and selection;
- 7 (5) determining project reporting requirements for
8 funded projects; and
- 9 (6) evaluating program success and adjusting criteria,
10 requirements, preferences, implementation, and all other
11 elements of the grant as needed to ensure the grant
12 program meets its intended purpose, so long as changes are
13 in compliance with this Act.

14 (c) Grant applications must be made on forms provided by
15 the Department and in accordance with procedures established
16 by the Steering Committee. At a minimum, an applicant must be
17 an Illinois resident, as defined by Department rule, and must
18 provide the names, addresses, and occupations of all project
19 owners, the project address, relevant credit and financial
20 information (including, but not limited to, assets and
21 liabilities), and any other information deemed necessary by
22 the Steering Committee for review of the grant application.

23 (1) All requests for the waiver of any requirements in
24 this Section must be made in writing to the Department. A
25 grant award is subject to modification or alteration under
26 the following conditions:

1 (A) The grant award is subject to any
2 modifications that may be required by changes in State
3 law or rules. The Department shall notify the
4 recipient in writing of any amendment to the law and
5 rules and the effective date of those amendments.

6 (B) If either the Department or the recipient
7 requests to modify the terms of the grant award,
8 written notice of the proposed modification shall be
9 given to the other party. No modification shall take
10 effect unless agreed to in writing by both the
11 Department and the recipient.

12 (d) The Steering Committee, in reviewing the applications,
13 must consider, but is not limited to considering, the
14 following criteria:

15 (1) whether the project has a reasonable assurance of
16 increasing the availability and accessibility of Illinois
17 agricultural products among Illinois communities;

18 (2) whether there is an adequate and realistic budget
19 projection; and

20 (3) whether the application meets the eligibility
21 requirements and the project costs are eligible under this
22 Act.

23 (e) Preference for grants shall be given to the following:

24 (1) proposals that have established favorable
25 community support;

26 (2) proposals that have a positive economic impact on

1 the State's local food sector;

2 (3) proposals that increase the availability of
3 Illinois agricultural products to underserved communities
4 in Illinois;

5 (4) proposals that positively impact underserved
6 farmers in Illinois;

7 (5) proposals from established farmers and food
8 businesses; and

9 (6) proposals that facilitate long-term economic
10 development in the local food sector.

11 (f) The Steering Committee shall select all applications
12 for funding and, from this selection, shall categorize 20% of
13 the applications as "high need" projects that are eligible for
14 a lower match requirement of 0% to 25%. To qualify as a
15 high-need project, the Steering Committee shall consider, but
16 is not limited to considering, the following criteria:

17 (1) whether the proposal is submitted by an
18 underserved farmer;

19 (2) whether the proposal will positively impact
20 underserved communities; and

21 (3) whether the proposal is submitted by a small or
22 very small farm or a small or very small food business.

23 Section 25. Report. The Director must file with the
24 Governor and General Assembly and publish publicly by March 1
25 of each year a written report detailing the impact of the Local

1 Food Infrastructure Grant for the previous calendar year. The
2 report must include:

3 (1) a complete list of all applications for grants
4 under the Local Food Infrastructure Grant Program during
5 the previous calendar year;

6 (2) a complete list of all persons that were awarded
7 the Local Food Infrastructure Grant and the nature and
8 amount of their awards in the previous calendar year; and

9 (3) a statement of the economic impact of the grant
10 from the previous calendar year, which may include jobs
11 created, local food sales increased, and communities
12 served.

13 Section 30. Liability. The Director, the Local Food
14 Infrastructure Steering Committee, Department employees, and
15 any persons authorized to execute grants are not personally
16 liable on account of the grants made under this Act and are not
17 subject to any personal liability or accountability by reason
18 of the issuance of the grants.

19 Section 35. Default or termination of grant agreement.

20 (a) If the recipient of a grant violates any of the terms
21 of the grant agreement, the Department shall send a written
22 notice to the recipient that the recipient is in default, and
23 the recipient shall be given the opportunity to correct the
24 violations.

1 (b) If the violation is not corrected within 30 days after
2 receipt of the notification, the Director may take any one or
3 more of the following actions:

4 (1) The Director declare due and payable the amount of
5 the grant, or any portion of it, and cease additional
6 grant payments not yet made to the grant recipient.

7 (2) The Director may take any other action considered
8 appropriate to protect the interest of the project.

9 (c) The Department may determine that a recipient has
10 failed to faithfully perform the terms and conditions of the
11 scope of work of the project when:

12 (1) The Department has notified the recipient in
13 writing of the existence of circumstances such as
14 misapplication of grant funds, failure to match Department
15 funds, evidence of fraud and abuse, repeated failure to
16 meet performance timelines or standards, or failure to
17 resolve negotiated points of the agreement.

18 (2) The recipient fails to develop and implement a
19 corrective action plan within 30 calendar days of the
20 Department's notice.

21 (d) A grant may be terminated as provided in this
22 subsection:

23 (1) If there is no appropriation for the grant program
24 for a specific year, all grants for that year will be
25 terminated in full. If there is an insufficient
26 appropriation for the grant program for a specific year,

1 the Department may make proportionate cuts to all
2 recipients.

3 (2) If the Department determines that the recipient
4 has failed to comply with the terms and conditions of the
5 grant agreement, the Department may terminate the grant in
6 whole, or in part, at any time before the date of
7 completion.

8 (3) If the Department determines that the continuation
9 of the project would not produce beneficial results
10 commensurate with the further expenditure of funds, the
11 Department may terminate the grant in whole, or in part,
12 at any time before the date of completion.

13 (4) If the recipient refuses or elects not to complete
14 the grant agreement and terminate the grant, the recipient
15 shall notify the Department within 10 days after the date
16 upon which performance ceases. Upon receipt of the
17 notification, the grant shall be declared terminated, and
18 the Department may declare due and payable the amount of
19 the grant and may cease additional grant payments not yet
20 made to the grantee.

21 (e) Any money collected from the default or termination of
22 a grant shall be placed into the Fund and expended for the
23 purposes of this Act.

24 Section 40. Construction. This Act is necessary for the
25 welfare of this State and must be liberally construed to

1 effectuate its purposes. The Department may adopt rules that
2 are consistent with and necessary for the implementation and
3 administration of this Act.

4 Section 45. The State Finance Act is amended by adding
5 Section 5.1015 as follows:

6 (30 ILCS 105/5.1015 new)

7 Sec. 5.1015. The Local Food Infrastructure Grant Fund.

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.