

Grocery Store Investment Programs Bill House File 1032

Last Action:

House Floor

April 24, 2025

An Act creating a Grocer Reinvestment Program, a Local Produce Processing Grant Program, and a Grocer Reinvestment and Local Food Processing Fund under the purview of the Economic Development Authority, and modifying the Local Food and Farm Program.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available online at www.legis.iowa.gov/publications/information/appropriationBillAnalysis

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NEW PROGRAMS, SERVICES, OR ACTIVITIES

Requires the Iowa Economic Development Authority (IEDA) to establish and administer the Grocer Reinvestment Program to award financial assistance to eligible Iowa grocery stores for certain projects. Page 1, Line 18

Requires the Department of Agriculture and Land Stewardship (DALs) to establish and administer the Local Produce Processing Grant Program to award grants to Iowa-based entities to increase the availability of local produce processing. Page 4, Line 5

FUNDING FOR PROJECTS AND PROGRAMS

Requires a grocery store to provide matching funds equal to the financial assistance received under the Grocer Reinvestment Program. Limits financial assistance to \$100,000 per project. Page 2, Line 12

Establishes the Grocer Reinvestment and Local Food Processing Fund under the IEDA. The Fund will be used to provide financial assistance under the Grocer Reinvestment Program and the Local Produce Processing Grant Program. Page 3, Line 5

Allocates \$100,000 of an annual appropriation to the Grocer Reinvestment and Local Food Processing Fund, or 10.0% of the moneys in the Fund available on July 1 of each year, whichever is less, to the Local Produce Processing Grant Program. Page 3, Line 16

STUDIES AND INTENT

Nonreversion

Allows unexpended funds in the Grocer Reinvestment and Local Food Processing Fund to remain available for expenditure through the following fiscal year. Interest or earnings on moneys in the Fund are credited to the Fund. Page 3, Line 26

Required Reports

Requires the IEDA Director to submit a report on the Grocer Reinvestment Program to the General Assembly by November 1, 2026, and each November 1 thereafter, if financial assistance was awarded in the preceding fiscal year. Page 2, Line 32

SIGNIFICANT CODE CHANGES

Establishes eligibility criteria for the Grocer Reinvestment Program and requires the IEDA to establish additional eligibility criteria in administrative rules.

Page 1, Line 33

Adds grocery stores to the list of entities supported by the Local Food and Farm Program.

Page 4, Line 34

Allows the Local Food and Farm Program coordinator to sponsor and fund projects that improve communication between and among farmers, food entrepreneurs, grocers, and consumers and projects that demonstrate the value of processing, distributing, retailing, and marketing local foods.

Page 5, Line 19

House File 1032 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section
1	3	1	New	15.413
3	5	2	New	15.415
3	33	3	New	187.331
4	34	5	Amend	267A.1.1
5	6	6	Amend	267A.1.2.d
5	11	7	Add	267A.1.2.e
5	15	8	Add	267A.2.4A
5	19	9	Amend	267A.6.2.a,c

