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**April 23, 2013**

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# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

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**Legislative Document**

**No. 1431**

S.P. 517

In Senate, April 23, 2013

### **An Act To Support School Nutrition and Expand the Local Foods Economy**

(EMERGENCY)

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Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator JOHNSON of Lincoln.  
Cosponsored by Representative HICKMAN of Winthrop and  
Senators: CRAVEN of Androscoggin, HASKELL of Cumberland, JACKSON of Aroostook,  
LACHOWICZ of Kennebec, MILLETT of Cumberland, Representatives: DILL of Old Town,  
HUBBELL of Bar Harbor, KENT of Woolwich, KORNFIELD of Bangor, MacDONALD of Boothbay,  
MAKER of Calais, McCABE of Skowhegan, McCLELLAN of Raymond, POULIOT of Augusta,  
RANKIN of Hiram.

1 **Preamble.** Two thirds of both Houses of the Legislature deeming it necessary in  
2 accordance with the Constitution of Maine, Article IX, Section 14 to authorize the  
3 issuance of bonds on behalf of the State of Maine to provide funds as described in this  
4 Act,

5 **Emergency preamble. Whereas,** acts and resolves of the Legislature do not  
6 become effective until 90 days after adjournment unless enacted as emergencies; and

7 **Whereas,** in order to take advantage of locally grown food supplies in school food  
8 service programs, this legislation should take effect immediately in order to take  
9 maximum advantage of this year's growing season; and

10 **Whereas,** in the judgment of the Legislature, these facts create an emergency within  
11 the meaning of the Constitution of Maine and require the following legislation as  
12 immediately necessary for the preservation of the public peace, health and safety; now,  
13 therefore,

14 **Be it enacted by the People of the State of Maine as follows:**

15 **PART A**

16 **Sec. A-1. 7 MRSA §306-A, sub-§2,** as enacted by PL 1999, c. 72, §5, is  
17 amended to read:

18 **2. Fund operation.** The commissioner shall utilize the agricultural development  
19 fund to:

20 A. Provide grants to individuals, firms or organizations to conduct market research  
21 or to undertake market promotion activities for the purpose of expanding existing  
22 markets and developing new markets for state agricultural products; ~~and~~

23 B. Test and demonstrate new technologies related to the production, storage and  
24 processing of state agricultural commodities; and

25 C. Provide phase-1 local foods grants under section 310, subsection 1 to up to 12  
26 applicants to conduct market feasibility studies in different regions of the State to  
27 identify the availability of fresh, minimally processed foods. Grant applicants must  
28 demonstrate expertise related to the subject of the study and the capacity to create a  
29 local food hub plan and to implement such a plan if selected for a phase-2 local food  
30 hub grant; and

31 D. Provide phase-2 local food hub grants under section 310, subsection 2 to up to 10  
32 applicants for the purpose of establishing local food hubs.

33 **Sec. A-2. 7 MRSA §310** is enacted to read:

34 **§310. Local food hub grants**

35 The commissioner shall issue grants for the purpose of marketing studies and the  
36 development and operation of food hubs to connect and enhance relationships between  
37 food producers in the State and public school food service programs.

1           **1. Phase-1 local foods grants.** The commissioner shall award up to 12 grants of  
2 between \$20,000 and \$30,000 to applicants who demonstrate the capacity to conduct  
3 market feasibility studies in different regions of the State to identify the availability or  
4 potential availability of fresh, minimally processed locally produced foods. Applicants  
5 must demonstrate expertise related to the subject of the study and the capacity to create  
6 and implement a local food hub plan if selected for a phase-2 local food hub grant.  
7 Applicants must demonstrate a commitment to recognition of the requirements of the  
8 federal Department of Agriculture with regard to meals provided in schools and a  
9 willingness to participate in training programs developed by the Department of Education  
10 under Title 20-A, section 6602, subsection 13.

