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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1590 Session of  
2019

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INTRODUCED BY OWLETT, CAUSER, M. K. KELLER, PICKETT, GREGORY,  
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ZIMMERMAN, HERSHEY AND KAUFFMAN, JUNE 7, 2019

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REFERRED TO COMMITTEE ON AGRICULTURE AND RURAL AFFAIRS,  
JUNE 7, 2019

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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  
18 commercial entity approved by the authority.

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

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

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

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

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

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

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

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

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

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

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

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

30           (viii) Developing specialized or innovative

1 packaging for milk and dairy products that enhances the  
2 flavor or appearance of the products or reduces the risk  
3 of foodborne illnesses.

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

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

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

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

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

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

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

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

28 (ii) Additional costs relating to food safety  
29 licensing or certification incurred as the result of a  
30 new or expanded value-added dairy facility.

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

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

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

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

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

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

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

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

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

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

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

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

4           (d) Applications for grants.--

5           (1) An applicant may submit an application to the  
6           authority requesting a grant in an amount not to exceed the  
7           amount under subsection (f) for the type of project eligible  
8           under subsection (c). The application shall be on a form  
9           required by the board and shall include all of the following  
10          information:

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

12           (ii) The location of the project.

13           (iii) A description of the project.

14           (iv) An estimate of the costs associated with the  
15          project and the goal to be achieved by carrying out the  
16          proposed activities of the project.

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

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

20          (e) Review and approval of applications.--

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

24           (i) Whether the project incorporates at least 75%  
25          Pennsylvania-sourced milk.

26           (ii) The extent to which matching funds are used or  
27          leveraged.

28           (iii) Whether the project can be replicated for use  
29          across this Commonwealth.

30           (iv) Whether the project includes a strategic plan

1           for implementation.

2           (v) The inclusion of an itemized budget of all  
3           costs.

4           (2) The authority may develop additional evaluation  
5           criteria for each type of eligible project under subsection  
6           (c).

7           (3) Grants shall be awarded to the extent funds are  
8           available.

9           (f) Grant awards.--Grant awards shall be as follows:

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

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

14           (3) For grants under subsection (c)(3), an amount not to  
15           exceed:

16           (i) Fifty thousand dollars for an on-farm or single  
17           project.

18           (ii) Five hundred thousand dollars for a cooperative  
19           processing plant or multi-producer project.

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

22           (g) Requirements.--

23           (1) The requirements for the administration of the  
24           program shall be as follows:

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

27           (ii) An application for a grant under this section  
28           must be received by the authority no less than 60 days  
29           before a board meeting where the application is  
30           considered.

1           (iii) The authority shall execute a grant agreement  
2 between the board and a successful applicant before the  
3 payment of a grant award.

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

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

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

12           (2) The authority may establish additional requirements  
13 for the program as the authority deems necessary to  
14 administer the program.

15           (h) Restrictions and limitations.--

16           (1) Administration costs for a project shall not exceed  
17 2% of a total grant award.

18           (2) An applicant may not commence work on a project  
19 before receiving authority approval of the project grant.  
20 Commencement of work prior to receiving authority approval  
21 will result in a project application being ineligible for  
22 funding consideration.

23           (3) A successful applicant may not make a substantial  
24 change to an approved project without first obtaining  
25 authority consent in writing.

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

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

30           (6) Grant awards may not be used for any of the

1 following:

2 (i) Paying fees for securing financing.

3 (ii) Paying interest on borrowed funds.

4 (iii) Refinancing existing debt.

5 (iv) Paying for lobbying services.

6 (v) Paying fines.

7 (vi) Application preparation fees.

8 (7) The authority may establish additional restrictions

9 and limitations as the authority deems necessary to

10 administer the program.

11 (i) Account.--The authority shall establish the Dairy  
12 Investment Program Account for use in awarding grants under this  
13 section.

14 (j) Transfers.--Funds in the First Industries Program  
15 Account shall be transferred to the Dairy Investment Program  
16 Account as determined by the General Assembly. The General  
17 Assembly may appropriate funds to the Dairy Investment Program  
18 Account.

19 (k) Definitions.--As used in this section, the following  
20 words and phrases shall have the meanings given to them in this  
21 subsection unless the context clearly indicates otherwise:

22 "Cooperative." A for-profit or not-for-profit corporation  
23 formed under 15 Pa.C.S. Pt. II Subpt. D (relating to cooperative  
24 corporations) that is owned and governed by individuals who use  
25 the corporation's goods and services and share any profits of  
26 the corporation.

27 "Dairy product." A food or nonfood product made from milk  
28 and other ingredients.

29 "Mid-tier value chain." Local and regional supply networks  
30 that link independent producers with businesses, cooperatives or

1 consumers that market a value-added dairy product in a manner  
2 that enhances the profitability of dairy farms.

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

7 "Organic." A farm or processing operation that in whole or  
8 in part has been certified as organic or in transition to  
9 organic by a third party accredited by the United States  
10 Department of Agriculture. The term includes the production and  
11 processing of milk and dairy products and the production of  
12 certified organic feed grains for certified organic dairy  
13 animals.

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

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

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

20 (2) has an anticipated yearly gross income of at least  
21 \$1,000.

22 "Value-added dairy." The process of transforming milk into a  
23 product of higher economic value in the marketplace for a food  
24 use or nonfood use.

25 Section 2. This act shall take effect in 30 days.