

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

HOUSE BILL 1467

By: Kirby

AS INTRODUCED

An Act relating to public health and safety; enacting the Healthy Food Financing Act; making legislative findings; defining terms; establishing the Healthy Food Financing Fund; providing for expenditures from Fund; providing for administration of programs; imposing duties on the Oklahoma Department of Agriculture, Food, and Forestry; establishing criteria for project eligibility; providing for grocery store construction and renovations; establishing requirements and qualifications; establishing selection criteria; specifying eligible costs; providing for eligibility of small food retailers and other retailers; providing for codification; and providing an 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 1-1171 of Title 63, 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". The purpose of the act is to establish a statewide program to increase the availability of fresh and nutritious food, including fruits and vegetables, in underserved communities.

1       SECTION 2.       NEW LAW       A new section of law to be codified

2 in the Oklahoma Statutes as Section 1-1172 of Title 63, unless there  
3 is created a duplication in numbering, reads as follows:

4       The Legislature finds and declares the following:

5       1. Overweight children and adults are at greater risk for  
6 numerous adverse health consequences, including type 2 diabetes,  
7 heart disease, stroke, high blood pressure, high cholesterol,  
8 certain cancers, asthma, low self-esteem, depression and other  
9 debilitating diseases;

10       2. Obesity-related health conditions have serious economic  
11 costs. Annual health care costs from obesity are at least One  
12 Hundred Ninety Billion Dollars (\$190,000,000,000.00), or twenty-one  
13 percent (21%) of total health care spending, and are expected to  
14 rise substantially. Roughly forty percent (40%) of these costs are  
15 paid through Medicare and Medicaid, which means that taxpayers foot  
16 much of the bill. Medicare and Medicaid spending would be reduced  
17 by eight and five-tenths percent (8.5%) and eleven and eight-tenths  
18 percent (11.8%), respectively, in the absence of obesity-related  
19 spending. Obesity-related annual medical expenditures in Oklahoma  
20 are estimated at One Billion Four Hundred Seventy Million Dollars  
21 (\$1,470,000,000.00);

22       3. Living closer to a grocery store is associated with a better  
23 diet and a decreased risk for obesity and diet-related chronic  
24 diseases. Many Americans, particularly those in low-income

1 neighborhoods, rural areas and communities of color, live in  
2 communities that lack adequate access to full-service grocery  
3 stores. National studies conducted by the United States Department  
4 of Agriculture's Economic Research Service and The Reinvestment Fund  
5 have found that twenty-five to thirty million Americans live in  
6 communities that do not provide adequate access to healthy food  
7 retailers, such as supermarkets or grocery stores, within a  
8 reasonable distance from their home;

9 4. Developing grocery stores also stimulates economic activity.  
10 Building new grocery stores increases jobs and employment in the  
11 community where the grocery store is located. Adding a grocery  
12 store can also increase the levels and rates of appreciation of home  
13 prices near the new store and the market for state-grown produce and  
14 other foods;

15 5. Small food stores tend to sell little fresh produce, whole  
16 grains and low-fat dairy products. These stores commonly sell  
17 highly processed foods that are high in fat and low in nutrients.  
18 Small stores tend to charge higher prices for their food as compared  
19 to grocery stores and supermarkets; and

20 6. The program established pursuant to this act is intended to  
21 provide a dedicated source of financing for grocery stores operating  
22 in underserved communities in Oklahoma, in both urban and rural  
23 areas; to increase access to affordable healthy food to improve  
24 residents' diets and health; to promote the sale and consumption of

1 fresh fruits and vegetables, particularly those that are grown  
2 locally; and to support expanded economic opportunities in low-  
3 income communities.

4 SECTION 3. NEW LAW A new section of law to be codified  
5 in the Oklahoma Statutes as Section 1-1173 of Title 63, unless there  
6 is created a duplication in numbering, reads as follows:

7 As used in the Healthy Food Financing Act:

8 1. "Financing" means loans and grants and/or forgivable loans;

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

13 3. "Low-income community" means a census tract (as reported in  
14 the most recently completed decennial census published by the U.S.  
15 Bureau of the Census) that has a poverty rate of at least twenty  
16 percent (20%) or in which the median family income does not exceed  
17 eighty percent (80%) of the greater of the statewide or metropolitan  
18 median family income;

19 4. "Moderate-income community" means a census tract in which  
20 the median family income is between eighty-one percent (81%) and  
21 ninety-five percent (95%) of the median family income for the area;

22 5. "Small food retailer", also referred to as a small-scale  
23 store, corner store, convenience store, neighborhood store, small  
24 grocery or bodega, means a small retail outlet of under two thousand

1 five hundred (2,500) square feet which sells a limited selection of  
2 foods and other products; and

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

9 SECTION 4. NEW LAW A new section of law to be codified  
10 in the Oklahoma Statutes as Section 1-1174 of Title 63, unless there  
11 is created a duplication in numbering, reads as follows:

12 There is hereby established the Healthy Food Financing Fund,  
13 which shall be comprised of federal, state or private grants or  
14 loans, federal tax credits or other type of financial assistance to  
15 be used to increase the number of healthy food retail outlets in  
16 underserved communities that primarily serve low- or moderate-income  
17 communities. The Fund shall be expended primarily on the  
18 construction or expansion of grocery stores. Monies in the Fund  
19 shall be expended upon appropriation by the Legislature and shall be  
20 used, to the extent practicable, to leverage other forms of  
21 financing. No less than twenty-five percent (25%) of the monies in  
22 the Fund shall be expended in the form of grants or forgivable  
23 loans.

