

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

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

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

18 "State" means the State of Illinois.

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

23 "Underserved community" means a community that has limited
24 or no access to resources or that is otherwise disenfranchised
25 as determined by the Department. These communities may include
26 people who are socioeconomically disadvantaged; people with

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1 limited English proficiency; geographically isolated or
2 educationally disenfranchised people; people of color as well
3 as ethnic and national origin minorities; women and children;
4 individuals with disabilities and others with access and
5 functional needs; and seniors.

6 "Value-added agricultural product" means any farm or
7 agricultural product or by-product that has its value enhanced
8 through processing in Illinois, packaging in Illinois, or any
9 other activity in Illinois.

10 Section 10. Findings.

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

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

18 (2) An estimated 95% of the food consumed in Illinois

19 is purchased from outside of our borders, resulting in the
20 export of billions of food dollars outside our State
21 rather than the enhancement of our local food economies.

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

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

6 (b) The General Assembly determines and declares that
7 there exist conditions in the State that require the
8 Department to issue grants on behalf of the State for the
9 development of local food processing, aggregation, and
10 distribution.

11 Section 15. Local Food Infrastructure Grant Program.
12 Funding appropriated for the Local Food Infrastructure Grant
13 Program shall be allocated to the Department. The Department
14 may enter into a subcontract agreement with a nonprofit
15 organization that is exempt from taxation under Section
16 501(c)(3) of the Internal Revenue Code and that represents
17 farmers in order to administer the grant program established
18 under this Act, so long as the administration of the grant
19 program by the grant administrator adheres to the requirements
20 of this Act, including the following requirements:

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

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

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- 1 (B) Illinois cooperatives with less than 50
2 employees;
- 3 (C) Illinois processing facilities with less than
4 50 employees;
- 5 (D) Illinois food businesses with less than 50
6 employees;
- 7 (E) Illinois food hubs with less than 50
8 employees;
- 9 (F) Illinois nonprofit organizations; and
10 (G) units of local government in Illinois.

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

- 21 (2) Grant awards shall be available for collaborative
22 and individual projects at the following award amounts:
- 23 (A) for a collaborative project, a grant of \$1,000
24 to \$250,000 may be awarded; and
- 25 (B) for an individual project, a grant of \$1,000
26 to \$75,000 may be awarded.

- 1 (3) All funded projects must show comparable
2 investments by the recipient in the development and
3 progression of the project being funded or must show
4 evidence of being a high need project. The recipient's
5 comparable investments may be provided in cash,
6 cash-equivalent investments, bonds, irrevocable letters of
7 credit, time and labor, or any combination of those
8 matching fund sources. Acceptable providers of matching
9 funds include, but are not limited to, commercial,
10 municipal, and private lenders; leasing companies; and
11 grantors of funds. A project may be designated as a high

12 need project if at least one of the following conditions
13 is met:

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

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

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

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- 1 (A) equipment used in the production of
2 value-added agricultural products;
3 (B) milling or pressing equipment;
4 (C) creamery or milk product processing and
5 packaging equipment;
6 (D) food hub development or expansion;
7 (E) cooler walls and refrigeration units;
8 (F) grading, packing, labeling, packaging, or
9 sorting equipment;
10 (G) refrigerated trucks;
11 (H) custom exempt mobile slaughter units and
12 livestock processing equipment;
13 (I) agroforestry processing equipment; and
14 (J) local fish and shrimp processing.

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

20 Section 17. Local Food Infrastructure Grant Fund. The
21 Local Food Infrastructure Grant Fund is created as a special

22 fund in the State treasury. Appropriations and moneys from any
23 public or private source may be deposited into the Fund. The
24 Fund shall be used for the purposes of this Act. Repayments of
25 grants made under this Section shall be deposited into the

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1 Fund. A maximum of 10% of all funds appropriated through the
2 Fund may be used by the Department for the costs of
3 administering the grant within the Department or the cost of
4 subcontracting a grant administrator.

5 Section 20. Program administration.

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

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

21 (1) application requirements and terms of grant
22 agreements;

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

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

3 (4) grant review and selection;

4 (5) project reporting requirements for funded

5 projects; and

6 (6) evaluation of program success and adjustment of
7 criteria, requirements, preferences, program
8 implementation, and other elements of the grant program as
9 needed to ensure that the grant program meets its intended
10 purpose and complies with this Act.

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

26 (d) The grant administrator, in reviewing the

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1 applications, must consider, but is not limited to
2 considering, the following criteria:

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

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

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

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

13 (1) proposals that have established favorable
14 community support;

15 (2) proposals that increase the availability of

16 Illinois agricultural products to underserved communities
17 in Illinois;

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

20 (4) proposals from established farmers and food
21 businesses;

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

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

26 (7) proposals for high need projects; and

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

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

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

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

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

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

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1 Section 35. Default or termination of grant agreement.

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

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

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

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

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

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

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

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

6 (1) If there is no appropriation for the grant program
7 for a specific year, all grants for that year will be
8 terminated in full. If there is an insufficient
9 appropriation for the grant program for a specific year,

10 the grant administrator may make proportionate cuts to all
11 recipients.

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

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

23 (4) If the recipient refuses or elects not to complete
24 the grant agreement and terminate the grant, the recipient
25 shall notify the grant administrator within 10 days after
26 the date upon which performance ceases. Upon receipt of

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1 the notification, the grant shall be declared terminated,
2 and the grant administrator may declare due and payable
3 the amount of the grant and may cease additional grant
4 payments not yet made to the grantee.

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

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

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

15 (30 ILCS 105/5.1015 new)

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

17 Section 999. Effective date. This Act takes effect upon

18 becoming law.".