

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 492 Session of 1993

INTRODUCED BY WENGER, MUSTO, DAWIDA, MADIGAN, JUBELIRER, SCHWARTZ, CORMAN, HELFRICK AND PETERSON, FEBRUARY 19, 1993

AS REPORTED FROM COMMITTEE ON AGRICULTURE AND RURAL AFFAIRS, HOUSE OF REPRESENTATIVES, AS AMENDED, NOVEMBER 14, 1994

AN ACT

1 Establishing a program for sustainable agriculture and the Board
2 of Sustainable Agriculture; defining the powers and duties of
3 the Department of Agriculture and the Board of Sustainable
4 Agriculture; AND providing for sustainable agriculture loan <—
5 and grant programs; and making an appropriation. AND FOR <—
6 FUNDING.

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←

6 Section 18. Effective date.

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

9 Section 1. Short title.

10 This act shall be known and may be cited as the Sustainable
11 Agriculture Act.

12 Section 2. Legislative findings.

13 The General Assembly finds and declares as follows:

14 (1) Funding is needed to promote sustainable agriculture
15 in this Commonwealth.

16 (2) The practice of sustainable agriculture is intended
17 to offer the farmer the greatest return on his labor and
18 capital by reducing operating expenses while enhancing the
19 value of the end product.

20 (3) Sustainable agriculture emphasizes the practice of
21 an agriculture that is ecologically beneficial, that would
22 improve and ensure the quality of soil and water for future
23 generations and, at the same time, that would enable the
24 farmer to earn a livelihood consistent with his capital
25 investment and labor.

26 (4) Sustainable agriculture emphasizes farm practices
27 that make the best use of on-farm labor and resources to
28 reduce or eliminate the need for the purchase of off-farm
29 inputs.

30 Section 3. Definitions.

1 The following words and phrases when used in this act shall
2 have the meanings given to them in this section unless the
3 context clearly indicates otherwise:

4 "Agricultural activity" or "farming." The commercial
5 production of agricultural crops, livestock or livestock
6 products, poultry products, milk or dairy products or fruits and
7 other horticultural products.

8 "Alternative crop." Crops not normally grown on an annual or
9 rotational basis in this Commonwealth. The term may include
10 crops used to replenish soil nutrients, crops used for animal or
11 human consumption or crops used to reduce reliance on fuel,
12 agricultural chemicals or synthetic fertilizer.

13 "Board." The Board of Sustainable Agriculture.

14 "Corporate farm." A corporation formed for the purpose of
15 engaging in agricultural activity or farming which is not a
16 family farm corporation.

17 "Department." The Department of Agriculture of the
18 Commonwealth.

19 "Family farm corporation." A corporation formed for the
20 purpose of farming in which the majority of the voting stock is
21 held by and the majority of the stockholders are natural
22 persons, or their spouses or other persons related to the
23 natural persons or their spouses and at least one of the
24 majority stockholders is residing on or actively operating or
25 managing the farm and none of the stockholders of which are
26 corporations.

27 "Family farm partnership." A general partnership entered
28 into for the purpose of farming, having no more than three
29 unrelated members and having at least one member residing on or
30 actively operating or managing the farm.

1 "Farm enterprise." A natural person, family farm
2 corporation, family farm partnership engaged in farming or a
3 corporate farm or nonprofit educational organization.

4 "Farmland." Land in this Commonwealth that is capable of
5 supporting the commercial production of agricultural crops,
6 livestock or livestock products, poultry products, milk or dairy
7 products, fruit or other horticultural products.

8 "Fund." The Sustainable Agriculture Fund.

9 "NONPROFIT EDUCATIONAL INSTITUTION." ANY STATE-OWNED OR ←
10 STATE-RELATED COLLEGE OR UNIVERSITY IN THIS COMMONWEALTH OR ANY
11 NONPROFIT ORGANIZATION, ASSOCIATION OR GROUP IN THIS
12 COMMONWEALTH WHICH:

13 (1) HAS DEMONSTRATED A CAPACITY TO CONDUCT AGRICULTURAL
14 RESEARCH OR EDUCATION PROGRAMS;

15 (2) HAS EXPERIENCE IN RESEARCH OR EDUCATION IN
16 SUSTAINABLE AGRICULTURAL PRACTICES; AND

17 (3) QUALIFIES AS A NONPROFIT ORGANIZATION UNDER SECTION
18 501(C) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-
19 514, 26 U.S.C. § 1 ET SEQ.).

20 "Secretary." The Secretary of Agriculture of the
21 Commonwealth.

