

No. 2019-38

AN ACT

HB 1590

Amending Title 64 (Public Authorities and Quasi-Public Corporations) of the Pennsylvania Consolidated Statutes, in Commonwealth Financing Authority, establishing the Dairy Investment Program and Dairy Investment Program Account.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Title 64 of the Pennsylvania Consolidated Statutes is amended by adding a section to read:

§ 1552.1. Dairy Investment Program.

(a) Establishment.—There is established a program to be known as the Dairy Investment Program. The program shall provide financial assistance in the form of grants for projects located within this Commonwealth that support the dairy industry.

(b) Eligible applicants.—The following entities may apply for grants:

(1) A corporation, partnership, sole proprietorship, limited liability company, cooperative or any other commercial entity approved by the authority.

(2) A private not-for-profit entity undertaking agriculture-related activities that support the dairy industry.

(3) A public school, private school or charter school.

(4) An accredited university, college, seminary college, community college or two-year college.

(c) Eligible projects.—The following types of projects shall be eligible for grants:

(1) Research and development projects that involve any of the following:

(i) Identifying new food or beverage products using milk or milk components.

(ii) Identifying pharmaceutical or industrial uses for milk or milk components.

(iii) Extending the shelf life of milk and dairy products.

(iv) Developing production and processing methods that reduce the risk of foodborne illnesses in Grade A or Grade B milk and dairy products.

(v) Developing new technologies allowing producers, processors and distributors to provide consumers with transparent, verifiable information on milk and dairy products.

(vi) Developing specialized equipment for use in organic production, value-added processing or marketing of milk and dairy products.

(vii) Researching, developing and distributing best management practices to enhance the workforce skills in milk and dairy production and processing.

(viii) Developing specialized or innovative packaging for milk and dairy products that enhances the flavor or appearance of the products or reduces the risk of foodborne illnesses.

(2) Transitioning to certified organic production projects, processing projects and distribution projects that involve any of the following:

(i) Defraying costs of a third-party certification audit conducted by an auditor accredited by the United States Department of Agriculture.

(ii) Defraying costs of technical assistance to producers or processors developing or implementing organic system plans for milk or feed grains.

(iii) Defraying costs associated with the design of product labeling to feature the United States Department of Agriculture certified organic seal.

(iv) Developing signage or other tools by which a producer transitioning to organic production methods can provide notice to other producers, municipal employees or the public of the application of pesticides near property boundaries.

(v) Defraying costs of specialized equipment for organic processing.

(3) Value-added processing projects involving any of the following:

(i) A third-party feasibility analysis of the economic, market, technical, financial and management capabilities of a proposed project or project site.

(ii) Additional costs relating to food safety licensing or certification incurred as the result of a new or expanded value-added dairy facility.

(iii) Capital costs to construct a new value-added dairy facility or expand an existing value-added dairy facility.

(iv) Costs incurred as a result of a new value-added dairy facility or expanded value-added dairy facility relating to any of the following:

(A) Site selection and development, permitting or zoning.

(B) Compliance with Federal or State laws or regulations or municipal ordinances.

(4) Marketing projects that involve any of the following:

(i) Domestic or international market research and demonstration programs for milk and dairy products.

(ii) Defraying costs of technical assistance in creating or expanding a cooperative or other shared marketing arrangement, including mid-tier value chains.

(iii) Regional or local branding efforts serving more than one producer or processor and complementing the PA Preferred® program.

(iv) Paid media advertising that intentionally segments the marketplace and identifies a target audience to influence consumer buying habits and behavior in favor of milk.

(v) *Developing on-farm tourism opportunities as a potential source of additional revenue for a producer.*

(vi) *Distribution of specialized packaging for milk and dairy products that enhance the flavor or appearance of the products or reduce the risk of foodborne illnesses.*

(vii) *Promotional campaigns, including the pairing of milk and dairy products with other Pennsylvania-produced foods and beverages.*

(d) *Additional projects.—The authority may consider additional types of projects for grants, as well as other grant award amounts for projects, that the authority, in consultation with the Department of Agriculture, determines will effectuate the intent of the program.*

(e) *Applications for grants.—*

(1) *An applicant may submit an application to the authority requesting a grant in an amount not to exceed the amount under subsection (g) for the type of project eligible under subsection (c). The application shall be on a form required by the board and shall include all of the following information:*

(i) *The applicant's name and address.*

(ii) *The location of the project.*

(iii) *A description of the project.*

(iv) *An estimate of the costs associated with the project and the goal to be achieved by carrying out the proposed activities of the project.*

(v) *Any other information required by the authority.*

(2) *A \$100 nonrefundable application fee made payable to the authority shall accompany each application.*

