

AN ACT concerning agriculture.

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

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

Section 5. Definitions. In this Act:

"Department" means the Department of Agriculture.

"Director" means the Director of Agriculture.

"Fund" means the Local Food Infrastructure Grant Fund.

"Grant administrator" means the Department or a nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, that represents farmers, and that has entered into a subcontract with the Department under Section 15 to administer the grant.

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

"Lender" means a federal or State chartered bank, a federal land bank, a production credit association, a bank for cooperatives, a federal or State chartered savings and loan association, a federal or State chartered building and loan association, a small business investment company, or any other institution qualified within this State to originate and service loans, including, but not limited to, an insurance

company, a credit union, and a mortgage loan company.

"Lender" includes a wholly owned subsidiary of a manufacturer, seller, or distributor of goods or services that makes loans to businesses or individuals, commonly known as a captive finance company.

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

"State" means the State of Illinois.

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

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

"Value-added agricultural product" means any farm or agricultural product or by-product that has its value enhanced

through processing in Illinois, packaging in Illinois, or any other activity in Illinois.

Section 10. Findings.

(a) The General Assembly finds that the following conditions exist in this State:

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

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

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

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

(b) The General Assembly determines and declares that there exist conditions in the State that require the

Department to issue grants on behalf of the State for the development of local food processing, aggregation, and distribution.

Section 15. Local Food Infrastructure Grant Program. Funding appropriated for the Local Food Infrastructure Grant Program shall be allocated to the Department. The Department may enter into a subcontract agreement with a nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and that represents farmers in order to administer the grant program established under this Act, so long as the administration of the grant program by the grant administrator adheres to the requirements of this Act, including the following requirements:

(1) Eligible grant applicants shall include any one or more of the following entities that store, process, package, aggregate, or distribute value-added agricultural products or plan to do so:

(A) Illinois farms with less than 50 employees;

(B) Illinois cooperatives with less than 50 employees;

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

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

(E) Illinois food hubs with less than 50

employees;

(F) Illinois nonprofit organizations; and

(G) units of local government in Illinois.

Grant proposals may be submitted to the grant administrator by individuals, groups, partnerships, or collaborations. A recipient of grant funding under this Act whose project is funded in a grant cycle is not eligible to apply for grant funding under this Act for that project in the next funding cycle nor is any other person eligible to apply for grant funding for that project in the next funding cycle. However, any person may apply for grant funding under this Act for such project in any subsequent funding cycles.

(2) Grant awards shall be available for collaborative and individual projects at the following award amounts:

(A) for a collaborative project, a grant of \$1,000 to \$250,000 may be awarded; and

(B) for an individual project, a grant of \$1,000 to \$75,000 may be awarded.

(3) All funded projects must show comparable investments by the recipient in the development and progression of the project being funded or must show evidence of being a high need project. The recipient's comparable investments may be provided in cash, cash-equivalent investments, bonds, irrevocable letters of credit, time and labor, or any combination of those

matching fund sources. Acceptable providers of matching funds include, but are not limited to, commercial, municipal, and private lenders; leasing companies; and grantors of funds. A project may be designated as a high need project if at least one of the following conditions is met:

(A) the project can demonstrate that it is filling a gap in critical infrastructure for its region or community that is unlikely to be resolved without the grant investment; or

(B) the project can demonstrate that the grant investment will primarily serve underserved farmers or underserved communities.

(4) All grant funding provided under this Act must be used for purchasing, leasing to own, renting, building, or installing infrastructure related to the processing, storage, aggregation, or distribution of value-added agricultural products. Allowable expenses include, but are not limited to:

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

(B) milling or pressing equipment;

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

(D) food hub development or expansion;

(E) cooler walls and refrigeration units;

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

(G) refrigerated trucks;

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

(I) agroforestry processing equipment; and

(J) local fish and shrimp processing.

Grant funding provided under this Act may not be used for labor, marketing, or promotion or for the costs of production agriculture, such as costs for the purchase of hoop houses, irrigation, or other infrastructure related to starting or increasing agricultural production.

