

House File 2599 - Introduced

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BY COMMITTEE ON ECONOMIC
GROWTH AND TECHNOLOGY

(SUCCESSOR TO HF 2176)

A BILL FOR

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

DIVISION I

GROCER REINVESTMENT AND LOCAL PRODUCE PROCESSING

Section 1. NEW SECTION. 15.413 Grocer reinvestment program.

1. As used in this section:

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

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

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

d. "Program" means the grocer reinvestment program.

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

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

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

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

c. Purchases of equipment and furnishings.

d. Expenditures for professional services.

e. Technology that allows increased capacity or business

1 resilience, including software and hardware related to business
2 functions, logistics, inventory management, temperature
3 monitoring controls, cybersecurity, and internet site design
4 that enables electronic commerce.

5 3. The authority shall establish eligibility criteria for
6 the program by rule. The eligibility criteria must include all
7 of the following:

8 a. The grocery store has filed all required documents with
9 the secretary of state under the relevant filing statute as
10 described in section 9.11.

11 b. The grocery store is organized as a sole proprietorship,
12 partnership, limited liability company, corporation,
13 cooperative, nonprofit organization, or nonprofit community
14 development entity.

15 c. The grocery store owns five or fewer grocery stores.

16 d. The grocery store has the capacity to successfully
17 implement or complete the project, and demonstrates a plan for
18 sustainability.

19 4. In order to be awarded financial assistance under the
20 program, a grocery store must provide matching funds for the
21 project equal to the amount of the financial assistance award.
22 Financial assistance awarded under the program shall not exceed
23 two hundred thousand dollars.

24 5. The authority shall evaluate applications, and priority
25 shall be given to the grocery stores that commit to all of the
26 following:

27 a. Locating the project in an underserved community that
28 primarily serves the residents of low or moderate income
29 communities.

30 b. Accepting benefits under the United States department
31 of agriculture supplemental nutrition assistance program and
32 the special supplemental nutrition program for women, infants,
33 and children.

34 c. Creating or retaining jobs for local residents.

35 d. Making efforts to procure and offer local foods for sale.

1 e. Other criteria determined by the authority.

2 6. By November 1, 2025, and each November 1 thereafter,
3 if financial assistance has been provided in the immediately
4 preceding fiscal year, the director shall submit a report to
5 the general assembly describing the activities of the program
6 including the geographic distribution of the projects, the
7 identity of the applicants, and the new investments or new jobs
8 created as a result of the financial assistance provided under
9 the program.

10 Sec. 2. NEW SECTION. 15.414 Local produce processing grant
11 program.

12 1. As used in this section:

13 a. "Local produce" means fruits and vegetables grown in this
14 state.

15 b. "Local produce and processing" means the preparation of
16 local produce for human consumption.

17 2. a. The authority shall establish and administer
18 the local produce processing grant program for the purpose
19 of awarding grants to Iowa-based entities to increase the
20 availability of local produce processing. In administering the
21 program, the authority shall prioritize grants to Iowa-based
22 entities that will increase any of the following as it relates
23 to local produce processing:

24 (1) Availability.

25 (2) Access.

26 (3) Efficiency.

27 (4) Capacity.

28 b. A grant shall not be awarded to an entity unless the
29 local produce processing includes local produce from multiple
30 Iowa-based farms.

31 3. The authority may adopt rules pursuant to chapter 17A to
32 administer this section.

33 Sec. 3. NEW SECTION. 15.415 Grocer reinvestment and local
34 food processing fund.

35 1. a. A grocer reinvestment and local food processing

1 2024, is amended to read as follows:

2 d. Increase the number of jobs in this state's farm and
3 business economies associated with producing, processing,
4 distributing, retailing, and marketing local food.

5 Sec. 6. Section 267A.1, subsection 2, Code 2024, is amended
6 by adding the following new paragraph:

7 NEW PARAGRAPH. e. Increase the availability and viability
8 of grocery stores in this state.

9 Sec. 7. Section 267A.2, Code 2024, is amended by adding the
10 following new subsection:

11 NEW SUBSECTION. 4A. "Grocery store" means the same as
12 defined in section 15.413.

13 Sec. 8. Section 267A.6, subsection 2, paragraphs a and c,
14 Code 2024, are amended to read as follows:

15 a. Improve communication and cooperation between and among
16 farmers, food entrepreneurs, grocers, and consumers.

17 c. Demonstrate the value of processing, distributing,
18 retailing, and marketing local foods. A demonstration project
19 must be capable of being replicated on a statewide basis.