22 "Sustainable agriculture." An integrated system of plant and
23 animal production practices having a site-specific application
24 that will, over the long term:

25 (1) Satisfy human food and fiber needs.

26 (2) Enhance environmental quality and the natural
27 resource base upon which the agricultural economy depends.

28 (3) Make the most efficient use of nonrenewable
29 resources and on-farm resources and integrate, where
30 appropriate, natural biological cycles and controls.

1 (4) Sustain the economic viability of farm operations.

2 (5) Enhance the quality of life for farmers and society
3 as a whole.

4 Section 4. Sustainable agriculture program.

5 (a) Establishment.--The department is hereby directed to
6 establish a program to promote the practice of sustainable
7 agriculture.

8 (b) Duties of department.--The department shall:

9 (1) Make sustainable agriculture part of a policy to
10 invigorate the farm economy, increase farm income and
11 conserve natural resources.

12 (2) Encourage ~~public and private institutions, including~~ <—
13 ~~the various State universities in this Commonwealth,~~

14 NONPROFIT EDUCATIONAL INSTITUTIONS to identify and develop <—
15 sustainable agriculture practices.

16 (3) Distribute funds appropriated by the General
17 Assembly and received from other sources for loan and grant
18 programs.

19 (4) Provide a clearinghouse of sustainable agriculture
20 information.

21 (5) Disseminate information concerning sustainable
22 agriculture practices, including the results of research
23 projects funded by the sustainable agriculture loan and grant
24 programs.

25 (6) Administer the loan and grant programs and issue
26 loans and grants from the funds appropriated by the General
27 Assembly and awarded by the board.

28 (7) Appoint an executive director to advise the board.
29 The executive director may be drawn from the department's
30 current staff and may use the services of other departmental

1 employees, as directed by the secretary.

2 (C) PARTICIPATION IN FEDERAL PROGRAM.--ON OR BEFORE DECEMBER <—
3 31, 1996, THE DEPARTMENT SHALL, IN COLLABORATION WITH THE BOARD,
4 DEVELOP A STATE PLAN FOR SUBMISSION TO THE UNITED STATES
5 DEPARTMENT OF AGRICULTURE'S REGIONAL ADMINISTRATIVE COUNCIL ON
6 SUSTAINABLE AGRICULTURE FOR COMMONWEALTH PARTICIPATION IN THE
7 FEDERAL-STATE MATCHING GRANT PROGRAM ESTABLISHED PURSUANT TO
8 SECTION 1623 OF THE FOOD, AGRICULTURE, CONSERVATION, AND TRADE
9 ACT OF 1990 (PUBLIC LAW 101-624, 7 U.S.C. § 5813).

10 Section 5. Duties of executive director of board.

11 The executive director shall:

12 (1) Evaluate loan and grant applications submitted to
13 the board.

14 (2) Identify agricultural practices that maintain
15 productivity and minimize environmental and farmland
16 degradation.

17 (3) Integrate and coordinate field experiments and on-
18 farm research and educational efforts of cooperating
19 individuals, agencies, institutions and organizations.

20 (4) Develop an information system, utilizing the
21 expertise of experienced farmers and agencies, institutional
22 and agribusiness specialists, that offers farmers practical
23 advice, addresses farmers' specific questions and refers
24 farmers to other experts in the field.

25 (5) Cooperate with The Pennsylvania State University in
26 promoting sustainable agriculture practices.

27 Section 6. Board of Sustainable Agriculture.

28 (a) Establishment.--There is hereby established the Board of
29 Sustainable Agriculture to review grant and loan applications
30 and issue loans and grants in accordance with the general

1 considerations and eligibility criteria set forth in this act.

2 (b) Composition.--The board shall be composed of the
3 chairman and minority chairman of the Agriculture and Rural
4 Affairs Committee of the Senate, or their designees; the
5 chairman and the minority chairman of the Agriculture and Rural
6 Affairs Committee of the House of Representatives, or their
7 designees. In addition, the board will include the following
8 members appointed by the Secretary of Agriculture:

9 (1) The Secretary of Agriculture, or his designee, who
10 shall serve as chairman.

11 (2) One Commonwealth lender with agricultural
12 experience.

13 (3) One representative from the Penn State COOPERATIVE ←
14 Extension Service.

15 (4) One Commonwealth resident from an organization that
16 conducts agriculture research and promotes sustainable
17 agriculture.

18 (5) One Commonwealth resident from an organic crop
19 certification organization.

20 (6) Two Commonwealth resident farmers who use
21 sustainable agriculture methods.

