

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1590 Session of
2019

INTRODUCED BY OWLETT, CAUSER, M. K. KELLER, PICKETT, GREGORY,
PASHINSKI, FEE, CALTAGIRONE, SAYLOR, DeLUCA, MILLARD,
ZIMMERMAN, HERSHEY AND KAUFFMAN, JUNE 7, 2019

SENATOR VOGEL, AGRICULTURE AND RURAL AFFAIRS, IN SENATE, AS
AMENDED, JUNE 24, 2019

AN ACT

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

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

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

9 § 1552.1. Dairy Investment Program.

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

14 (b) Eligible applicants.--The following entities may apply
15 for grants:

16 (1) A corporation, partnership, sole proprietorship,
17 limited liability company, cooperative or any other

1 commercial entity approved by the authority.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (ii) Additional costs relating to food safety
30 licensing or certification incurred as the result of a

1 new or expanded value-added dairy facility.

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

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

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

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

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

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

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

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

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

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

28 (vi) Distribution of specialized packaging for milk
29 and dairy products that enhance the flavor or appearance
30 of the products or reduce the risk of foodborne

1 illnesses.

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

5 (D) ADDITIONAL PROJECTS.--THE AUTHORITY MAY CONSIDER <--
6 ADDITIONAL TYPES OF PROJECTS FOR GRANTS, AS WELL AS OTHER GRANT
7 AWARD AMOUNTS FOR PROJECTS, THAT THE AUTHORITY, IN CONSULTATION
8 WITH THE DEPARTMENT OF AGRICULTURE, DETERMINES WILL EFFECTUATE
9 THE INTENT OF THE PROGRAM.

10 ~~(d)~~ (E) Applications for grants.-- <--

11 (1) An applicant may submit an application to the
12 authority requesting a grant in an amount not to exceed the
13 amount under subsection ~~(f)~~ (G) for the type of project <--
14 eligible under subsection (c). The application shall be on a
15 form required by the board and shall include all of the
16 following information:

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

18 (ii) The location of the project.

19 (iii) A description of the project.

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

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

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

26 ~~(e)~~ (F) Review and approval of applications.-- <--

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

30 (i) Whether the project incorporates at least 75%

1 Pennsylvania-sourced milk.

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

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

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

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

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

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

15 ~~(f)~~ (G) Grant awards.--Grant awards shall be as follows: <--

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

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

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

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

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

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

28 ~~(g)~~ (H) Requirements.-- <--

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

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

3 (ii) An application for a grant under this section
4 must be received by A DEADLINE TO BE ESTABLISHED BY the <--
5 authority no less than 60 days before a board meeting <--
6 where the application is considered.

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

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

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

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

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

21 ~~(h)~~ (I) Restrictions and limitations.-- <--

22 (1) Administration costs for a project shall not exceed
23 2% of a total grant award.

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

29 (3) A successful applicant may not make a substantial
30 change to an approved project without first obtaining

1 authority consent in writing.

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

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

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

8 (i) Paying fees for securing financing.

9 (ii) Paying interest on borrowed funds.

10 (iii) Refinancing existing debt.

11 (iv) Paying for lobbying services.

12 (v) Paying fines.

13 (vi) Application preparation fees.

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

17 ~~(i) (J) Account.--The authority shall establish the Dairy~~ <--
18 ~~Investment Program Account. ANY FUNDS APPROPRIATED TO THE DAIRY~~ <--
19 ~~INVESTMENT PROGRAM SHALL BE DEPOSITED INTO THE DAIRY INVESTMENT~~
20 ~~PROGRAM ACCOUNT for use in awarding grants under this section.~~

21 ~~(j) (K) Transfers.--Funds in the First Industries Program~~ <--
22 ~~Account shall MAY be transferred to the Dairy Investment Program~~ <--
23 ~~Account as determined by the General Assembly. The General~~ <--
24 ~~Assembly may appropriate funds to the Dairy Investment Program~~
25 ~~Account.~~

26 ~~(k) (L) Definitions.--As used in this section, the~~ <--
27 ~~following words and phrases shall have the meanings given to~~
28 ~~them in this subsection unless the context clearly indicates~~
29 ~~otherwise:~~

30 "Cooperative." A for-profit or not-for-profit corporation

1 formed under 15 Pa.C.S. Pt. II Subpt. D (relating to cooperative
2 corporations) that is owned and governed by individuals who use
3 the corporation's goods and services and share any profits of
4 the corporation.

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

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

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

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

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

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

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

28 (2) has an anticipated yearly gross income of at least
29 \$10,000.

30 "Value-added dairy." The process of transforming milk into a

1 product of higher economic value in the marketplace for a food
2 use or nonfood use.

3 Section 2. This act shall take effect ~~in 30 days~~

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4 IMMEDIATELY.

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