

House File 2176 - Introduced

HOUSE FILE 2176

BY LOHSE

A BILL FOR

1 An Act creating a grocer reinvestment fund and program under
2 the purview of the economic development authority, modifying
3 the local food and farm program, and making appropriations.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

GROCER REINVESTMENT FUND AND PROGRAM

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2
3 Section 1. NEW SECTION. 15.413 Grocer reinvestment fund
4 and program.

5 1. As used in this section:

6 a. *"Financial assistance"* means assistance, in the form
7 of grants, provided only from the funds and assets legally
8 available to the authority pursuant to this section.

9 b. *"Grocery store"* means an establishment also known as a
10 supermarket that primarily engages in retailing a general line
11 of food including canned and frozen food; fresh fruits and
12 vegetables; and fresh and prepared meat, fish, and poultry.

13 c. *"Low or moderate income community"* means a census tract,
14 as reported by the most recent federal decennial census, in
15 which fifty-one percent of the persons residing in the census
16 tract are at or below eighty percent of the area median income
17 as determined by the United States department of housing and
18 urban development.

19 d. *"Program"* means the grocer reinvestment program.

20 e. *"Underserved community"* means a census tract, as reported
21 in the most recent federal decennial census, determined to
22 be an area with low grocery store access as identified in
23 the food access research atlas prepared by the United States
24 department of agriculture, or by a methodology adopted by
25 another governmental healthy food initiative.

26 2. a. (1) A grocer reinvestment fund is created in the
27 state treasury under the control of the authority. The fund
28 shall consist of moneys appropriated to the authority and any
29 other moneys available to, obtained by, or accepted by the
30 authority for placement in the fund. The fund shall be used to
31 award financial assistance as provided under the program. The
32 authority shall use any moneys specifically appropriated for
33 purposes of this section only for the purposes of the program.

34 (2) The authority may use not more than five percent of
35 the moneys in the fund at the beginning of the fiscal year

1 for purposes of administrative costs, marketing, technical
2 assistance, and other program support.

3 *b.* Notwithstanding section 8.33, moneys in the fund
4 that remain unencumbered or unobligated at the close of the
5 fiscal year shall not revert but shall remain available for
6 expenditure for the purposes designated until the close of
7 the succeeding fiscal year. Notwithstanding section 12C.7,
8 interest or earnings on moneys in the fund shall be credited
9 to the fund.

10 3. The authority shall establish and administer the program
11 for the purpose of awarding financial assistance to eligible
12 grocery stores for the following projects at existing grocery
13 stores, or new grocery stores to be located in this state:

14 *a.* Capital improvements to establish or expand capacity,
15 including expansions and modifications.

16 *b.* Upgrades to utilities, including water, electric, heat,
17 refrigeration, and freezing units.

18 *c.* Purchases of equipment and furnishings.

19 *d.* Expenditures for professional services.

20 *e.* Technology that allows increased capacity or business
21 resilience, including software and hardware related to business
22 functions, logistics, inventory management, temperature
23 monitoring controls, cybersecurity, and internet site design
24 that enables electronic commerce.

25 4. The authority shall establish eligibility criteria for
26 the program by rule. The eligibility criteria must include all
27 of the following:

28 *a.* The grocery store has filed all required documents with
29 the secretary of state under the relevant filing statute as
30 described in section 9.11.

31 *b.* The grocery store is organized as a sole proprietorship,
32 partnership, limited liability company, corporation,
33 cooperative, nonprofit organization, or nonprofit community
34 development entity.

35 *c.* The grocery store owns ten or fewer grocery stores.

1 *d.* The grocery store has the capacity to successfully
2 implement or complete the project, and demonstrates a plan for
3 sustainability.

4 5. In order to be awarded financial assistance under the
5 program, a grocery store must provide matching funds for the
6 project equal to the amount of the financial assistance award.
7 Financial assistance awarded under the program shall not be
8 less than fifty thousand dollars and shall not exceed five
9 hundred thousand dollars.

10 6. The authority shall evaluate applications, and priority
11 shall be given to the grocery stores that commit to all of the
12 following:

13 *a.* Locating the project in an underserved community that
14 primarily serves the residents of low or moderate income
15 communities.

16 *b.* Accepting benefits under the United States department
17 of agriculture supplemental nutrition assistance program and
18 the special supplemental nutrition program for women, infants,
19 and children.

20 *c.* Creating or retaining jobs for local residents.

21 *d.* Other criteria determined by the authority.

22 7. By November 1, 2025, and each November 1 thereafter,
23 if financial assistance has been provided in the immediately
24 preceding fiscal year, the director shall submit a report to
25 the general assembly describing the activities of the program
26 including the geographic distribution of the projects, the
27 identity of the applicants, and the new investments or new jobs
28 created as a result of the financial assistance provided under
29 the program.

30 Sec. 2. Section 15.106B, Code 2024, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 6. The authority may enter into a contract
33 with a nonprofit organization organized under chapter 504 or
34 similar laws of another jurisdiction, or with a community
35 development financial institution, to administer the grocer

1 reinvestment program under section 15.413.

