

By: Zaffirini

S.B. No. 2156

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of a grocery access investment fund program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 2306, Government Code, is amended by adding Subchapter BB to read as follows:

SUBCHAPTER BB. TEXAS GROCERY ACCESS INVESTMENT FUND

Sec. 2306.6501. DEFINITIONS. In this subchapter:

(1) "Community development financial institution" has the meaning assigned by 12 U.S.C. Section 4702.

(2) "Farm stand" has the meaning assigned by Section 437.001, Health and Safety Code.

(3) "Financing" means a loan, grant, or forgivable loan.

(4) "Fund" means the Texas grocery access investment fund established by this subchapter.

(5) "Grant" means a grant provided under the program.

(6) "Grocery store" means a self-service retail store that primarily sells meat, seafood, fruits, vegetables, dairy products, dry groceries, household products, and sundries.

(7) "Low-income area" means a census tract, based on the most recent information published by the United States Bureau of the Census, in which the poverty rate is 20 percent or higher or the median family income is at or below 81 percent of the median

family income for the state or the metropolitan statistical area.

(8) "Mobile market" means a mobile self-service retail store that primarily sells meat, seafood, fruits, vegetables, dairy products, and dry groceries.

(9) "Moderate-income area" means a census tract, based on the most recent information published by the United States Bureau of the Census, in which the median family income is between 82 and 95 percent of the median family income for the state or the metropolitan statistical area.

(10) "Program" means the Texas grocery access investment fund program authorized by this subchapter.

(11) "Underserved area" means:

(A) an area designated as underserved by the department by rule; or

(B) a census tract, based on the most recent information published by the United States Bureau of the Census, that has been determined to be an area with low supermarket access by the United States Department of Agriculture, as identified by the Food Access Research Atlas published by the United States Department of Agriculture.

Sec. 2306.6502. TEXAS GROCERY ACCESS INVESTMENT FUND PROGRAM. (a) The department, in cooperation with public and private sector partners, shall establish the Texas grocery access investment fund program to provide financing to construct, rehabilitate, or expand grocery stores, mobile markets, farm stands, and other eligible projects as determined by the department to increase food access in underserved low-income and

1 moderate-income areas in this state.

2 (b) The Texas grocery access investment fund is a trust fund  
3 outside the treasury with the comptroller and administered by the  
4 department.

5 (c) The fund may be composed of:

6 (1) money received from a private financial  
7 institution, including a bank, credit union, or community  
8 development financial institution;

9 (2) federal, state, or private grants or loans;

10 (3) money received as a result of federal tax credits;

11 (4) money appropriated to the fund by the legislature;

12 (5) any other type of financial assistance; and

13 (6) interest received on money in the fund.

14 Sec. 2306.6503. ADMINISTRATION OF TEXAS GROCERY ACCESS  
15 INVESTMENT FUND PROGRAM. (a) The department shall contract with  
16 one or more of the following entities to administer the program  
17 through a public-private partnership:

18 (1) a nonprofit organization;

19 (2) a community development financial institution;

20 (3) a governmental entity;

21 (4) a private financial institution, including a bank  
22 or credit union;

23 (5) an academic institution; or

24 (6) any other entity considered appropriate by the  
25 department.

26 (b) Subject to rules, procedures, and guidelines adopted or  
27 established by the department, an entity contracted under

1 Subsection (a) shall establish program guidelines, raise matching  
2 funds, promote the program statewide, evaluate applicants,  
3 underwrite and disburse grants and loans, and monitor compliance  
4 with and the impact of the program. Notwithstanding this  
5 subsection, the department may disburse a grant or loan that does  
6 not exceed \$20,000 per project for an eligible project.

7 (c) The department shall establish rules or other  
8 procedures as necessary to administer this subchapter.

