By: Bernal H.B. No. 1107

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. Title 2, Agriculture Code, is amended by adding Chapter 26 to read as follows:

CHAPTER 26. TEXAS GROCERY ACCESS INVESTMENT FUND

Sec. 26.001. DEFINITIONS. In this chapter:

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

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

(3) "Fund" means the Texas grocery access investment fund established by this chapter.

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

(5) "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.

(6) "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 above 81 percent and at or below 95 percent of the median family income for the state or the metropolitan statistical area.

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

(8) "Supplemental nutrition assistance program" means the nutritional assistance program operated under Chapter 33, Human Resources Code, and formerly referred to as the food stamp program.

(9) "Underserved area" means 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:

(A) the United States Department of Agriculture, as identified in the Food Access Research Atlas published by that department; or

(B) another governmental or philanthropic healthy food initiative.

(10) "WIC program" means the federal special supplemental nutrition program for women, infants, and children authorized by 42 U.S.C. Section 1786.

Sec. 26.002. 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 in underserved low-income and moderate-income areas in this state.

(b) The fund is a trust fund outside the treasury with the

comptroller and administered by the department.

(c) The fund is composed of:

(1) money appropriated to the fund by the legislature;

(2) federal, state, or private grants or loans deposited to the credit of the fund;

(3) money received as a result of federal tax credits deposited to the credit of the fund;

(4) other money deposited to the credit of the fund, as provided by law; and

(5) any other type of financial assistance.

(d) The department may use money appropriated to the department for the purposes of establishing the program authorized by this chapter. Not less than 25 percent of the money in the fund shall be used to provide grants or forgivable loans distributed under the program. Not more than 10 percent of the money in the fund may be reserved for administrative or operational costs of operating the program, unless the costs are covered by another budget or in-kind contributions.

(e) The department may deposit to the credit of the fund any money available to the department for the purpose of the program, including appropriated money.

Sec. 26.003. ADMINISTRATION OF TEXAS GROCERY ACCESS INVESTMENT FUND PROGRAM. (a) The department shall contract with one or more qualified nonprofit organizations or community development financial institutions to administer the program through a public-private partnership.

(b) A nonprofit organization or community development

financial institution contracted under Subsection (a) shall establish program guidelines, raise matching funds, promote the program statewide, evaluate applicants, underwrite and disburse grants and loans, and monitor compliance with and the impact of the program.

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

(d) The department shall establish monitoring and accountability mechanisms for projects receiving financing under the program and shall report annually to the legislature. The report must include information regarding the projects that are funded, the geographic distribution of the projects, the costs of start-up and administration of the program, and the outcomes of the projects, including the number and types of jobs created as a result of the program and the health impact of the program.

(e) The department shall create project eligibility guidelines and provide financing through an application process. Projects must be located in an underserved area and primarily serve low-income or moderate-income areas. Projects eligible for financing include:

(1) constructing a new grocery store; and

(2) improving an existing grocery store, including upgrading the store's infrastructure, renovating the store, or expanding the store to improve the availability and quality of fresh produce and other healthy food.

(f) An applicant for financing may be a for-profit or nonprofit entity, including a sole proprietorship, partnership,

limited liability company, corporation, cooperative, nonprofit organization, nonprofit community development entity, university, or government entity. An applicant for financing must:

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

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

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

(A) accept benefits under the WIC program and the supplemental nutrition assistance program;

(B) allocate 30 percent of the retail space for the sale of perishable foods, which may include whole grains, fresh produce, meat, poultry, seafood, and fresh or frozen dairy products;

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

(D) promote the sale of fresh produce, including 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 qualified projects to finance, the department shall consider:

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

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

(3) the degree to which the project will have a

positive economic impact on the underserved area, including by creating or retaining jobs for local residents;

(4) 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

(5) any other criteria the department considers necessary or appropriate.

(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 and security;

(5) predevelopment costs, including market studies and appraisals;

(6) energy efficiency measures; and

(7) working capital for initial inventory and start-up costs.

SECTION 2. Not later than December 1, 2027, the Department of Agriculture shall adopt rules to administer Chapter 26, Agriculture Code, as added by this Act.

SECTION 3. Not later than December 15, 2027, the Department of Agriculture shall contract with one or more nonprofit organizations or community development financial institutions as provided by Section 26.003, Agriculture Code, as added by this Act.

SECTION 4. Not later than January 15, 2028, the Department

of Agriculture shall transfer money to the Texas grocery access investment fund.

SECTION 5. This Act takes effect September 1, 2027.