



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

SB2432

Introduced 2/10/2023, by Sen. David Koehler

#### SYNOPSIS AS INTRODUCED:

New Act  
30 ILCS 105/5.990 new

Creates the Local Food Infrastructure Grant Act. Provides that the Department of Agriculture shall develop and administer an annual Local Food Infrastructure Grant Program to enhance local food processing, aggregation, and distribution within the State. Establishes eligibility requirements for the grants. Provides that all grant funding must be used for the purchasing, leasing to own, renting, building, or installation of infrastructure that will increase market access of Illinois communities to Illinois agricultural products. Provides that the Department shall create an independent Local Food Infrastructure Steering Committee to guide the implementation and evaluation of the grant. Provides that the committee shall be selected by the Director. Provides that the committee shall include, but is not limited to, 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 non-profit organization serving farmers of color, one representative from a non-profit organization serving farmers at large, and one representative from the Department. Provides that the Director must file with the Governor and General Assembly, and publish publicly on or before March 1 of each year, a written report detailing the impact of the Local Food Infrastructure Grant for the previous calendar year. The report must include a complete list of (1) all applications for grants under the Local Food Infrastructure Grant Program during the previous calendar year; (2) all persons that were awarded the Local Food Infrastructure Grant and the nature and amount of their awards in the previous calendar year; and (3) the economic impact of the grant from the previous calendar year, which may include jobs created, local food sales increases, and communities served. Amends the State Finance Act to create the Local Food Infrastructure Grant Fund in the State treasury. Effective immediately.

LRB103 28719 RLC 55101 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 which a grant is  
11 made from the Fund.

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

23 "Liability" includes, but is not limited to, the

1 following: accounts payable; notes or other indebtedness owed  
2 to any source; taxes; rent; amounts owed on real estate  
3 contracts or real estate mortgages; judgments; accrued  
4 interest payable; and any other liability.

5 "State" means the State of Illinois.

6 "Underserved Farmer" means farmers or ranchers who are:  
7 Beginning; Socially Disadvantaged; Veterans; and Limited  
8 Resource, as defined by the USDA.

9 "Underserved Community" means communities that have  
10 limited or no access to resources or that are otherwise  
11 disenfranchised. These groups may include people who are  
12 socioeconomically disadvantaged; people with limited English  
13 proficiency; geographically isolated or educationally  
14 disenfranchised people; people of color as well as those of  
15 ethnic and national origin minorities; women and children;  
16 individuals with disabilities and others with access and  
17 functional needs; and seniors.

18 "Value-added" means the processing, packaging, or  
19 otherwise enhancing the value of farm and agricultural  
20 products or by-products produced in Illinois.

21 Section 10. Legislative findings.

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

24 (1) Small fruit, vegetable, and livestock farmers are  
25 vital to the health and wealth of Illinois communities,

1           yet Illinois does not currently have infrastructure in  
2           place to support local food farmers and feed Illinois  
3           communities.

4           (2) An estimated 95% of the food consumed in Illinois  
5           is purchased from outside our borders, resulting in the  
6           export of billions of food dollars outside our state  
7           instead of building local economies.

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

12          (4) In order for Illinois families, businesses,  
13          schools, and institutions to shift their purchasing  
14          practices, Illinois must invest in supporting critical  
15          local food infrastructure needed to scale up production,  
16          aggregation, and distribution of local food.

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

22          Section 15. Local Food Infrastructure Grant Program. The  
23          Department shall develop and administer an annual Local Food  
24          Infrastructure Grant Program to enhance local food processing,  
25          aggregation, and distribution within this State.

1           (1) Eligibility. Eligible applicants must currently or  
2 plan to store, process, package, aggregate, or distribute  
3 farm products raised in Illinois. Eligible applicants  
4 include, but are not limited to:

5                   (A) Illinois farms with less than 50 employees.

6                   (B) Illinois cooperatives with less than 50  
7 employees.

8                   (C) Illinois processing facilities, food  
9 businesses, and food hubs, with less than 50  
10 employees.

11                   (D) Illinois non-profit organizations.

12                   (E) Units of local government in Illinois.

13           Proposals may be submitted by individuals, groups,  
14 partnerships, or collaborations.

15           (2) Award. Grant awards shall be between \$1000 and  
16 \$150,000.

17           (3) Matching. The recipient of a grant under this  
18 Section must provide a percentage for the total project  
19 costs. 80% of all funded projects will be required to  
20 provide a 50% match. The remaining 20% of funded projects  
21 shall be categorized as "high need" and shall be required  
22 to provide a 0 to 20% match. The recipient's match may be  
23 in cash, cash-equivalent investments, or bonds,  
24 irrevocable letters of credit, or any combination thereof.  
25 Acceptable matching fund sources include, but are not  
26 limited to, commercial and private lenders, leasing

1 companies, and grants.

2 (4) Allowable expenses. All grant funding must be used  
3 for the purchasing, leasing to own, renting, building, or  
4 installation of infrastructure that will increase market  
5 access of Illinois communities to Illinois agricultural  
6 products. Allowable expenses include, but are not limited  
7 to:

8 (A) Equipment used in the production of  
9 value-added agricultural products.

10 (B) Milling or pressing equipment.

11 (C) Creamery or milk product processing and  
12 packaging equipment.

13 (D) Food hub development or expansion.

14 (E) Cooler walls and refrigeration units.

15 (F) Grading, packing, labeling, packaging, or  
16 sorting equipment.

17 (G) Refrigerated trucks.

18 (H) Custom exempt mobile slaughter units and  
19 livestock processing equipment.

20 (I) Agroforestry processing equipment.

21 (J) Local fish and shrimp processing.