9 (d) The department may contract with an appropriate  
10 academic institution to establish monitoring and accountability  
11 mechanisms for projects receiving financing under the program. If  
12 the department contracts with an institution under this subsection,  
13 the institution shall report annually to the legislature. The  
14 report must include information regarding the projects that are  
15 funded, the geographic distribution of the projects, the costs of  
16 start-up and administration of the program, and the outcomes of the  
17 projects, including the number and types of jobs created as a result  
18 of the program and the health impact of the program.

19 (e) The department shall create project eligibility  
20 guidelines and provide financing through an application process.  
21 To be eligible for financing, a project must be located in an  
22 underserved area and primarily serve low-income or moderate-income  
23 areas. Projects eligible for financing include the construction,  
24 expansion, or rehabilitation of:

25 (1) a grocery store;

26 (2) a mobile market;

27 (3) a farm stand; and

1           (4) any other approved project that furthers the  
2 purposes of the program.

3           (f) An applicant for financing may be a for-profit or  
4 nonprofit entity, including a sole proprietorship, partnership,  
5 limited liability company, corporation, cooperative, nonprofit  
6 organization, nonprofit community development entity, university,  
7 or government entity. An applicant for financing must:

8           (1) demonstrate the capacity to successfully  
9 implement the project and the likelihood that the project will be  
10 economically self-sustaining;

11           (2) demonstrate the ability to repay any loan required  
12 to be repaid; and

13           (3) agree, for a period of five years, to:

14           (A) accept benefits under the federal  
15 supplemental nutrition assistance program operated under 7 U.S.C.  
16 Section 2011 et seq. and the federal special supplemental nutrition  
17 program for women, infants, and children authorized by 42 U.S.C.  
18 Section 1786;

19           (B) provide sufficient access to healthy food,  
20 such as by allocating an amount of retail space considered  
21 appropriate by the department for the sale of perishable foods,  
22 which may include whole grains, fresh produce, meat, poultry,  
23 seafood, and fresh or frozen dairy products;

24           (C) comply with all data collection and reporting  
25 requirements established by the department;

26           (D) promote the sale of fresh produce, including  
27 Texas-grown fruits and vegetables, and fresh Texas-raised meat,

poultry, and seafood products; and

(E) promote the hiring of local residents.

(g) In determining which eligible projects to finance, an entity contracted under Subsection (a) shall consider:

(1) the following for each eligible project:

(A) the level of need in the area to be served;

(B) the amount of public funding required to make the project move forward, create an impact, or be competitive;

(C) the degree to which the project will have a positive impact on food access and a positive economic impact on the underserved area, including by creating or retaining jobs for local residents;

(D) the degree to which the project will participate in state and local health initiatives to educate consumers on nutrition and promote healthy eating, including Texas A&M AgriLife Extension Service initiatives; and

(E) any other criteria the contracted entity considers necessary or appropriate; and

(2) the following for each eligible project related to the construction of a new grocery store:

(A) whether the grocery store is expected to be economically viable; and

(B) whether the grocery store will have a positive impact on healthy food access in the underserved low-income or moderate-income area the project is intended to serve.

(h) A recipient of financing may use funds received for the

following purposes:

- (1) site acquisition and preparation;
- (2) construction and build-out costs;
- (3) equipment and furnishings;
- (4) employee training or security;
- (5) predevelopment costs, including market studies  
and appraisals;
- (6) energy efficiency measures;
- (7) working capital for initial inventory and start-up  
costs; and
- (8) any other costs associated with maintaining the  
infrastructure of the project.

SECTION 2. Not later than December 1, 2017, the Texas Department of Housing and Community Affairs shall adopt rules to administer Subchapter BB, Chapter 2306, Government Code, as added by this Act.

SECTION 3. Not later than December 15, 2017, the Texas Department of Housing and Community Affairs shall contract with one or more entities as provided by Section 2306.6503(a), Government Code, as added by this Act.

SECTION 4. Not later than January 15, 2018, the Texas Department of Housing and Community Affairs shall transfer money held by the department and described by Section 2306.6502(c), Government Code, as added by this Act, to the Texas grocery access investment fund.

SECTION 5. This Act takes effect September 1, 2017.