

**House File 59 - Introduced**

HOUSE FILE 59  
BY LOHSE and INGELS

**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:

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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. *"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.

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

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

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

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

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

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

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

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

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

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

35 c. Creating or retaining jobs for local residents.

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

2 e. Other criteria determined by the authority.

3 6. By November 1, 2026, and each November 1 thereafter,  
4 if financial assistance has been provided in the immediately  
5 preceding fiscal year, the director shall submit a report to  
6 the general assembly describing the activities of the program  
7 including the geographic distribution of the projects, the  
8 identity of the applicants, and the new investments or new jobs  
9 created as a result of the financial assistance provided under  
10 the program.

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

13 1. As used in this section:

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

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

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

25 (1) Availability.

26 (2) Access.

27 (3) Efficiency.

28 (4) Capacity.

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

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

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

1 1. a. A grocer reinvestment and local food processing fund  
2 is created in the state treasury under the control of the  
3 authority. The fund shall consist of moneys appropriated to  
4 the authority and any other moneys available to, obtained by, or  
5 accepted by the authority for placement in the fund. The fund  
6 shall be used to award financial assistance as provided under  
7 the grocer reinvestment program established in section 15.413 and  
8 the local produce processing grant program established in section  
9 15.414.

10 b. Commencing with the fiscal year beginning July 1, 2025,  
11 and each fiscal year thereafter, one hundred thousand dollars  
12 of the annual appropriation to the fund, or ten percent of  
13 the moneys in the fund available on July 1, whichever is less,  
14 shall be allocated to the local produce processing grant program  
15 established in section 15.414.

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

20 2. Notwithstanding section 8.33, moneys in the fund that  
21 remain unencumbered or unobligated at the close of the fiscal  
22 year shall not revert but shall remain available for expenditure  
23 for the purposes designated until the close of the succeeding  
24 fiscal year. Notwithstanding section 12C.7, interest or earnings  
25 on moneys in the fund shall be credited to the fund.

26 DIVISION II

27 LOCAL FOOD AND FARM PROGRAM — GROCERY STORES

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

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

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

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

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

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

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

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

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

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

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

19 DIVISION III  
20 APPROPRIATIONS

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

26 For deposit in the grocer reinvestment and local food  
27 processing fund created in section 15.415:  
28 ..... \$ 2,000,000

29 Sec. 10. GROCER REINVESTMENT FUND — FY 2026-2027. There is  
30 appropriated from the general fund of the state to the economic  
31 development authority for the fiscal year beginning July 1, 2026,  
32 and ending June 30, 2027, the following amount, or so much  
33 thereof as is necessary, to be used for the purposes designated:

34 For deposit in the grocer reinvestment and local food  
35 processing fund created in section 15.415:

1 ..... \$ 2,000,000

2 EXPLANATION

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

5 This bill creates a grocer reinvestment program (grocer  
6 program), a local produce processing grant program (processing  
7 program), a grocer reinvestment and local food processing fund  
8 (fund), and makes appropriations.

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

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

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

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

32 In order to be awarded financial assistance pursuant to the  
33 bill, a grocery store must provide matching funds for the project  
34 that equal the amount of the financial assistance award. The  
35 bill specifies a financial assistance award shall not exceed

1 \$200,000.

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

10 The authority is required to submit a report to the general  
11 assembly describing the activities of the grocer program by  
12 November 1, 2026, and each November 1 thereafter, if applicable.  
13 The report shall include the geographic distribution of the  
14 projects, the identity of the applicants, and new investments or  
15 new jobs created.

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

26 The bill establishes the fund under the control of the  
27 authority for the purpose of awarding financial assistance to  
28 eligible grocery stores under the grocer program and awarding  
29 grants to entities that increase local produce processing  
30 under the processing program. Commencing with the fiscal  
31 year beginning July 1, 2025, and each fiscal year thereafter,  
32 \$100,000 of the annual appropriation, or 10 percent of the moneys  
33 available in the fund on July 1, whichever is less, shall be  
34 allocated to the processing program created in the bill.

35 DIVISION II. The bill changes the purpose and goals of the

1 local food and farm program in Code chapter 267A to include  
2 the retailing of local food, and increasing the availability and  
3 viability of grocery stores in this state.

4 DIVISION III. The bill appropriates \$2 million each of the  
5 next two fiscal years (FY 2025-2026 and FY 2026-2027) from  
6 the general fund of the state to the fund to award financial  
7 assistance to eligible grocery stores under the grocer program,  
8 and to award grants to entities that increase local produce  
9 processing under the processing program.

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