11           **2. Phase-2 local food hub grants.** The commissioner shall award up to 10 phase-2  
12 local food hub grants to applicants for the purpose of establishing local food hubs.  
13 Proposals for grants under this subsection must include plans based on the market studies  
14 completed under subsection 1. A proposal must demonstrate:

15           A. That the proposal is based on sound business and financial principles;

16           B. That the state funds awarded under the grant will be matched by funds from  
17 nonstate sources in an amount equal to at least the amount of the grant award under  
18 this subsection;

19           C. That the applicant has the capacity to perform the functions of locating and  
20 obtaining food from local growers and fisheries and the capacity to handle the  
21 logistics of supplying and delivering local foods as ordered by local schools;

22           D. That the applicant has the capacity to provide minimal food processing of locally  
23 sourced food, including washing, preparing for storage and storage of food, including  
24 cold storage and freezer storage;

25           E. That the applicant has knowledge of health-oriented food production methods to  
26 maintain nutritional value and minimize food contaminants;

27           F. That the applicant will exercise sustainable waste management practices,  
28 including composting of food waste and minimal use of disposable nonreusable  
29 packaging materials; and

30           G. That the applicant has the ability to plan and engage food producers to plant or  
31 otherwise scale capacity to meet anticipated food service demand.

32           **3. Consultation.** The commissioner shall consult with the Department of Marine  
33 Resources and the Department of Education regarding the awarding of grants under this  
34 section.

35           **4. Exception.** Grants awarded under this section are not subject to the requirements  
36 of section 306-A, subsection 3, paragraph B.

37           **Sec. A-3. 20-A MRSA §6602, sub-§12,** as enacted by PL 2001, c. 447, §1, is  
38 amended to read:

39           **12. Local Produce Fund.** The Local Produce Fund is established within the  
40 Department of Education. The fund is authorized to receive revenue from public and

1 private sources. The fund must be held separate and apart from all other money, funds  
2 and accounts. Any balance remaining in the fund at the end of the fiscal year must be  
3 carried forward to the next fiscal year. The fund must be used to match \$1 for every \$3 a  
4 school administrative unit pays for produce or minimally processed foods purchased  
5 directly from a farmer or farmers' cooperative in the State, to a maximum state  
6 contribution of \$1,000 or \$2,000 if the school administrative unit sends a food service  
7 employee to local foods training administered by the department under subsection 13. At  
8 the end of the fiscal year, the school administrative unit may provide the department with  
9 receipts documenting purchases pursuant to this subsection during that year. For  
10 purposes of this subsection, "minimally processed" means only the washing, cleaning,  
11 trimming, drying, sorting and packaging of food items or a combination of those  
12 activities. Reimbursement or partial reimbursement to school administrative units may  
13 only be made up to the amount available in the fund. Failure to reimburse does not  
14 constitute an obligation on behalf of the State to a school administrative unit.

15 **Sec. A-4. 20-A MRSA §6602, sub-§13** is enacted to read:

16 **13. Local foods training.** The department shall administer a program to encourage  
17 and expand the use of local foods in school food service programs. The program must:

18 A. Provide competitive grants for 6 regional training programs to provide training  
19 without cost for local school food service program providers to encourage and  
20 expand the use of local foods in school food service programs. The training  
21 programs must emphasize practical training for food preparers, including creative and  
22 effective cooking skills using local fresh foods and local food procurement skills;

23 B. Foster collaboration between school food service personnel throughout the State;

24 C. Facilitate and encourage the use of local food hubs developed by the Department  
25 of Agriculture under Title 7, section 310;

26 D. Provide guidance to schools in the use of local food products and the nutritional  
27 attributes of local foods and provide strategies for encouraging maximum knowledge  
28 and acceptance of the nutritional value of locally produced food by students and  
29 communities; and

30 E. Provide for the development of an annual competitive skill-oriented food service  
31 award based on criteria developed by the department emphasizing creative and  
32 effective use of local food products.

33 **Sec. A-5. Appropriations and allocations.** The following appropriations and  
34 allocations are made.

35 **AGRICULTURE, CONSERVATION AND FORESTRY, DEPARTMENT OF**

36 **Division of Agricultural Resource Development 0833**

37 Initiative: Provides one-time funding for awards to up to 12 applicants to conduct market  
38 feasibility studies related to availability of locally produced and minimally processed  
39 food.