Section 17. Local Food Infrastructure Grant Fund. The Local Food Infrastructure Grant Fund is created as a special fund in the State treasury. Appropriations and moneys from any public or private source may be deposited into the Fund. The Fund shall be used for the purposes of this Act. Repayments of grants made under this Section shall be deposited into the Fund. A maximum of 10% of all funds appropriated through the Fund may be used by the Department for the costs of administering the grant within the Department or the cost of subcontracting a grant administrator.

Section 20. Program administration.

(a) The grant administrator shall create an independent

Local Food Infrastructure Steering Committee to guide the implementation and evaluation of the grant program created by this Act. The Steering Committee shall be composed of, at a minimum, the following members: at least 3 farmers, including one specialty crop farmer, one livestock farmer, and one farmer of color; one representative from the local food processing industry; one representative from a nonprofit organization serving farmers of color; one representative from a nonprofit organization serving farmers at large; and one representative from the Illinois Stewardship Alliance Local Food Farmer Caucus so long as the Caucus exists.

(b) The Steering Committee's responsibilities shall include advising the Department and any other grant administrator on the following matters:

(1) application requirements and terms of grant agreements;

(2) grant criteria and preferences, including additional criteria and preferences to be adopted by the Department by rule;

(3) the meaning of the term "collaborative project" to be codified in Department rules;

(4) grant review and selection;

(5) project reporting requirements for funded projects; and

(6) evaluation of program success and adjustment of criteria, requirements, preferences, program

implementation, and other elements of the grant program as needed to ensure that the grant program meets its intended purpose and complies with this Act.

(c) An applicant for grant funding under this Act must, at a minimum, be an Illinois resident, as defined by Department rule, and provide the names, addresses, and occupations of all project owners, the project address, relevant credit and financial information (including, but not limited to, assets and liabilities), and any other information deemed necessary by the grant administrator for review of the grant application. A grant award is subject to modification or alteration under the condition that the grant award is subject to any modifications that may be required by changes in State law or rules. The Department shall provide written notice to the recipient or, if subcontracting with another grant administrator, the other grant administrator of any amendment to the Act or rules adopted under the Act and the effective date of those amendments.

(d) The grant administrator, in reviewing the applications, must consider, but is not limited to considering, the following criteria:

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

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

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

(e) Preference for grants shall be given to the following types of proposals:

(1) proposals that have established favorable community support;

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

(3) proposals that positively impact underserved farmers in Illinois;

(4) proposals from established farmers and food businesses;

(5) proposals that facilitate long-term economic development in the local food sector;

(6) proposals that demonstrate comparable investments by the anticipated recipient;

(7) proposals for high need projects; and

(8) proposals that are submitted by small and very small farms and food businesses.

Section 25. Report. The grant administrator must annually file with the Governor and General Assembly and publish publicly each year a written report detailing the impact of the Local Food Infrastructure Grant Program for the previous

calendar year. The report must include:

(1) a complete list of all applications for grants under this Act that were received during the previous calendar year;

(2) a complete list of all persons that were awarded a grant under this Act in the previous calendar year and the nature and amount of their awards; and

(3) a statement of the economic impact of the grants made in the previous calendar year, which may include jobs created, local food sales increased, and communities served.

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

Section 35. Default or termination of grant agreement.

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

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

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

(2) The grant administrator may take any other action considered appropriate to protect the interest of the project.

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

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

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

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

(1) If there is no appropriation for the grant program for a specific year, all grants for that year will be

terminated in full. If there is an insufficient appropriation for the grant program for a specific year, the grant administrator may make proportionate cuts to all recipients.

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

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

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

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

Section 40. Construction. This Act is necessary for the welfare of this State and must be liberally construed to effectuate its purposes. The Department may adopt rules that are consistent with and necessary for the implementation and administration of this Act.

Section 900. The State Finance Act is amended by adding Section 5.1015 as follows:

(30 ILCS 105/5.1015 new)

Sec. 5.1015. The Local Food Infrastructure Grant Fund.

Section 999. Effective date. This Act takes effect upon becoming law.