22 Grant funding may not be used for labor, marketing, or  
23 promotion.

24 (5) Funding source. The Local Food Infrastructure  
25 Grant Fund is created as a special fund in the State  
26 treasury. Appropriations and moneys from any public or

1 private source may be deposited into the Fund. The Fund  
2 shall be used for the purposes of this Act. Repayments of  
3 grants made under this Section shall be deposited into the  
4 Fund. A maximum of 10% of all funds appropriated through  
5 this fund may be awarded to the Department for  
6 administrative costs.

7 Section 20. Steering Committee. The Department shall  
8 create an independent Local Food Infrastructure Steering  
9 Committee to guide the implementation and evaluation of the  
10 grant. The committee shall be selected by the Director. The  
11 committee shall include, but is not limited to, at least 3  
12 farmers, including one specialty crop farmer, one livestock  
13 farmer, and one farmer of color, one representative from the  
14 local food processing industry, one representative from a  
15 non-profit organization serving farmers of color, one  
16 representative from a non-profit organization serving farmers  
17 at large, and one representative from the Department.

18 (1) The Steering Committee's responsibilities shall  
19 include:

20 (A) Determining the grant funding cycle.

21 (B) Determining Application Requirements and terms  
22 of the grant agreement.

23 (C) Determining grant criteria and preferences in  
24 addition to those specified in this Act.

25 (D) Grant review and selection.

1 (E) Determining project reporting requirements for  
2 funded projects.

3 (F) Evaluating program success and adjusting  
4 criteria, requirements, preferences, implementation,  
5 and all other elements of the grant as needed to ensure  
6 the grant program meets its intended purpose, so long  
7 as changes are in compliance with this Act.

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

19 (A) All requests for the waiver of any  
20 requirements in this Section must be made in writing  
21 to the Department. A grant award is subject to  
22 modification or alteration under, but is not limited  
23 to, the following conditions:

24 (i) The grant award is subject to any  
25 modifications that may be required by changes in  
26 State law or regulations. The Department shall



1 notify the recipient in writing of any amendment  
2 to the regulations and the effective date of those  
3 amendments.

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

10 (3) Grant review process.

11 (A) Criteria. The Steering Committee, in reviewing  
12 the applications, must consider, but is not limited to  
13 considering the following criteria:

14 (i) The project has a reasonable assurance of  
15 increasing the availability and accessibility of  
16 Illinois agricultural products among Illinois  
17 communities.

18 (ii) There is an adequate and realistic budget  
19 projection.

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

23 (B) Preference. Preference for grants shall be  
24 given to, but is not limited to, the following:

25 (i) Proposals that have established favorable  
26 community support.

1 (ii) Proposals that have a positive economic  
2 impact on the State's local food sector.

3 (iii) Proposals that increase the availability  
4 of Illinois agricultural products to underserved  
5 communities in Illinois.

6 (iv) Proposals that positively impact  
7 underserved farmers in Illinois.

8 (v) Established farmers and food businesses.

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

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

19 (i) Proposals submitted by underserved  
20 farmers.

21 (ii) Proposals that will positively impact  
22 underserved communities.

23 (iii) Proposals that are submitted by small  
24 and very small farms and food businesses.

25 Section 25. Report. The Director must file with the

1 Governor and General Assembly, and publish publicly on or  
2 before March 1 of each year a written report detailing the  
3 impact of the Local Food Infrastructure Grant for the previous  
4 calendar year. The report must include a complete list of: (1)  
5 all applications for grants under the Local Food  
6 Infrastructure Grant Program during the previous calendar  
7 year; (2) all persons that were awarded the Local Food  
8 Infrastructure Grant and the nature and amount of their awards  
9 in the previous calendar year; and (3) the economic impact of  
10 the grant from the previous calendar year, which may include  
11 jobs created, local food sales increases, and communities  
12 served.

13 Section 30. Liability. The Director, Local Food  
14 Infrastructure Steering Committee, any Department employee, or  
15 any authorized person executing grants is not personally  
16 liable on the grants and is 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. If  
20 the recipient of a grant violates any of the terms of the grant  
21 agreement, the Department shall send a written notice to the  
22 recipient that he or she is in default and be given the  
23 opportunity to correct the violations.

24 (1) If the violation is not corrected within 30 days

1 after receipt of the notification, the Director may take,  
2 but is not limited to, one or more of the following  
3 actions:

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

7 (B) Take any other action considered appropriate  
8 to protect the interest of the project.

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

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

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

22 (3) A grant may be terminated under, but termination  
23 is not limited to, any of the following circumstances:

24 (A) In the absence of State funding for a specific  
25 year, all grants that year will be terminated in full.  
26 In the event of a partial loss of State funding, the

1 Department may make proportionate cuts to all  
2 recipients.

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

8 (C) The Department may terminate the grant in  
9 whole, or in part, when the Department determines that  
10 the continuation of the project would not produce  
11 beneficial results commensurate with the further  
12 expenditures of funds.

13 (D) The recipient may refuse or elect not to  
14 complete the grant agreement and terminate the grant.  
15 The recipient shall notify the Department within 10  
16 days after the date upon which performance ceases. The  
17 Department may declare due and payable the amount of  
18 the grant and may cease additional grant payments not  
19 yet made to the grantee.

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

23 Section 40. Construction. This Act is necessary for the  
24 welfare of this State and must be liberally construed to  
25 effect its purposes. The Department may adopt rules that are

1 consistent with and necessary for the administration of this  
2 Act.

3 Section 90. The State Finance Act is amended by adding  
4 Section 5.990 as follows:

5 (30 ILCS 105/5.990 new)

6 Sec. 5.990. The Local Food Infrastructure Grant Fund.

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