

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. Senate Bill 661

PRINTER NO. 950

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

May 17, 2019

PRIME SPONSOR

Senator J. Ward

DESCRIPTION

Senate Bill 661 establishes a new Chapter 105 (Commonwealth Specialty Crop Block Grant Program) in Title 3 (Agriculture) providing for a grant program administered by the Department of Agriculture (department) for horticultural specialty crops that are not currently eligible for grants under the Federal Specialty Crop Block Grant Program, such as hemp and malting barley.

The legislation provides that eligible specialty crops must be cultivated or managed and used by people for food, medicinal purposes or aesthetic gratification or other parameters established by the Secretary of Agriculture and that processed products shall consist of greater than 50% of the eligible specialty crop by weight.

The legislation provides the following eligibility criteria shall apply to applicants and grant projects: (1) increasing child and adult nutrition knowledge and consumption of specialty crops; (2) participation of industry representatives at meetings of international standards; (3) improving efficiency and reducing costs of distribution systems; (4) 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; (5) investing in specialty crop research, including organic research to focus on conservation and environmental outcomes and enhancing food safety; (6) developing new and improved seed varieties and specialty crops; (7) pest and disease control; and, (8) sustainability. It also provides that 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.

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The legislation specifies that the department may use up to 8% of any funds allocated for grants for administrative costs in administering the program, that 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 and 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. It also specifies that the balance of the money remaining shall be allocated in a manner which seeks to distribute the money evenly among eligible specialty crops.

The legislation provides that the department may, during normal business hours, enter onto the premises of an approved block grant applicant or recipient and shall also establish and enforce audit and recordkeeping requirements as established under the annual Federal Specialty Crop Block Grant Program and that civil penalties may be assessed for violations of the chapter or a grant agreement. Additionally, it establishes a special non-lapsing fund in the State Treasury where all money from fines, fees, judgements, interest and other moneys accruing to or placed into the fund are appropriated to the department on a continuing basis to meet the requirements of the chapter.

The legislation is scheduled to take effect in 60 days.

FISCAL IMPACT:

The enactment of Senate Bill 661 will have no adverse impact on Commonwealth funds. Funding for the Specialty Crop Block Grant Program established in the legislation will be dependent upon appropriations made by the General Assembly through the annual General Appropriations Act.