22 (7) One representative from the agribusiness industry.

23 (8) One agronomist.

24 (9) Three Commonwealth residents from Statewide
25 agricultural associations representing farmers.

26 (c) Quorum.--A majority of the members appointed to the
27 board shall constitute a quorum for purposes of conducting
28 meetings and official actions pursuant to authority given to the
29 board under this act.

30 (d) Expenses of board members.--The members of the board

1 shall not be entitled to compensation for their services as
2 members, but MEMBERS OF THE BOARD APPOINTED PURSUANT TO ←
3 SUBSECTION (B)(2), (3), (4), (5), (6), (7), (8) AND (9) shall be
4 entitled to reimbursement for all necessary expenses incurred in
5 connection with the performance of their duties as members of
6 the board.

7 (e) Powers of board.--The board shall have the power to
8 review and accept or reject loan and grant applications.

9 (f) Application of member.--A member of the board may apply
10 for a loan or grant provided all decisions regarding the loan or
11 grant application are subject to the provisions of section 3(j)
12 of the act of October 4, 1978 (P.L.883, No.170), referred to as
13 the Public Official and Employee Ethics Law.

14 Section 7. Sustainable Agriculture Fund.

15 The fund shall receive all revenues and appropriations and
16 pay all costs, except administrative expenses, related to the
17 sustainable agriculture program.

18 Section 8. Loan program.

19 The department shall establish a sustainable agriculture loan
20 program to provide loans that enable farmers to adopt practices
21 that emphasize sustainable agriculture in this Commonwealth.

22 Section 9. Revolving loan account.

23 There is hereby created within the fund a revolving loan
24 account to be funded by appropriations made by the General
25 Assembly and interest earned on the account and interest from
26 loan repayment.

27 Section 10. Eligibility for loans and limitations.

28 (a) Applicant eligibility criteria.--To be eligible for a
29 sustainable agriculture loan, an applicant must demonstrate all
30 of the following:

1 (1) That the applicant is a resident of this
2 Commonwealth or that its principal operating or managing
3 members or shareholders, in the case of either a family farm
4 partnership or a family farm corporation, are Commonwealth
5 residents or show sufficient evidence that he or they intend
6 to become a resident or residents.

7 (2) That the applicant will use the proceeds of the loan
8 for eligible sustainable agriculture purposes, as defined by
9 this act, and that the farmland or farm enterprise for which
10 the loan is acquired is located in this Commonwealth.

11 Corporate farm applicants must demonstrate that the farming
12 enterprise owns or leases farmland in this Commonwealth and
13 that the proceeds of the loan will be used for sustainable
14 agricultural purposes in Commonwealth farming operations
15 only.

16 (3) That the applicant is creditworthy based on the
17 applicant's net worth, cash flow projections, credit rating
18 and the type of farmland or farm enterprise involved.

19 (b) Loan eligibility criteria.--Applications for sustainable
20 agriculture loans shall be reviewed and ranked using the
21 following criteria:

22 (1) The ability of the applicant to meet and satisfy all
23 debt service as it becomes due and payable.

24 (2) The relevant criminal and credit history and ratings
25 of the applicant as determined from credit reporting services
26 and other sources.

27 (3) The payment to date of all tax obligations due and
28 owing by the applicant to the Commonwealth or any political
29 subdivisions thereof.

30 (4) The manner in which loan proceeds will be utilized

1 in furthering sustainable agriculture in this Commonwealth.

2 (5) The amount of the loan.

3 (6) The intent to use practices that would improve soil
4 fertility, lower the cost of production, cause the optimum
5 and environmentally compatible use of off-farm inputs, such
6 as chemical or synthetic fertilizers, insecticides and
7 herbicides, or otherwise promote sustainable agriculture.
8 Practices that promote sustainable agriculture could include,
9 but not be limited to, practices that involve using on-farm
10 labor and resources, such as animal and plant manure to
11 enrich soil, planting a diverse array of crops, rotating
12 crops, planting cover crops to defend against insects and
13 weeds and using mechanical tillage to control weeds and
14 relying on natural systems, such as biological controls and
15 natural predators.

16 (c) Loan limitations.--Loans may not exceed \$15,000 for farm
17 enterprises WHICH ARE NOT CORPORATE FARMS or \$25,000 for <—
18 corporate farms. The loan repayment period shall be based on the
19 stated purpose for the loan, the amount of the loan and the
20 nature of the farmland or ~~farming~~ FARM enterprise involved, but <—
21 in no event shall the repayment period exceed seven years.
22 Interest on the loans shall be calculated using simple interest
23 at the percentage rate that was equal to the Federal Reserve
24 discount rate at the time the loan was made.