<p>1 1 DIVISION I</p> <p>1 2 GROCER REINVESTMENT AND LOCAL PRODUCE PROCESSING</p> <p>1 3 Section 1. NEW SECTION 15.413 GROCER REINVESTMENT PROGRAM.</p> <p>1 4 1. As used in this section:</p> <p>1 5 a. "Financial assistance" means assistance, in the form</p> <p>1 6 of grants, provided only from the funds and assets legally</p> <p>1 7 available to the authority pursuant to this section.</p> <p>1 8 b. "Grocery store" means an establishment also known as a</p> <p>1 9 supermarket that primarily engages in retailing a general line</p> <p>1 10 of food including canned and frozen food; fresh fruits and</p> <p>1 11 vegetables; and fresh and prepared meat, fish, and poultry, and</p> <p>1 12 the establishment meets either of the following requirements:</p> <p>1 13 (1) A minimum of fifty percent of the retail space in the</p> <p>1 14 establishment is dedicated to retailing a general line of food.</p> <p>1 15 (2) A minimum of thirty percent of the establishment's</p> <p>1 16 revenue derives from retailing a general line of food.</p> <p>1 17 c. "Program" means the grocer reinvestment program.</p> <p>1 18 2. The authority shall establish and administer the program</p> <p>1 19 for the purpose of awarding financial assistance to eligible</p> <p>1 20 grocery stores for the following projects at existing grocery</p> <p>1 21 stores, or new grocery stores to be located in this state:</p> <p>1 22 a. Capital improvements to establish or expand capacity,</p> <p>1 23 including expansions and modifications.</p> <p>1 24 b. Upgrades to utilities, including water, electric, heat,</p> <p>1 25 refrigeration, and freezing units.</p> <p>1 26 c. Purchases of equipment and furnishings.</p> <p>1 27 d. Expenditures for professional services.</p> <p>1 28 e. Technology that allows increased capacity or business</p> <p>1 29 resilience, including software and hardware related to business</p> <p>1 30 functions, logistics, inventory management, temperature</p> <p>1 31 monitoring controls, cybersecurity, and internet site design</p> <p>1 32 that enables electronic commerce.</p> <p>1 33 3. The authority shall establish eligibility criteria for</p> <p>1 34 the program by rule. The eligibility criteria must include all</p> <p>1 35 of the following:</p> <p>2 1 a. The grocery store has filed all required documents with</p> <p>2 2 the secretary of state under the relevant filing statute as</p>	<p>CODE: Establishes definitions for the Grocer Reinvestment Program.</p> <p>CODE: Requires the Iowa Economic Development Authority (IEDA) to establish and administer the Grocer Reinvestment Program to award financial assistance to eligible Iowa grocery stores for any of the following projects:</p> <ul style="list-style-type: none"> • Capital improvements to expand capacity. • Upgrades to utilities. • Purchases of equipment and furnishings. • Expenditures for professional services. • Technology that allows increased capacity or business resilience. <p>CODE: Requires the IEDA to establish eligibility criteria for the Grocer Reinvestment Program in administrative rules. The eligibility criteria must include the following:</p> <ul style="list-style-type: none"> • The grocery store has filed all required documents with the
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<p>2 3 described in section 9.11.</p> <p>2 4 b. The grocery store is organized as a sole proprietorship,</p> <p>2 5 partnership, limited liability company, corporation,</p> <p>2 6 cooperative, nonprofit organization, or nonprofit community</p> <p>2 7 development entity.</p> <p>2 8 c. The grocery store owns ten or fewer grocery stores.</p> <p>2 9 d. The grocery store has the capacity to successfully</p> <p>2 10 implement or complete the project, and demonstrates a plan for</p> <p>2 11 sustainability.</p>	<p>Secretary of State pursuant to Iowa Code section 9.11.</p> <ul style="list-style-type: none"> • The grocery store is organized as a sole proprietorship, partnership, limited liability company, corporation, cooperative, nonprofit organization, or a nonprofit community development entity. • The grocery store owns 10 or fewer grocery store locations. • The grocery store has the capacity to successfully implement or complete the project and demonstrates a plan for sustainability.
<p>2 12 4. In order to be awarded financial assistance under the</p> <p>2 13 program, a grocery store must provide matching funds for the</p> <p>2 14 project equal to the amount of the financial assistance award.</p> <p>2 15 Financial assistance awarded under the program shall not exceed</p> <p>2 16 one hundred thousand dollars.</p>	<p>CODE: Requires a grocery store to provide matching funds equal to the financial assistance received under the Grocer Reinvestment Program. Limits financial assistance to \$100,000 per project.</p>
<p>2 17 5. The authority shall evaluate applications, and priority</p> <p>2 18 shall be given to the grocery stores that commit to all of the</p> <p>2 19 following:</p> <p>2 20 a. Accepting benefits under the United States department</p> <p>2 21 of agriculture supplemental nutrition assistance program and</p> <p>2 22 the special supplemental nutrition program for women, infants,</p> <p>2 23 and children.</p> <p>2 24 b. Creating or retaining jobs for local residents.</p> <p>2 25 c. Making efforts to procure and offer local foods for sale.</p> <p>2 26 d. Other criteria determined by the authority.</p>	<p>CODE: Requires the IEDA to evaluate applications and prioritize grocery stores that commit to the following:</p> <ul style="list-style-type: none"> • Accepting benefits under the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). • Creating or retaining jobs for local residents. • Making efforts to procure and offer local foods for sale. • Fulfilling other criteria determined by the IEDA.
<p>2 27 6. The authority shall prioritize eligible grocery stores</p> <p>2 28 based on the population size of the community in which the</p> <p>2 29 eligible grocery store is located. Priority shall be given</p> <p>2 30 to eligible grocery stores located in the least-populated</p> <p>2 31 communities.</p>	<p>CODE: Requires the IEDA to prioritize financial assistance to grocery stores located in the least-populated communities.</p>
<p>2 32 7. By November 1, 2026, and each November 1 thereafter,</p> <p>2 33 if financial assistance has been provided in the immediately</p> <p>2 34 preceding fiscal year, the director shall submit a report to</p> <p>2 35 the general assembly describing the activities of the program</p> <p>3 1 including the geographic distribution of the projects, the</p> <p>3 2 identity of the applicants, and the new investments or new jobs</p> <p>3 3 created as a result of the financial assistance provided under</p> <p>3 4 the program.</p>	<p>CODE: Requires the IEDA Director to submit a report on the Grocer Reinvestment Program to the General Assembly by November 1, 2026, and each November 1 thereafter, if financial assistance was awarded in the preceding fiscal year. The report must include the geographic distribution of projects, the identity of applicants, and the new investments made or jobs created as a result of the Program.</p>