1	<b>GENERAL FUND</b>	<b>2013-14</b>	<b>2014-15</b>
2	All Other	\$250,000	\$0
3			
4	<b>GENERAL FUND TOTAL</b>	<u>\$250,000</u>	<u>\$0</u>

5	<b>AGRICULTURE, CONSERVATION AND</b>		
6	<b>FORESTRY, DEPARTMENT OF</b>		
7	<b>DEPARTMENT TOTALS</b>	<b>2013-14</b>	<b>2014-15</b>
8			
9	<b>GENERAL FUND</b>	<b>\$250,000</b>	<b>\$0</b>
10			
11	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u><b>\$250,000</b></u>	<u><b>\$0</b></u>

12 **EDUCATION, DEPARTMENT OF**

13 **Local Produce Fund N148**

14 Initiative: Provides ongoing funds to increase the cap on the amount that the State  
15 matches for the acquisition of local foods by a school administrative district if the district  
16 sends a food service employee for training in the acquisition and use of local foods.

17	<b>GENERAL FUND</b>	<b>2013-14</b>	<b>2014-15</b>
18	All Other	\$120,000	\$120,000
19			
20	<b>GENERAL FUND TOTAL</b>	<u>\$120,000</u>	<u>\$120,000</u>

21	<b>EDUCATION, DEPARTMENT OF</b>		
22	<b>DEPARTMENT TOTALS</b>	<b>2013-14</b>	<b>2014-15</b>
23			
24	<b>GENERAL FUND</b>	<b>\$120,000</b>	<b>\$120,000</b>
25			
26	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u><b>\$120,000</b></u>	<u><b>\$120,000</b></u>

27	<b>SECTION TOTALS</b>	<b>2013-14</b>	<b>2014-15</b>
28			
29	<b>GENERAL FUND</b>	<b>\$370,000</b>	<b>\$120,000</b>
30			
31	<b>SECTION TOTAL - ALL FUNDS</b>	<u><b>\$370,000</b></u>	<u><b>\$120,000</b></u>

32 **PART B**

33 **Sec. B-1. Authorization of bonds.** The Treasurer of State is authorized, under  
34 the direction of the Governor, to issue bonds in the name and on behalf of the State in an

1 amount not exceeding \$12,000,000 for the purposes described in section 5 of this Part.  
2 The bonds are a pledge of the full faith and credit of the State. The bonds may not run for  
3 a period longer than 10 years from the date of the original issue of the bonds.

4 **Sec. B-2. Records of bonds issued; Treasurer of State.** The Treasurer of  
5 State shall ensure that an account of each bond is kept showing the number of the bond,  
6 the name of the successful bidder to whom sold, the amount received for the bond, the  
7 date of sale and the date when payable.

8 **Sec. B-3. Sale; how negotiated; proceeds appropriated.** The Treasurer of  
9 State may negotiate the sale of the bonds by direction of the Governor, but no bond may  
10 be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the  
11 bonds, which must be held by the Treasurer of State and paid by the Treasurer of State  
12 upon warrants drawn by the State Controller, are appropriated solely for the purposes set  
13 forth in this Part. Any unencumbered balances remaining at the completion of the project  
14 in this Part lapse to the Office of the Treasurer of State to be used for the retirement of  
15 general obligation bonds.

16 **Sec. B-4. Interest and debt retirement.** The Treasurer of State shall pay  
17 interest due or accruing on any bonds issued under this Part and all sums coming due for  
18 payment of bonds at maturity.

19 **Sec. B-5. Disbursement of bond proceeds from General Fund bond issue.**  
20 The proceeds of the sale of the bonds authorized under this Part must be expended as  
21 designated in the following schedule under the direction and supervision of the agencies  
22 and entities set forth in this section.

23 **AGRICULTURE, CONSERVATION**  
24 **AND FORESTRY, DEPARTMENT OF**

25 **Agricultural Development Fund**  
26

27 Provides funds to establish and support local food hub programs to connect local food  
28 producers with school food service providers and encourage the use of local farm  
29 products in the public schools.

30 Total \$12,000,000

31 **Sec. B-6. Contingent upon ratification of bond issue.** Sections 1 to 5 do not  
32 become effective unless the people of the State ratify the issuance of the bonds as set  
33 forth in this Part.

34 **Sec. B-7. Appropriation balances at year-end.** At the end of each fiscal year,  
35 all unencumbered appropriation balances representing state money carry forward. Bond  
36 proceeds that have not been expended within 10 years after the date of the sale of the  
37 bonds lapse to the Office of the Treasurer of State to be used for the retirement of general  
38 obligation bonds.



1           The bill also provides a bond issue in the amount of \$12,000,000 to be used to  
2           develop up to 10 local food hubs.