SECTION 5. NEW LAW

A new section of law to be codified in the Oklahoma Statutes as Section 1-1175 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Administration of the program.

1. The Oklahoma Department of Agriculture, Food, and Forestry (ODAFF), in cooperation with public and private sector partners, shall administer the Fund. ODAFF may contract with one or more qualified nonprofit organizations or community development financial institutions to administer this program through a public-private partnership. ODAFF will establish program guidelines, raise matching funds, promote the program statewide, evaluate applicants, underwrite and disburse grants and loans, and monitor compliance and impact. ODAFF may develop rules, regulations or other procedures to carry out the program to meet the intent of this act. No less than ten percent (10%) of the monies in the Fund shall be reserved for administrative and operational costs to manage the program, unless those costs are provided for from other budgets or in-kind resources.

2. ODAFF shall establish monitoring and accountability mechanisms for projects receiving financing and shall report annually to the Legislature on the projects funded, the geographic distribution of the projects, the costs of the program and the outcomes, including the number and type of jobs created and health initiatives associated with the program.

1 B. ODAFF shall create eligibility guidelines and provide  
2 financing through an application process. Projects must be located  
3 in an underserved community and primarily serve low- or moderate-  
4 income communities. Projects eligible for financing are:

- 5 1. Construction of new grocery stores;
- 6 2. Grocery store renovations, expansions and infrastructure  
7 upgrades that improve the availability and quality of fresh produce  
8 and other healthy foods; and
- 9 3. Small food retailers including, but not limited to, farmers'  
10 markets, mobile markets or other retail outlets.

11 C. Grocery store construction and renovations.

12 1. An applicant for financing may be a for-profit or not-for-  
13 profit entity, including but not limited to a sole proprietorship,  
14 partnership, limited liability company, corporation, cooperative,  
15 nonprofit organization, nonprofit community development entity,  
16 university or government entity. An applicant for financing must:

- 17 a. demonstrate the capacity to successfully implement the  
18 project and the likelihood that the project will be  
19 economically self-sustaining,
- 20 b. demonstrate the ability to repay the debt, and
- 21 c. agree for a period of at least five (5) years to  
22 comply with the following conditions:
  - 23 (1) to accept Supplemental Nutrition Assistance  
24 Program (SNAP) benefits,

- (2) to apply to accept Special Supplemental Nutrition Program for Women, Infants and Children (WIC) benefits and accept WIC benefits, if approved,
- (3) to allocate at least thirty percent (30%) of food retail space for the sale of perishable foods, which shall include fresh dairy, produce, meats, poultry and fish,
- (4) to comply with all data collection and reporting requirements established by ODAFF, and
- (5) to promote the hiring of local residents.

2. In determining which qualified projects to finance, ODAFF shall consider:

- a. the level of need in the area to be served,
- b. the degree to which the project requires an investment of public financing to move forward, create impact or be competitive,
- c. the degree to which the project will have a positive economic impact on the underserved community, including by creating or retaining jobs for local residents,
- d. the degree to which the project will participate in state and local health department initiatives to educate consumers on nutrition and promote healthier eating, and



1           e.    other criteria ODAFF determines to be consistent with  
2               the purposes of this act.

3       3.   Financing made available for projects may be used for the  
4 following purposes:

- 5           a.    site acquisition and preparation,
- 6           b.    construction and build-out costs,
- 7           c.    equipment and furnishings,
- 8           d.    workforce training or security,
- 9           e.    predevelopment costs such as market studies and  
10               appraisals,
- 11           f.    energy-efficiency measures, and
- 12           g.    working capital for first-time inventory and start-up  
13               costs.

14       D.   1.   An applicant for financing may be a for-profit or not-  
15 for-profit entity, including but not limited to a sole  
16 proprietorship, partnership, limited liability company, corporation,  
17 cooperative, nonprofit organization, nonprofit community development  
18 entity, university or government entity. An applicant for financing  
19 must demonstrate the capacity to successfully implement the project  
20 and agree to comply with the conditions of the financing as  
21 determined by ODAFF.

22       2.   Eligible costs.

23       Small food retailers. Financing may be used to acquire or lease  
24 refrigeration, display shelving or other one-time capital

1 expenditure at a cost of less than Five Thousand Dollars (\$5,000.00)  
2 per retailer for the promotion of perishable foods, which shall  
3 include a blend of dairy products, fresh produce, fresh meats and  
4 poultry, and fresh or frozen fish.

5 SECTION 6. This act shall become effective November 1, 2017.

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