

House File 1032 - Introduced

HOUSE FILE 1032
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HF 550)
(SUCCESSOR TO HF 59)

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, and modifying the local food and farm
5 program.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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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. "Program" means the grocer reinvestment program.

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

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

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

b. The grocery store is organized as a sole proprietorship,

1 partnership, limited liability company, corporation, cooperative,
2 nonprofit organization, or nonprofit community development
3 entity.

4 c. The grocery store owns ten or fewer grocery stores.

5 d. The grocery store has the capacity to successfully
6 implement or complete the project, and demonstrates a plan for
7 sustainability.

8 4. In order to be awarded financial assistance under the
9 program, a grocery store must provide matching funds for the
10 project equal to the amount of the financial assistance award.
11 Financial assistance awarded under the program shall not exceed
12 one hundred thousand dollars.

13 5. The authority shall evaluate applications, and priority
14 shall be given to the grocery stores that commit to all of the
15 following:

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

20 b. Creating or retaining jobs for local residents.

21 c. Making efforts to procure and offer local foods for sale.

22 d. Other criteria determined by the authority.

23 6. The authority shall prioritize eligible grocery stores
24 based on the population size of the community in which the
25 eligible grocery store is located. Priority shall be given
26 to eligible grocery stores located in the least-populated
27 communities.

28 7. By November 1, 2026, and each November 1 thereafter,
29 if financial assistance has been provided in the immediately
30 preceding fiscal year, the director shall submit a report to
31 the general assembly describing the activities of the program
32 including the geographic distribution of the projects, the
33 identity of the applicants, and the new investments or new jobs
34 created as a result of the financial assistance provided under
35 the program.

1 Sec. 2. NEW SECTION. **15.414 Local produce processing grant**
2 **program.**

3 1. As used in this section:

4 a. "Local produce" means fruits and vegetables grown in this
5 state.

6 b. "Local produce and processing" means the preparation of
7 local produce for human consumption.

8 2. a. The authority shall establish and administer the local
9 produce processing grant program for the purpose of awarding
10 grants to Iowa-based entities to increase the availability of
11 local produce processing. In administering the program, the
12 authority shall prioritize grants to Iowa-based entities that
13 will increase any of the following as it relates to local produce
14 processing:

15 (1) Availability.

16 (2) Access.

17 (3) Efficiency.

18 (4) Capacity.

19 b. A grant shall not be awarded to an entity unless the
20 local produce processing includes local produce from multiple
21 Iowa-based farms.

22 3. The authority may adopt rules pursuant to chapter 17A to
23 administer this section.

24 Sec. 3. NEW SECTION. **15.415 Grocer reinvestment and local**
25 **food processing fund.**

26 1. a. A grocer reinvestment and local food processing fund
27 is created in the state treasury under the control of the
28 authority. The fund shall consist of moneys appropriated by the
29 general assembly to the authority and any other moneys available
30 to, obtained by, or accepted by the authority for placement in
31 the fund. The fund shall be used to award financial assistance
32 as provided under the grocer reinvestment program established in
33 section 15.413 and the local produce processing grant program
34 established in section 15.414.

35 b. Commencing with the fiscal year beginning July 1, 2025,

1 and each fiscal year thereafter, one hundred thousand dollars
2 of the annual appropriation to the fund, or ten percent of
3 the moneys in the fund available on July 1, whichever is less,
4 shall be allocated to the local produce processing grant program
5 established in section 15.414.

6 c. The authority may use not more than five percent of
7 the moneys in the fund at the beginning of the fiscal year
8 for purposes of administrative costs, marketing, technical
9 assistance, and other program support.

10 2. Notwithstanding section 8.33, moneys in the fund that
11 remain unencumbered or unobligated at the close of the fiscal
12 year shall not revert but shall remain available for expenditure
13 for the purposes designated until the close of the succeeding
14 fiscal year. Notwithstanding section 12C.7, interest or earnings
15 on moneys in the fund shall be credited to the fund.