2 DIVISION II

3 LOCAL FOOD AND FARM PROGRAM — GROCERY STORES

4 Sec. 3. Section 267A.1, subsection 1, Code 2024, is amended
5 to read as follows:

6 1. The purpose of this chapter is to empower farmers, and
7 food entrepreneurs, and grocery stores to provide for strong
8 local food economies that promote self-sufficiency and job
9 growth in the agricultural sector and allied sectors of the
10 economy.

11 Sec. 4. Section 267A.1, subsection 2, paragraph d, Code
12 2024, is amended to read as follows:

13 *d.* Increase the number of jobs in this state's farm and
14 business economies associated with producing, processing,
15 distributing, retailing, and marketing local food.

16 Sec. 5. Section 267A.1, subsection 2, Code 2024, is amended
17 by adding the following new paragraph:

18 NEW PARAGRAPH. *e.* Increase the availability and viability
19 of grocery stores in this state.

20 Sec. 6. Section 267A.2, Code 2024, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 4A. "*Grocery store*" means the same as
23 defined in section 15.413.

24 Sec. 7. Section 267A.6, subsection 2, paragraphs a and c,
25 Code 2024, are amended to read as follows:

26 *a.* Improve communication and cooperation between and among
27 farmers, food entrepreneurs, grocers, and consumers.

28 *c.* Demonstrate the value of processing, distributing,
29 retailing, and marketing local foods. A demonstration project
30 must be capable of being replicated on a statewide basis.

31 DIVISION III

32 APPROPRIATIONS

33 Sec. 8. GROCER REINVESTMENT FUND — FY 2024-2025. There
34 is appropriated from the general fund of the state to the
35 economic development authority for the fiscal year beginning

1 July 1, 2024, and ending June 30, 2025, the following amount,
2 or so much thereof as is necessary, to be used for the purposes
3 designated:

4 For deposit in the grocer reinvestment fund created in
5 section 15.413:

6 \$ 2,000,000

7 Sec. 9. GROCER REINVESTMENT FUND — FY 2025-2026. There
8 is appropriated from the general fund of the state to the
9 economic development authority for the fiscal year beginning
10 July 1, 2025, and ending June 30, 2026, the following amount,
11 or so much thereof as is necessary, to be used for the purposes
12 designated:

13 For deposit in the grocer reinvestment fund created in
14 section 15.413:

15 \$ 2,000,000

16 EXPLANATION

17 The inclusion of this explanation does not constitute agreement with
18 the explanation's substance by the members of the general assembly.

19 This bill creates a grocer reinvestment fund (fund) and
20 program (program) under the purview of the economic development
21 authority (authority), modifies the local food and farm
22 program, and makes appropriations to the fund.

23 DIVISION I — GROCER REINVESTMENT FUND AND PROGRAM. The
24 bill provides the fund shall consist of moneys appropriated to
25 the authority, and any other moneys placed or accepted into the
26 fund. The fund shall be used to award financial assistance to
27 eligible grocery stores under the program.

28 The bill defines "grocery store" to mean an establishment
29 also known as a supermarket that primarily engages in retailing
30 a general line of food including canned and frozen food; fresh
31 fruits and vegetables; and fresh and prepared meat, fish, and
32 poultry.

33 The bill defines "financial assistance" to mean assistance
34 provided in the form of a grant.

35 Under the bill, the authority shall administer the program

1 for the purpose of awarding financial assistance to eligible
2 grocery stores for projects located in this state including
3 capital improvements, utility upgrades, equipment and
4 furnishings, professional services, and technology.

5 The bill allows the authority to establish the eligibility
6 criteria for the program by rule. The eligibility criteria
7 must include compliance with any documents required to be filed
8 with the secretary of state; an organizational structure that
9 is either a sole proprietorship, partnership, limited liability
10 company, corporation, cooperative, nonprofit organization, or
11 nonprofit community development entity; and ownership of 10 or
12 fewer grocery stores.

13 In order to be awarded financial assistance pursuant to
14 the bill, a grocery store must provide matching funds for the
15 project that equal the amount of the financial assistance
16 award. The bill specifies a financial assistance award shall
17 not be less than \$50,000 or more than \$500,000.

18 Under the bill, priority shall be given to projects located
19 in an underserved community that primarily serves residents of
20 low or moderate income communities; accepts benefits under the
21 United States department of agriculture supplemental nutrition
22 assistance program, and special supplemental nutrition program
23 for women, infants, and children; creates or retains jobs; and
24 any other criteria determined by the authority.

25 The authority is required to submit a report to the general
26 assembly describing the activities of the program by November
27 1, 2025, and each November 1 thereafter, if applicable. The
28 report shall include the geographic distribution of the
29 projects, the identity of the applicants, and new investments
30 or new jobs created.

31 DIVISION II — LOCAL FOOD AND FARM PROGRAM — GROCERY STORES.
32 The bill changes the purpose and goals of the local food and
33 farm program in Code chapter 267A to include the retailing of
34 local food, and increasing the availability and viability of
35 grocery stores in this state.

H.F. 2176

1 DIVISION III — APPROPRIATIONS. The bill appropriates \$2
2 million each of the next two fiscal years (FY 2024-2025 and FY
3 2025-2026) from the general fund of the state to the fund to
4 provide financial assistance to eligible grocery stores under
5 the program.