

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 "Grant administrator" means the Department or a nonprofit
11 organization that is exempt from taxation under Section
12 501(c)(3) of the Internal Revenue Code, that represents
13 farmers, and that has entered into a subcontract with the
14 Department under Section 15 to administer the grant.

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

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

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

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

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

11 "State" means the State of Illinois.

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

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

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

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

3 Section 10. Findings.

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

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

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

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

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

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

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

4 Section 15. Local Food Infrastructure Grant Program.
5 Funding appropriated for the Local Food Infrastructure Grant
6 Program shall be allocated to the Department. The Department
7 may enter into a subcontract agreement with a nonprofit
8 organization that is exempt from taxation under Section
9 501(c)(3) of the Internal Revenue Code and that represents
10 farmers in order to administer the grant program established
11 under this Act, so long as the administration of the grant
12 program by the grant administrator adheres to the requirements
13 of this Act, including the following requirements:

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

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

19 (B) Illinois cooperatives with less than 50
20 employees;

21 (C) Illinois processing facilities with less than
22 50 employees;

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

25 (E) Illinois food hubs with less than 50

1 employees;

2 (F) Illinois nonprofit organizations; and

3 (G) units of local government in Illinois.

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

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

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

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

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

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

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

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

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

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

22 (B) milling or pressing equipment;

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

25 (D) food hub development or expansion;

26 (E) cooler walls and refrigeration units;

- 1 (F) grading, packing, labeling, packaging, or
2 sorting equipment;
- 3 (G) refrigerated trucks;
- 4 (H) custom exempt mobile slaughter units and
5 livestock processing equipment;
- 6 (I) agroforestry processing equipment; and
- 7 (J) local fish and shrimp processing.

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

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

23 Section 20. Program administration.

24 (a) The grant administrator shall create an independent

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

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

15 (1) application requirements and terms of grant
16 agreements;

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

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

22 (4) grant review and selection;

23 (5) project reporting requirements for funded
24 projects; and

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

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

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

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

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

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

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

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

6 (1) proposals that have established favorable
7 community support;

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

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

13 (4) proposals from established farmers and food
14 businesses;

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

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

19 (7) proposals for high need projects; and

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

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

1 calendar year. The report must include:

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

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

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

12 Section 30. Liability. The Director, the grant
13 administrator, the Local Food Infrastructure Steering
14 Committee, Department employees, and any persons authorized to
15 execute grants are not personally liable on account of the
16 grants made under this Act and are not subject to any personal
17 liability or accountability by reason of the issuance of the
18 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 grant administrator shall send a
22 written notice to the recipient that the recipient is in
23 default, and the recipient shall be given the opportunity to
24 correct the violations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (30 ILCS 105/5.1015 new)

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

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