20 DIVISION III

21 APPROPRIATIONS

22 Sec. 9. GROCER REINVESTMENT FUND — FY 2024-2025. There
23 is appropriated from the general fund of the state to the
24 economic development authority for the fiscal year beginning
25 July 1, 2024, and ending June 30, 2025, the following amount,
26 or so much thereof as is necessary, to be used for the purposes
27 designated:

28 For deposit in the grocer reinvestment and local food
29 processing fund created in section 15.415:

30 \$ 2,000,000

31 Sec. 10. GROCER REINVESTMENT FUND — FY 2025-2026. There
32 is appropriated from the general fund of the state to the
33 economic development authority for the fiscal year beginning
34 July 1, 2025, and ending June 30, 2026, the following amount,
35 or so much thereof as is necessary, to be used for the purposes

1 designated:

2 For deposit in the grocer reinvestment and local food
3 processing fund created in section 15.415:

4 \$ 2,000,000

5 EXPLANATION

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

8 This bill creates a grocer reinvestment program (grocer
9 program), a local produce processing grant program (processing
10 program), a grocer reinvestment and local food processing fund
11 (fund), and makes appropriations.

12 DIVISION I. The bill defines "grocery store" to mean an
13 establishment also known as a supermarket that primarily
14 engages in retailing a general line of food including canned
15 and frozen food; fresh fruits and vegetables; and fresh and
16 prepared meat, fish, and poultry.

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

19 Under the bill, the economic development authority
20 (authority) shall administer the grocer program for the purpose
21 of awarding financial assistance to eligible grocery stores for
22 projects located in this state including capital improvements,
23 utility upgrades, equipment and furnishings, professional
24 services, and technology.

25 The bill allows the authority to establish the eligibility
26 criteria for the grocer program by rule. The eligibility
27 criteria must include compliance with any documents required
28 to be filed with the secretary of state; an organizational
29 structure that is either a sole proprietorship, partnership,
30 limited liability company, corporation, cooperative, nonprofit
31 organization, or nonprofit community development entity;
32 ownership of five or fewer grocery stores; and the capacity to
33 successfully complete the project and demonstrate a plan for
34 sustainability.

35 In order to be awarded financial assistance pursuant to

1 the bill, a grocery store must provide matching funds for the
2 project that equal the amount of the financial assistance
3 award. The bill specifies a financial assistance award shall
4 not exceed \$200,000.

5 Under the bill, priority shall be given to projects located
6 in an underserved community that primarily serves residents of
7 low or moderate income communities; accepts benefits under the
8 United States department of agriculture supplemental nutrition
9 assistance program, and special supplemental nutrition program
10 for women, infants, and children; creates or retains jobs;
11 makes efforts to procure and offer local foods for sale; and
12 any other criteria determined by the authority.

13 The authority is required to submit a report to the
14 general assembly describing the activities of the grocer
15 program by November 1, 2025, and each November 1 thereafter,
16 if applicable. The report shall include the geographic
17 distribution of the projects, the identity of the applicants,
18 and new investments or new jobs created.

19 The bill also establishes the processing program. Under the
20 bill, the authority shall administer the processing program
21 for the purpose of awarding grants to Iowa-based entities to
22 increase the availability of local produce processing. The
23 bill defines both "local produce" and "local produce and
24 processing". The bill requires the authority to prioritize
25 grants to entities that increase the availability, access,
26 efficiency, or capacity of local produce processing. The bill
27 prohibits grants to an entity unless the entity processes local
28 produce from multiple Iowa-based farms.

29 The bill establishes the fund under the control of the
30 authority for the purpose of awarding financial assistance to
31 eligible grocery stores under the grocer program and awarding
32 grants to entities that increase local produce processing
33 under the processing program. Commencing with the fiscal
34 year beginning July 1, 2024, and each fiscal year thereafter,
35 \$100,000 of the annual appropriation, or 10 percent of the

1 moneys available in the fund on July 1, whichever is less,
2 shall be allocated to the processing program created in the
3 bill.

4 DIVISION II. The bill changes the purpose and goals of the
5 local food and farm program in Code chapter 267A to include the
6 retailing of local food, and increasing the availability and
7 viability of grocery stores in this state.

8 DIVISION III. The bill appropriates \$2 million each of the
9 next two fiscal years (FY 2024-2025 and FY 2025-2026) from
10 the general fund of the state to the fund to award financial
11 assistance to eligible grocery stores under the grocer program,
12 and to award grants to entities that increase local produce
13 processing under the processing program.