



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 661

PRINTERS NO. 1075

PRIME SPONSOR: Ward

### COST / (SAVINGS)

FUND	FY 2018/19	FY 2019/20
General Fund; Agricultural Business Development Center Fund; Commonwealth Specialty Crop Block Grant Fund	\$0	See Fiscal Impact

**SUMMARY:** Senate Bill 661, Printer's Number 1075, establishes the Agricultural Business Development Center and the Agricultural Business Development Center Advisory Committee; establishes the Commonwealth Specialty Crop Block Grant Program; provides for agriculture and youth development; and establishes the Urban Agricultural Infrastructure Grant Program.

**ANALYSIS:** This bill amends Title 3 (Agriculture) to create new chapters establishing new programs under the Department of Agriculture, including: establishing the Agricultural Business Development Center and the Agricultural Business Development Center Advisory Committee; establishing the Commonwealth Specialty Crop Block Grant Program; providing for agriculture and youth development; and establishing the Urban Agricultural Infrastructure Grant Program.

#### **Agricultural Business Development Center**

Chapter 48 establishes an Agricultural Business Development Center within the Department of Agriculture, which will staff and operate the center. The Center shall serve as a resource and reference center for farmers and prospective farmers to create business plans, management strategies, ownership transition plans, expansion plans, and to diversify an existing agricultural operation. The Center may identify and build teams of planning facilitators, accountants, financial planners, lenders, marketers, conservation and nutrient management planners and veterinarians to provide expertise to farmers and prospective farmers.

The Agricultural Business Development Center Advisory Committee is established to advise the Secretary of Agriculture on his responsibilities under the chapter, with the following board members: Secretary of Agriculture who shall serve as chairperson; Secretary of DCED or a designee; Dean of Penn State's College of Agricultural Sciences or a designee; and representatives from the Pennsylvania Bankers Association, a farm credit association, and Pennsylvania Association of Conservation Districts. The secretary shall appoint the following individuals: a veterinarian with food animal practice; a person certified to create nutrient management plans; a certified public accountant; a financial planner; an attorney; and a farmer who has experience with transition or diversification of a farm. Board members will serve without compensation but will be reimbursed for expenses; term limits are outlined in the bill and the committee shall meet as often as necessary to advise and award grants.

The department may establish and publish a grant program to provide resources to farmers and prospective farmers. Grants are available to the extent funding is made available by the General

Assembly and amounts are limited to 75% of project costs, not including in-kind contributions. The Agricultural Business Development Center Fund is established as an interest-bearing restricted revenue account for this grant program.

Money collected by the department under this chapter or appropriated, given, granted or donated shall be deposited into this fund and administered by the department for awarding grants. Unexpended money and interest or earnings in the fund may not be transferred or revert to the General Fund but remain in the account for the purposes of this chapter.

### **Agriculture and Youth Development Grant Program**

Chapter 103 revises and reestablishes an agriculture and youth organizations grant program to be administered by the Department of Agriculture and repeals the existing Agriculture and Rural Youth Development Act (Act 33 of 1991). "Agriculture and youth organization" is defined as "an organization composed mainly of youth and organized to promote development in the areas of agriculture, community leadership, vocational training and peer fellowship. The term includes, but is not limited to, Pennsylvania FFA, 4-H, Ag in the Classroom, the Family, Career and Community Leaders of America and vocational education programs."

The State Agriculture and Youth Development Board is established to recommend grant awards in consultation with the department, and is comprised of the following members: Secretary of Agriculture or a designee who shall serve as chairperson; Secretary of Education or a designee; Chair and Minority Chair of both the House and Senate Agriculture and Rural Affairs Committees; Representatives from the Pennsylvania Association of Agriculture Educators and from Penn State Cooperative Extension appointed by the Governor; President of Pennsylvania FFA; 4-H Statewide Council President; up to three representatives from different PA farm or rural organizations having a youth program appointed by the secretary; representative from an urban agriculture community program; youth representative of an urban garden or agriculture operation

The department, in consultation with the board, shall establish the Agriculture and Youth Organization Grant Program for qualifying organizations. Grants may be used for the following: to cover the costs of special projects; for educational or work force development programs conducted by the organization; for educational or work force development seminars and field trips conducted by the organization; for agricultural safety training programs conducted by the organization; and for certain capital projects and equipment purchases. The board shall meet annually to recommend the qualifying organizations and establish annual allocation limits for each fiscal year.

The department shall make grant awards not to exceed \$7,500 to qualifying organizations upon the recommendation of the board. Grants for capital improvements, not to exceed \$25,000, must be matched by private money in an amount equal to the State grant. Funding for the grant program may come from money appropriated by the General Assembly and any other money, contributions or payments which may be made available by the Federal government or by public or private sources.

### **Specialty Crop Block Grant**

Chapter 105 establishes an annual Commonwealth Specialty Crop Block Grant Program at the Department of Agriculture (department) for horticultural specialty crops that are not currently eligible for grants under the Federal Specialty Crop Block Grant Program. Eligible specialty crops must be cultivated or managed and used by people for food, medicinal purposes or aesthetic gratification or other evaluation criteria established by the department.

