

1 SB260  
2 165196-2  
3 By Senators Reed, Ross, Whatley, Waggoner, Dial, Holley,  
4 Coleman, Figures, Albritton, Smitherman, Marsh, Allen,  
5 Scofield, Bussman, Williams, Glover and Hightower  
6 RFD: Health and Human Services  
7 First Read: 17-MAR-15

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8 SYNOPSIS: This bill would create the Healthy Food  
9 Financing Act to provide financing for grocery  
10 stores to operate in low and moderate income areas  
11 in order to increase the availability of fresh and  
12 nutritious food to underserved communities.

13 This bill would also require the Department  
14 of Agriculture and Industries to administer the  
15 financing program.

16  
17 A BILL  
18 TO BE ENTITLED  
19 AN ACT

20  
21 Relating to underserved communities; to create the  
22 Healthy Food Financing Act to provide financing for grocery  
23 stores to operate in low and moderate income areas in order to  
24 increase the availability of fresh and nutritious food to  
25 underserved communities; and to require the Department of  
26 Agriculture and Industries to administer the financing  
27 program.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. (a) This act shall be known as the  
3 Healthy Food Financing Act.

4 (b) The purpose of this act is to establish a  
5 statewide program to increase the availability of fresh and  
6 nutritious food, including fruits and vegetables, in  
7 underserved communities by providing financing for retailers  
8 to open, renovate, or expand grocery stores.

9 Section 2. For the purposes of this act, the  
10 following words have the following meanings:

11 (1) DEPARTMENT. The Department of Agriculture and  
12 Industries.

13 (2) FINANCING. Loans or grants.

14 (3) GROCERY STORE. A for-profit or nonprofit  
15 self-service retail establishment that primarily sells meat,  
16 seafood, fruits, vegetables, dairy products, dry groceries,  
17 household products, and other healthy or fresh food retailers.

18 (4) LOW INCOME AREA. A census tract, as reported in  
19 the most recently completed decennial census published by the  
20 U.S. Bureau of the Census, that has a poverty rate of at least  
21 20 percent or in which the median family income does not  
22 exceed 80 percent of the greater of the statewide or  
23 metropolitan median family income.

24 (5) MODERATE INCOME AREA. A census tract in which  
25 the median family income is between 81 and 95 percent of the  
26 median family income for the area.

1                   (6) UNDERSERVED COMMUNITY. A census tract determined  
2 to be an area with low supermarket access by either the U.S.  
3 Department of Agriculture (USDA), as identified in the USDA's  
4 Food Access Research Atlas, or through a methodology that has  
5 been adopted for use by another governmental or philanthropic  
6 healthy food initiative.

7                   Section 3. There is established the Healthy Food  
8 Financing Fund, which shall be comprised of federal, state, or  
9 private grants or loans, federal tax credits, or other type of  
10 financial assistance, for the construction or expansion of  
11 grocery stores to expand access to fresh produce and other  
12 nutritious foods in underserved communities. Monies in the  
13 fund shall be used, to the extent practicable, to leverage  
14 other forms of financing. No less than 25 percent of the  
15 monies in the fund shall be expended in the form of grants or  
16 forgivable loans.

17                  Section 4. (a) The department, in cooperation with  
18 public and private sector partners, shall establish a  
19 financing program to provide financing to retailers to  
20 construct, rehabilitate, or expand grocery stores in  
21 underserved communities in urban and rural low and moderate  
22 income areas.

23                  (b) The department may contract with one or more  
24 qualified nonprofit organizations or community development  
25 financial institutions to administer this program through a  
26 public-private partnership. The department shall establish  
27 program guidelines, raise matching funds, promote the program

1 statewide, evaluate applicants, underwrite and disburse grants  
2 and loans, and monitor compliance and impact. The department  
3 may develop rules in accordance with the Administrative  
4 Procedure Act to carry out the program and to meet the intent  
5 of this act. No more than 10 percent of the monies in the fund  
6 shall be reserved for administrative and operational costs to  
7 manage the program, unless those costs are provided for from  
8 other budgets or in-kind resources.

9 (c) The department shall establish monitoring and  
10 accountability mechanisms for projects receiving financing and  
11 shall report annually to the Legislature on the projects  
12 funded, the geographic distribution of the projects, the costs  
13 of the program, the administrative cost of the program, and  
14 the outcomes, including the number and type of jobs created  
15 and health impacts associated with the program.

16 (d) The department shall create eligibility  
17 guidelines and provide financing through an application  
18 process. Projects shall be located in an underserved community  
19 and primarily serve low or moderate income areas. Projects  
20 eligible for financing include the following:

21 (1) Construction of new grocery stores.

22 (2) Store renovations, expansion, and infrastructure  
23 upgrades that improve the availability and quality of fresh  
24 produce and other healthy foods.

25 (e) An applicant for financing may be a for-profit  
26 or nonprofit entity, including, but not limited to, a sole  
27 proprietorship, partnership, limited liability company,

1 corporation, cooperative, nonprofit organization, nonprofit  
2 community development entity, university, or government  
3 entity. An applicant for financing shall do all of the  
4 following:

5 (1) Demonstrate the capacity to successfully  
6 implement the project and the likelihood that the project will  
7 be economically self-sustaining.

8 (2) Demonstrate the ability to repay the debt.

9 (3) Agree, for a period of at least five years, to  
10 comply with the following conditions:

11 a. To allocate at least 30 percent of food retail  
12 space for the sale of perishable foods, which may include  
13 fresh or frozen dairy, fresh produce, whole grains, fresh  
14 meats, poultry, and fish.

15 b. To comply with all data collection and reporting  
16 requirements established by the department.

17 c. To promote the hiring of local residents.

18 (f) In determining which qualified projects to  
19 finance, the department shall consider all of the following:

20 (1) The level of need in the area to be served.

21 (2) The degree to which the project requires an  
22 investment of public financing to move forward, create impact,  
23 or be competitive, and the level of need in the area to be  
24 served.

25 (3) The degree to which the project will have a  
26 positive economic impact on the underserved community,  
27 including by creating or retaining jobs for local residents.

1                   (4) The degree to which the project will participate  
2 in state and local health department initiatives to educate  
3 consumers on nutrition and promote healthier eating.

4                   (5) Other criteria the department determines to be  
5 consistent with the purposes of this act.

6                   (g) Financing made available for projects may be  
7 used for any of the following purposes:

8                   (1) Site acquisition and preparation.

9                   (2) Construction and build-out costs.

10                   (3) Equipment and furnishings.

11                   (4) Workforce training or security.

12                   (5) Pre-development costs such as market studies and  
13 appraisals.

14                   (6) Energy efficiency measures.

15                   (7) Working capital for first-time inventory and  
16 startup costs.

17                   Section 5. This act shall become effective on the  
18 first day of the third month following its passage and  
19 approval by the Governor, or its otherwise becoming law.