(f) *Review and approval of applications.—*

(1) *The authority shall, in consultation with the Department of Agriculture, review an application and evaluate the application based on the following criteria:*

(i) *Whether the project incorporates at least 75% Pennsylvania-sourced milk.*

(ii) *The extent to which matching funds are used or leveraged.*

(iii) *Whether the project can be replicated for use across this Commonwealth.*

(iv) *Whether the project includes a strategic plan for implementation.*

(v) *The inclusion of an itemized budget of all costs.*

(2) *The authority may develop additional evaluation criteria for each type of eligible project under subsection (c).*

(3) *Grants shall be awarded to the extent funds are available.*

(g) *Grant awards.—Grant awards shall be as follows:*

(1) *For grants under subsection (c)(1), an amount not to exceed \$100,000.*

(2) *For grants under subsection (c)(2), an amount not to exceed \$50,000.*

(3) *For grants under subsection (c)(3), an amount not to exceed:*

(i) Fifty thousand dollars for an on-farm or single producer project.

(ii) Five hundred thousand dollars for a cooperative, processing plant or multi-producer project.

(4) For grants under subsection (c)(4), an amount not to exceed \$100,000.

(h) Requirements.—

(1) The requirements for the administration of the program shall be as follows:

(i) A project shall require a 15% cash match of the total project cost.

(ii) An application for a grant under this section must be received by a deadline to be established by the authority.

(iii) The authority shall execute a grant agreement between the board and a successful applicant before the payment of a grant award.

(iv) A successful applicant shall maintain full and accurate records for the project.

(v) A successful applicant shall submit to the authority copies of all canceled checks or other records verifying expenditures of grant proceeds.

(vi) A successful applicant shall submit to the authority a final report of the project, including any information as required by the board.

(2) The authority may establish additional requirements for the program as the authority deems necessary to administer the program.

(i) Restrictions and limitations.—

(1) Administration costs for a project shall not exceed 2% of a total grant award.

(2) An applicant may not commence work on a project before receiving authority approval of the project grant. Commencement of work prior to receiving authority approval will result in a project application being ineligible for funding consideration.

(3) A successful applicant may not make a substantial change to an approved project without first obtaining authority consent in writing.

(4) Any unused portion of a grant award shall be returned to the authority.

(5) Grant awards may only be used for new projects approved by the board.

(6) Grant awards may not be used for any of the following:

(i) Paying fees for securing financing.

(ii) Paying interest on borrowed funds.

(iii) Refinancing existing debt.

(iv) Paying for lobbying services.

(v) Paying fines.

(vi) Application preparation fees.

(7) The authority may establish additional restrictions and limitations as the authority deems necessary to administer the program.

(j) *Account.*—The authority shall establish the Dairy Investment Program Account. Any funds appropriated to the Dairy Investment Program shall be deposited into the Dairy Investment Program Account for use in awarding grants under this section.

(k) *Transfers.*—Funds in the First Industries Program Account may be transferred to the Dairy Investment Program Account as determined by the General Assembly.

(l) *Definitions.*—As used in this section, the following words and phrases shall have the meanings given to them in this subsection unless the context clearly indicates otherwise:

"*Cooperative.*" A for-profit or not-for-profit corporation formed under 15 Pa.C.S. Pt. II Subpt. D (relating to cooperative corporations) that is owned and governed by individuals who use the corporation's goods and services and share any profits of the corporation.

"*Dairy product.*" A food or nonfood product made from milk and other ingredients.

"*Mid-tier value chain.*" Local and regional supply networks that link independent producers with businesses, cooperatives or consumers that market a value-added dairy product in a manner that enhances the profitability of dairy farms.

"*Milk.*" A fluid secreted by the mammary glands of cows, sheep and goats for human consumption and use and classified as Grade A or Grade B with a current permit from the Department of Agriculture.

"*Organic.*" A farm or processing operation that in whole or in part has been certified as organic or in transition to organic by a third party accredited by the United States Department of Agriculture. The term includes the production and processing of milk and dairy products and the production of certified organic feed grains for certified organic dairy animals.

"*Processor.*" An entity that pasteurizes or bottles milk for sale or transforms milk into a value-added dairy product.

"*Producer.*" A person, group or other entity that:

(1) owns or operates a farm in this Commonwealth that is not less than 10 contiguous acres where the production of milk occurs; and

(2) has an anticipated yearly gross income of at least \$10,000.

"*Value-added dairy.*" The process of transforming milk into a product of higher economic value in the marketplace for food use or nonfood use.

Section 2. This act shall take effect immediately.

APPROVED—The 1st day of July, A.D. 2019

TOM WOLF