The block grant program shall only be administered in years in which funds are specifically allocated or received and made available to the department. Various entities may apply for grants such as state and local organizations, producer associations, academia, community-based organizations and other eligible stakeholders.

Projects that enhance the competitiveness of eligible specialty crops and benefit the industry may include, but are not limited to: increasing child and adult nutrition knowledge and consumption of specialty crops; participation of industry representatives at meetings of international standards; improving efficiency and reducing costs of distribution systems; assisting entities in the specialty crop distribution chains in developing good agricultural practices, good handling practices, good manufacturing practices and in cost-share arrangements for funding audits of such systems for small farmers, packers and processors; investing in specialty crop research, including organic research to focus on conservation and environmental outcomes and enhancing food safety; developing new and improved seed varieties and specialty crops; pest and disease control; and sustainability.

Grants may not be awarded to projects that directly benefit a particular commercial product or provide a profit to a single individual or organization but may be awarded to eligible applicants and projects for up to two years.

The department may use up to 8% of any funds allocated for grants for administrative costs in administering the program. An amount equal to 6.2% of the money shall be allocated to eligible applicants and projects located in rural municipalities where at least 20% of the population has been below the Federal poverty line since 1990 based on census data. An amount equal to 3.8% of the money shall be allocated to eligible applicants and projects located in urban municipalities where at least 20% of the population has been below the Federal poverty line since 1990 based on census data. The balance of the money remaining shall be allocated in a manner which seeks to distribute the money evenly among eligible specialty crops.

The Commonwealth Specialty Crop Block Grant Fund is established as a special nonlapsing fund in the State Treasury. All money derived from fines and civil penalties, judgments and interest collected or imposed under this chapter shall be paid into the fund. All money placed into the fund and the interest the fund accrues are hereby appropriated to the department on a continuing basis for any activities necessary to meet the requirements of this chapter.

Distribution of money of the Commonwealth Specialty Crop Block Grant Fund allocated shall be made available beginning with fiscal year 2019-2020 and thereafter. The department is not liable or obligated to continue to fund projects if money is not available. Any supplements to the fund may include state and federal funds appropriated to the department and gifts from public and private sources.

### **Urban Agricultural Infrastructure**

Chapter 107 establishes an Urban Agricultural Infrastructure Grant Program, which will serve as a reimbursement grant program under which persons who implement projects that improve agriculture infrastructure in urban areas. The department shall issue program reimbursement grant money to pay some portion of the costs of an eligible project based upon the applicant's submission of a verified statement that the eligible project has been completed or implemented, including a statement of the project completion date, photos of the completed or implemented project with a narrative explanation of

each photo, bills and invoices for which reimbursement grant money is sought and other information as the department may reasonably require.

The department shall, consistent with this chapter and any appropriation of money for grants under this chapter, establish the terms and conditions for the application process for program reimbursement grants, including the maximum reimbursement grant amount an applicant may receive in any single fiscal year. Grants under this chapter shall only be offered in a fiscal year in which and to the extent funding is made available to the department. The amount of reimbursement shall be based on actual eligible costs submitted by an approved applicant for an approved project during any fiscal year in which grants are offered. Grant reimbursement money shall be limited to 50% or less of the costs of an eligible project, and a single applicant may not be awarded more than \$100,000 in grants in any five-year period, calculated from the date the department awards the grant.

This legislation would take effect in 60 days upon enactment.

**FISCAL IMPACT:** Enactment of this legislation will have no adverse impact on Commonwealth funds.

The Agricultural Business Development Center within the Department of Agriculture is part of the proposed Pennsylvania Farm Bill package for FY2019-20 and any resulting grants and funding are contingent upon available funds being appropriated for this program through the Agricultural Business Development Center Fund. It is projected that agency administrative and operating costs related to the Agricultural Business Development Center and the advisory committee would be covered under existing operations. The Agricultural Business Development Center will incorporate the existing Center for Farm Transitions and the Preserved Farm Resource Center into one entity.

The Agriculture and Youth Development Grant Program is part of the proposed Pennsylvania Farm Bill package for FY2019-20 and any resulting grants and funding are contingent upon available funds being appropriated for this program. Agency administrative and program costs are expected to be covered under existing operations, while the bill does state that money appropriated may be used for implementing the provisions of this chapter.

The Commonwealth Specialty Crop Block Grant Program is part of the proposed Pennsylvania Farm Bill package for FY2019-20 and any resulting grants and funding are contingent upon available funds being appropriated for this program. While agency administrative costs are expected to be covered under existing operations, the bill does provide for the department to use up to 8% of any funds allocated for grants for administrative costs in administering the program.

The Urban Agricultural Infrastructure Grant Program is part of the proposed Pennsylvania Farm Bill package for FY2019-20 and any resulting grants and funding are contingent upon available funds being appropriated for this program. Agency administrative and program costs are expected to be covered under existing operations.

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**DATE:** June 26, 2019

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*