25 Section 11. Award of loans.

26 (a) Form of application.--Applications for loans shall be
27 made to the board on the form and in the manner it prescribes.

28 (b) Review of application.--~~Properly submitted and~~ <—
29 ~~documented applications shall be forwarded to the board.~~

30 APPLICATIONS FOR SUSTAINABLE AGRICULTURE LOANS SHALL BE <—

1 SUBMITTED TO THE EXECUTIVE DIRECTOR. The executive director
2 shall review, evaluate and submit loan applications to the
3 board. The board shall REVIEW AND approve, approve with special <—
4 conditions or reject applications on the basis of ~~applicant and~~ <—
5 ~~loan eligibility criteria and general considerations.~~ THE <—
6 ELIGIBILITY CRITERIA SET FORTH IN THIS ACT.

7 (c) Award of loans.--The department shall award loans to
8 applicants according to the decision of the board.

9 Section 12. Grant programs.

10 The department shall establish the following grant programs:

11 (1) A sustainable agriculture grant program to provide
12 grants that enable farmers and nonprofit educational
13 organizations to adopt practices that emphasize sustainable
14 agriculture in this Commonwealth.

15 (2) An alternative crop grant program to provide grants
16 that enable farmers and nonprofit educational organizations
17 to adopt practices that emphasize the use of alternative
18 crops and sustainable agriculture in this Commonwealth.

19 Section 13. Eligibility for grants and limitations.

20 (a) Applicant eligibility criteria.--To be eligible for a
21 grant under this act, an applicant must demonstrate:

22 (1) That he is a resident of this Commonwealth, that its
23 principal operating or managing members or shareholders, in
24 the case of either a family farm partnership or a family farm
25 corporation, are Commonwealth residents or show sufficient
26 evidence that he or they intend to become a resident or
27 residents or that they are a nonprofit educational
28 organization operating within this Commonwealth.

29 (2) That the applicant will use the grant for eligible
30 purposes, as defined in this act.

1 (3) That the farmland or farm enterprise for which the
2 grant is acquired is located in this Commonwealth.

3 (b) Grant eligibility criteria.--Applications for grants
4 under this act shall be reviewed and ranked using the following
5 criteria:

6 (1) The ability of the applicant to meet and satisfy all
7 outstanding debt service incurred as it becomes due and
8 payable.

9 (2) The relevant criminal and credit history and ratings
10 of the applicant as determined from credit reporting services
11 and other sources.

12 (3) The payment to date of all tax obligations due and
13 owing by the applicant to the Commonwealth or any political
14 subdivisions thereof.

15 (4) The manner in which grant proceeds will be utilized
16 in this Commonwealth.

17 (5) The amount of the grant.

18 (6) The environmental benefit.

19 (7) Farm profitability.

20 (8) The applicability of the techniques or technology to
21 other farm enterprises.

22 (9) The effectiveness of the project as a demonstration,
23 where applicable.

24 (10) The intent to use practices that would improve soil
25 fertility, lower the cost of production, cause the optimum
26 and environmentally compatible use of off-farm inputs, such
27 as chemical or synthetic fertilizers, insecticides and
28 herbicides, or otherwise promote sustainable agriculture.

29 Practices that promote sustainable agriculture could include,
30 but not be limited to, practices that involve using on-farm

1 labor and resources, such as animal and plant manure to
2 enrich soil, planting a diverse array of crops, rotating
3 crops, planting cover crops to defend against insects and
4 weeds and using mechanical tillage to control weeds and
5 relying on natural systems, such as biological controls and
6 natural predators.

7 (c) Grant limitations.--Grants may not exceed \$25,000 except
8 as provided in this subsection. An additional amount of up to
9 \$25,000 may be granted if the grantee matches that additional
10 amount dollar for dollar, so that an individual grant may not
11 exceed \$50,000 in one calendar year.

12 Section 14. Award of grants.

13 (a) Form of application.--Applications for grants shall be
14 made to the board on the form and in the manner it prescribes.