16 DIVISION II

17 LOCAL FOOD AND FARM PROGRAM — GROCERY STORES

18 Sec. 4. Section 267A.1, subsection 1, Code 2025, is amended
19 to read as follows:

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

24 Sec. 5. Section 267A.1, subsection 2, paragraph d, Code 2025,
25 is amended to read as follows:

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

29 Sec. 6. Section 267A.1, subsection 2, Code 2025, is amended
30 by adding the following new paragraph:

31 NEW PARAGRAPH. e. Increase the availability and viability of
32 grocery stores in this state.

33 Sec. 7. Section 267A.2, Code 2025, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 4A. "Grocery store" means the same as

1 defined in section 15.413.

2 Sec. 8. Section 267A.6, subsection 2, paragraphs a and c,
3 Code 2025, are amended to read as follows:

4 a. Improve communication and cooperation between and among
5 farmers, food entrepreneurs, grocers, and consumers.

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

9 EXPLANATION

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

12 This bill creates a grocer reinvestment program (grocer
13 program), a local produce processing grant program (processing
14 program), a grocer reinvestment and local food processing fund
15 (fund).

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

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

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

29 The bill allows the authority to establish the eligibility
30 criteria for the grocer program by rule. The eligibility
31 criteria must include compliance with any documents required to
32 be filed with the secretary of state; an organizational structure
33 that is a sole proprietorship, partnership, limited liability
34 company, corporation, cooperative, nonprofit organization, or
35 nonprofit community development entity; ownership of 10 or fewer

1 grocery stores; and the capacity to successfully complete the
2 project and demonstrate a plan for sustainability.

3 In order to be awarded financial assistance pursuant to the
4 bill, a grocery store must provide matching funds for the project
5 that equal the amount of the financial assistance award. The
6 bill specifies a financial assistance award shall not exceed
7 \$100,000.

8 Under the bill, priority shall be given to projects
9 that accept benefits under the United States department of
10 agriculture supplemental nutrition assistance program, and
11 special supplemental nutrition program for women, infants, and
12 children; create or retain jobs; make efforts to procure and
13 offer local foods for sale; and any other criteria determined
14 by the authority. The authority shall prioritize eligible
15 grocery stores based on the population of the community in
16 which the eligible grocery store is located, with priority
17 given to eligible grocery stores located in the least-populated
18 communities.

19 The authority is required to submit a report to the general
20 assembly describing the activities of the grocer program by
21 November 1, 2026, and each November 1 thereafter, if financial
22 assistance has been provided in the immediately preceding fiscal
23 year. The report shall include the geographic distribution of
24 the projects, the identity of the applicants, and new investments
25 or new jobs created.

26 The bill also establishes the processing program. Under the
27 bill, the authority shall administer the processing program for
28 the purpose of awarding grants to Iowa-based entities to increase
29 the availability of local produce processing. The bill defines
30 both "local produce" and "local produce and processing". The
31 bill requires the authority to prioritize grants to entities
32 that increase the availability, access, efficiency, or capacity
33 of local produce processing. The bill prohibits grants to an
34 entity unless the entity processes local produce from multiple
35 Iowa-based farms.

1 The bill establishes the fund under the control of the
2 authority for the purpose of awarding financial assistance to
3 eligible grocery stores under the grocer program and awarding
4 grants to entities that increase local produce processing
5 under the processing program. Commencing with the fiscal
6 year beginning July 1, 2025, and each fiscal year thereafter,
7 \$100,000 of the annual appropriation, or 10 percent of the moneys
8 available in the fund on July 1, whichever is less, shall be
9 allocated to the processing program created in the bill.

10 DIVISION II. The bill changes the purpose and goals of the
11 local food and farm program in Code chapter 267A to include
12 the retailing of local food, and increasing the availability and
13 viability of grocery stores in this state.

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