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March 1, 2017

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 506

By: Bice and Matthews

[healthy food consumption - Healthy Food Financing Act - Revolving Fund - Oklahoma Department of Agriculture, Food, and Forestry to administer program - eligible for financing - eligible applicants - monitoring and compliance mechanisms - annual report - codification - effective date]

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-201 of Title 2, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Healthy Food Financing Act."

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-203 of Title 2, unless there is created a duplication in numbering, reads as follows:

As used in the Healthy Food Financing Act:

1. "Board" means the State Board of Agriculture;

2. "Department" means the Oklahoma Department of Agriculture, Food, and Forestry;

1 3. "Financing" means loans, grants and forgivable loans;

2 4. "Grocery store" means a for-profit or not-for-profit self-
3 service retail establishment that primarily sells meat, seafood,
4 fruits, vegetables, dairy products, dry groceries, household
5 products and sundries;

6 5. "Low-income community" means a census tract, as reported in
7 the most recent decennial census published by the United States
8 Bureau of the Census, that has a poverty rate of at least twenty
9 percent (20%) or in which the median family income does not exceed
10 eighty percent (80%) of the greater of the statewide or metropolitan
11 median family income;

12 6. "Moderate income community" means a census tract, as
13 reported in the most recent decennial census published by the United
14 States Bureau of the Census, in which the median family income is
15 between eighty-one percent (81%) and ninety-five percent (95%) of
16 the statewide or metropolitan median family income;

17 7. "Small food retailer" means a small retail outlet less than
18 two thousand five hundred (2,500) square feet, which sells a limited
19 selection of foods and other products; and

20 8. "Underserved community" means a census tract, as reported in
21 the most recent decennial census published by the United States
22 Bureau of the Census, determined to be an area with low supermarket
23 access by either the United States Department of Agriculture, as
24 identified in the Food Access Research Atlas, or through a

1 methodology that has been adopted for use by another governmental
2 healthy food initiative.

3 SECTION 3. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 5-204 of Title 2, unless there
5 is created a duplication in numbering, reads as follows:

6 There is hereby created in the State Treasury a revolving fund
7 to be designated the "Healthy Food Financing Revolving Fund". The
8 fund shall be a continuing fund, not subject to fiscal year
9 limitations, and shall consist of all monies received by the State
10 Board of Agriculture for the Healthy Food Financing Act from any
11 state-appropriated funds, federal funds, donations, grants,
12 contributions and gifts from any public or private source. All
13 monies accruing to the credit of the fund are hereby appropriated
14 and may be budgeted and expended by the State Board of Agriculture
15 for the purposes set forth in the Healthy Food Financing Act. No
16 more than ten percent (10%) of the fund expenditures shall be
17 reserved for administrative and operational costs to manage the
18 program, unless those costs are provided from other budgets or in-
19 kind resources.

20 SECTION 4. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 5-205 of Title 2, unless there
22 is created a duplication in numbering, reads as follows:

23 A. The Department shall administer the provisions of the
24 Healthy Food Financing Act.

1 B. The Department may contract with one or more nonprofit
2 organizations or community development financial institutions to
3 administer this program through a public-private partnership.

4 C. The Board shall adopt the rules and program eligibility
5 guidelines necessary to enforce and administer the Healthy Food
6 Financing Act, including an application process for financing and
7 grants. Projects that receive financing must be located in an
8 underserved community and primarily serve low or moderate income
9 communities. Projects eligible for financing include:

- 10 1. Construction of new grocery stores;
- 11 2. Construction of small food retailers; and
- 12 3. Grocery store or small food retailer renovations, expansions
13 and infrastructure upgrades that improve the availability and
14 quality of fresh produce and other healthy foods.

15 D. Financing made available for projects may be expended for
16 the following purposes:

- 17 1. Site acquisition and preparation;
- 18 2. Construction costs;
- 19 3. Equipment and furnishings;
- 20 4. Workforce training or security;
- 21 5. Pre-development costs, including market studies and
22 appraisals;
- 23 6. Energy efficiency measures;
- 24

1 7. Working capital for first-time inventory and start-up costs;
2 and

3 8. For small food retailers, the acquisition or leasing of
4 refrigeration equipment, display shelving or other one-time capital
5 expenditure, at a cost of less than Five Thousand Dollars
6 (\$5,000.00), for the promotion and display of perishable foods,
7 which shall include a blend of dairy products, fresh produce, fresh
8 meats and poultry and fresh or frozen fish.

9 E. In determining which projects shall qualify for financing,
10 the Department shall consider:

11 1. The level of need of access to healthy foods in the area to
12 be served;

13 2. The degree to which the project requires an investment of
14 public financing to progress, create and impact on access to healthy
15 food;

16 3. The degree to which the project will have a positive
17 economic impact on the underserved community, including by creating
18 or retaining jobs for local residents;

19 4. The degree to which the project will participate in state
20 and local health department initiatives to educate consumers on
21 nutrition and promote healthier eating; and

22 5. Other criteria the Board determines to be consistent with
23 the purposes of this act.
24

1 F. Eligible applicants for financing shall include but are not
2 limited to sole proprietorships, partnerships, limited liability
3 companies, corporations, cooperatives, nonprofit organizations,
4 nonprofit community development entities, universities or government
5 entities. Applicants for financing must:

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

9 2. Demonstrate the ability to repay the debt; and

10 3. Agree, for a period of at least five (5) years, to comply
11 with the following conditions:

12 a. to accept the benefits of The United States Department
13 of Agriculture's Supplemental Nutrition Assistance
14 Program,

15 b. to apply to accept The United States Department of
16 Agriculture's Special Supplemental Nutrition Program
17 for Women, Infants, and Children and to accept the
18 benefits, if approved,

19 c. to allocate at least thirty percent (30%) of food
20 retail space for the sale of perishable foods, which
21 shall include fresh dairy, produce, meats, poultry and
22 fish,

23 d. to comply with all data collection and reporting
24 requirements established by the Board, and

1 e. to promote the hiring of local residents.

2 G. The Board may establish monitoring and compliance mechanisms
3 for projects receiving financing.

4 H. The Department shall raise matching funds, promote the
5 program statewide, evaluate applicants, underwrite and disburse
6 grants and loans and monitor compliance and impact.

7 I. The Department shall report annually to the Legislature on
8 the projects funded, the geographic distribution of the projects,
9 the costs of the program, and the outcomes, including the number and
10 type of jobs created and health initiatives associated with the
11 program.

12 SECTION 5. This act shall become effective November 1, 2017.

13 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
14 March 1, 2017 - DO PASS AS AMENDED
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