<p>3 5 Sec. 2. NEW SECTION 15.415 GROCER REINVESTMENT AND LOCAL 3 6 FOOD PROCESSING FUND. 3 7 1. a. A grocer reinvestment and local food processing 3 8 fund is created in the state treasury under the control of the 3 9 authority. The fund shall consist of moneys appropriated by 3 10 the general assembly to the authority and any other moneys 3 11 available to, obtained by, or accepted by the authority 3 12 for placement in the fund. The fund shall be used to award 3 13 financial assistance as provided under the grocer reinvestment 3 14 program established in section 15.413 and the local produce 3 15 processing grant program established in section 187.331.</p>	<p>CODE: Establishes the Grocer Reinvestment and Local Food Processing Fund under the IEDA. The Fund will be used to provide financial assistance under the Grocer Reinvestment Program and the Local Produce Processing Grant Program.</p>
<p>3 16 b. Commencing with the fiscal year beginning July 1, 2025, 3 17 and each fiscal year thereafter, one hundred thousand dollars 3 18 of the annual appropriation to the fund, or ten percent of the 3 19 moneys in the fund available on July 1, whichever is less, 3 20 shall be allocated to the local produce processing grant 3 21 program established in section 187.331.</p>	<p>CODE: Allocates \$100,000 of an annual appropriation to the Grocer Reinvestment and Local Food Processing Fund, or 10.00% of the moneys in the Fund available on July 1 of each year, whichever is less, to the Local Produce Processing Grant Program.</p>
<p>3 22 c. The authority may use not more than five percent of 3 23 the moneys in the fund at the beginning of the fiscal year 3 24 for purposes of administrative costs, marketing, technical 3 25 assistance, and other program support.</p>	<p>CODE: Allows the IEDA to use up to 5.00% of the moneys in the Grocer Reinvestment and Local Food Processing Fund at the beginning of each fiscal year for administrative costs, marketing, technical assistance, and other program support.</p>
<p>3 26 2. Notwithstanding section 8.33, moneys in the fund 3 27 that remain unencumbered or unobligated at the close of the 3 28 fiscal year shall not revert but shall remain available for 3 29 expenditure for the purposes designated until the close of 3 30 the succeeding fiscal year. Notwithstanding section 12C.7, 3 31 interest or earnings on moneys in the fund shall be credited 3 32 to the fund.</p>	<p>CODE: Allows unexpended funds in the Grocer Reinvestment and Local Food Processing Fund to remain available for expenditure through the following fiscal year. Interest or earnings on moneys in the Fund are credited to the Fund.</p>
<p>3 33 Sec. 3. NEW SECTION 187.331 LOCAL PRODUCE PROCESSING GRANT 3 34 PROGRAM. 3 35 1. As used in this section: 4 1 a. "Local produce" means fruits and vegetables grown in this 4 2 state. 4 3 b. "Local produce processing" means the preparation of local 4 4 produce for human consumption.</p>	<p>CODE: Establishes definitions for the Local Produce Processing Grant Program.</p>
<p>4 5 2. The department shall establish and administer the local 4 6 produce processing grant program for the purpose of awarding</p>	<p>CODE: Requires the Department of Agriculture and Land Stewardship (DALS) to establish and administer the Local Produce Processing</p>

4 7 grants to lowa-based entities to increase the availability of
 4 8 local produce processing. In administering the program, the
 4 9 department shall prioritize grants to all of the following:
 4 10 a. lowa-based entities that will increase any of the
 4 11 following as it relates to local produce processing:
 4 12 (1) Availability.
 4 13 (2) Access.
 4 14 (3) Efficiency.
 4 15 (4) Capacity.
 4 16 b. lowa-based entities that process local produce from three
 4 17 or more lowa farms.
 4 18 c. A person participating in the choose lowa promotional
 4 19 program under section 187.303.
 4 20 d. lowa-based entities whose local produce is sold or
 4 21 distributed to a grocery store eligible for the grocer
 4 22 reinvestment program under section 15.413.