15 (b) Review of application.--~~Properly submitted and~~ <—
16 ~~documented applications shall be forwarded to the board.~~

17 APPLICATIONS FOR SUSTAINABLE AGRICULTURE GRANTS AND ALTERNATIVE <—

18 CROP GRANTS SHALL BE SUBMITTED TO THE EXECUTIVE DIRECTOR. The
19 executive director shall review, evaluate and submit grant
20 applications to the board. The board shall REVIEW AND approve, <—

21 approve with special conditions or reject applications on the
22 basis of ~~applicant eligibility criteria, grant eligibility~~ <—

23 ~~criteria and general considerations.~~ THE ELIGIBILITY CRITERIA <—

24 SET FORTH IN THIS ACT. The board may exercise its judgment in
25 selecting applicants for grants and in determining the amount of
26 each grant so that the widest practicable distribution of funds
27 is achieved and the widest possible audience is acquainted with
28 the principles of sustainable agriculture.

29 (c) Grant awards.--The department shall issue grants to
30 applicants according to the decision of the board.

1 Section 15. Rules and regulations.

2 The department shall have the following powers and duties:

3 (1) To adopt rules and regulations under this act.

4 (2) To promulgate, adopt, publish and use guidelines for

5 the implementation of this act for a period of ~~one year~~ TWO <—

6 YEARS immediately following the effective date of this act

7 ~~pending adoption of final rules and regulations.~~ SUCH <—

8 GUIDELINES SHALL BE PUBLISHED IN THE PENNSYLVANIA BULLETIN.

9 Guidelines proposed under the authority of this section shall

10 be subject to review by the General Counsel and the Attorney

11 General in the manner provided for the review of proposed

12 rules and regulations pursuant to the act of October 15, 1980

13 (P.L.950, No.164), known as the Commonwealth Attorneys Act,

14 but shall not be subject to review pursuant to SECTION 205 OF <—

15 THE ACT OF JULY 31, 1968 (P.L.769, NO.240), REFERRED TO AS

16 THE COMMONWEALTH DOCUMENTS LAW, AND SECTIONS 204(B) AND

17 301(10) OF the act of June 25, 1982 (P.L.633, No.181), known

18 as the Regulatory Review Act. AFTER THE EXPIRATION OF THE <—

19 TWO-YEAR PERIOD, THE GUIDELINES SHALL EXPIRE AND SHALL BE

20 REPLACED BY REGULATIONS WHICH SHALL HAVE BEEN PROMULGATED,

21 ADOPTED AND PUBLISHED AS PROVIDED BY LAW.

22 Section 16. Acceptance of gifts and grants.

23 The fund may receive gifts, grants, bequests or devices from

24 any source, including funds from the Federal Government and the

25 State government.

26 ~~Section 17. Appropriation.~~ <—

27 ~~(a) General rule. The sum of \$1,600,000, or as much thereof~~

28 ~~as may be necessary, is hereby appropriated for deposit in the~~

29 ~~fund.~~

30 ~~(b) Allocation. The appropriation shall be allocated as~~

1 follows: ~~\$100,000 shall be allocated to administration; \$300,000~~
2 ~~shall be allocated to sustainable agricultural grants; \$200,000~~
3 ~~shall be allocated to alternative crop grants; and \$1,000,000~~
4 ~~shall be allocated to loans.~~

5 SECTION 17. FUNDING. ←

6 SUSTAINABLE AGRICULTURE LOANS AND GRANTS AND ALTERNATIVE CROP
7 GRANTS SHALL BE MADE TO THE EXTENT THAT FUNDS ARE MADE
8 AVAILABLE. FUNDING FOR THIS ACT MAY BE OBTAINED AS FOLLOWS:

9 (1) THE DEPARTMENT OF AGRICULTURE IS AUTHORIZED TO USE
10 MONEYS APPROPRIATED TO IT FOR AGRICULTURAL RESEARCH,
11 AGRICULTURAL PROMOTION AND EDUCATION, MONEYS SPECIFICALLY
12 APPROPRIATED BY THE GENERAL ASSEMBLY FOR SUSTAINABLE
13 AGRICULTURE AND ANY OTHER MONEYS, CONTRIBUTIONS OR PAYMENTS
14 WHICH MAY BE MADE AVAILABLE TO THE DEPARTMENT BY THE FEDERAL
15 GOVERNMENT OR BY ANY PUBLIC OR PRIVATE SOURCE FOR THE PURPOSE
16 OF IMPLEMENTING THE PROVISIONS OF THIS ACT.

17 (2) THE DEPARTMENT IS AUTHORIZED TO SUBMIT ELIGIBLE
18 PROJECTS TO THE DEPARTMENT OF COMMERCE FOR FUNDING FROM
19 MONEYS APPROPRIATED TO THE BEN FRANKLIN/IRC PARTNERSHIP FUND.

20 Section 18. Effective date.

21 This act shall take effect in 60 days.