4 23 3. An lowa-based entity whose local produce processing
 4 24 includes local produce from three or more lowa farms shall be
 4 25 eligible for a grant under the program in an amount that is two
 4 26 times the maximum grant amount set by the department for the
 4 27 value-added agricultural grant program under section 187.321.

4 28 Sec. 4. CODE EDITOR DIRECTIVE. The Code editor is directed
 4 29 to designate section 187.331, as enacted in this division of
 4 30 this Act, as part 4 of subchapter III, chapter 187, entitled
 4 31 "Local Produce Processing Grant Program".

4 32 DIVISION II
 4 33 LOCAL FOOD AND FARM PROGRAM — GROCERY STORES

4 34 Sec. 5. Section 267A.1, subsection 1, Code 2025, is amended
 4 35 to read as follows:
 5 1 1. The purpose of this chapter is to empower farmers, and
 5 2 food entrepreneurs, and grocery stores to provide for strong
 5 3 local food economies that promote self-sufficiency and job
 5 4 growth in the agricultural sector and allied sectors of the
 5 5 economy.

5 6 Sec. 6. Section 267A.1, subsection 2, paragraph d, Code

Grant Program to award grants to lowa-based entities to increase the availability of local produce processing. Requires the DALs to prioritize grants to the following:

- lowa-based entities that will increase the availability of, access to, efficiency of, or capacity of local produce processing.
- lowa-based entities that process local produce from three or more lowa farms.
- A person participating in the Choose Iowa Promotional Program.
- lowa-based entities whose local produce is sold or distributed to a grocery store eligible for the Grocer Reinvestment Program.

CODE: Provides that an lowa-based entity whose local produce processing includes local produce from three or more lowa farms is eligible for a grant two times the maximum grant amount set under the Value-Added Agricultural Grant Program.

DETAIL: The maximum grant under the Value-Added Agricultural Grant Program is \$25,000.

Designates lowa Code section 187.331 as the Local Produce Processing Grant Program.

CODE: Adds grocery stores to the list of entities supported by the Local Food and Farm Program.

CODE: Adds increasing jobs that retail local food to the list of goals of

5 7	2025, is amended to read as follows:	the Local Food and Farm Program.
5 8	d. Increase the number of jobs in this state's farm and	
5 9	business economies associated with producing, processing,	
5 10	distributing, <u>retailing</u> , and marketing local food.	
5 11	Sec. 7. Section 267A.1, subsection 2, Code 2025, is amended	CODE: Adds increasing the availability and viability of grocery stores
5 12	by adding the following new paragraph:	to the list of goals of the Local Food and Farm Program.
5 13	NEW PARAGRAPH e. Increase the availability and viability	
5 14	of grocery stores in this state.	
5 15	Sec. 8. Section 267A.2, Code 2025, is amended by adding the	CODE: Defines "grocery store" under the Local Food and Farm
5 16	following new subsection:	Program.
5 17	NEW SUBSECTION 4A. "Grocery store" means the same as	
5 18	defined in section 15.413.	
5 19	Sec. 9. Section 267A.6, subsection 2, paragraphs a and c,	CODE: Allows the Local Food and Farm Program coordinator to
5 20	Code 2025, are amended to read as follows:	sponsor and fund projects that do the following:
5 21	a. Improve communication and cooperation between and among	
5 22	farmers, food entrepreneurs, <u>grocers</u> , and consumers.	• Improve communication and cooperation between and among
5 23	c. Demonstrate the value of processing, distributing,	farmers, food entrepreneurs, grocers, and consumers.
5 24	<u>retailing</u> , and marketing local foods. A demonstration project	• Demonstrate the value of processing, distributing, retailing, and
5 25	must be capable of being replicated on a statewide basis.	marketing local foods.