

SENATE BILL No. 1110

October 18, 2016, Introduced by Senator HANSEN and referred to the Committee on
Economic Development and International Investment.

A bill to provide financial and other assistance to certain
retailers; to create certain funds; to authorize certain programs
to be created, operated, and administered by this state, certain
local governmental units, and other entities; to prescribe the
powers and duties of certain state and certain local governmental
officials; to make an appropriation; and to distribute certain
funds.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) This act shall be known as the "healthy food
2 assistance act".

3 (2) The purpose of this act is to do both of the following:

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

1 (b) Provide funding for county-based programs to provide
2 assistance to small food retailers to increase the availability and
3 sales of fresh and nutritious food, including fresh produce, in
4 low- and moderate-income communities.

5 Sec. 2. As used in this act:

6 (a) "Community development financial institution" means an
7 entity that meets all of the following:

8 (i) Has previous experience lending to food retailers,
9 producers, and other healthy food enterprises in underserved
10 communities.

11 (ii) Has been in existence and operating as a public-private
12 partnership prior to January 1, 2015.

13 (iii) Has the ability to raise matching capital to leverage
14 appropriated funds.

15 (iv) Has the ability to underwrite loans and grants to
16 grocers, distributors, and other food enterprises.

17 (v) Has experience partnering with nonprofit food access,
18 health, or community organizations in underserved communities.

19 (b) "Department" means the Michigan department of agriculture
20 and rural development.

21 (c) "Financing" means loans, grants, and forgivable loans.

22 (d) "Grocery store" means a for-profit or not-for-profit self-
23 service retail establishment that primarily sells meat, seafood,
24 fruits, vegetables, dairy products, dry groceries, household
25 products, and sundries.

26 (e) "Healthy food financing fund" or "fund" means the healthy
27 food financing fund created in section 3.

1 (f) "Low-income area" means a census tract as reported in the
2 most recently completed decennial census published by the United
3 States Bureau of the Census that has a poverty rate of at least 20%
4 or in which the median family income does not exceed 80% of the
5 greater of the statewide or metropolitan median family income.

6 (g) "Moderate-income area" means a census tract in which the
7 median family income is between 81% and 95% of the median family
8 income for the area.

9 (h) "Small food retailer" means a small-scale store, corner
10 store, convenience store, neighborhood store, small grocery,
11 bodega, or other small retail outlet, of under 2,500 square feet,
12 which sells a limited selection of foods and other products.

13 (i) "Underserved community" means a census tract determined to
14 be an area with low supermarket access by either the United States
15 Department of Agriculture, as identified in the United States
16 Department of Agriculture's Food Access Research Atlas, or through
17 a methodology that has been adopted for use by another governmental
18 or philanthropic healthy food initiative.

19 Sec. 3. (1) The healthy food financing fund is created within
20 the state treasury.

21 (2) The state treasurer may receive money or other assets from
22 any source for deposit into the fund. The state treasurer shall
23 direct the investment of the fund. The state treasurer shall credit
24 to the fund interest and earnings from fund investments.

25 (3) Money in the fund at the close of the fiscal year shall
26 remain in the fund and shall not lapse to the general fund.

27 (4) The department shall be the administrator of the fund for

1 auditing purposes.

2 (5) The department shall expend money from the fund, upon
3 appropriation, for both of the following purposes:

4 (a) To provide funding for the healthy food financing program
5 created in section 4.

6 (b) To provide funding for county-based programs to provide
7 assistance to small food retailers to increase the availability and
8 sales of fresh and nutritious food in low- and moderate-income
9 areas as provided in section 5.

10 Sec. 4. (1) The department shall identify and contract with a
11 community development financial institution to establish and
12 operate the healthy food financing program to provide financing to
13 retailers to construct, rehabilitate, or expand grocery stores in
14 underserved communities in urban and rural low- and moderate-income
15 areas.

16 (2) The department may contract with 1 or more qualified
17 nonprofit organizations or community development financial
18 institutions to administer this program through a public-private
19 partnership. The community development financial institution under
20 contract with the department shall raise matching funds, promote
21 the program statewide, evaluate applicants, underwrite and disburse
22 grants and loans, and monitor compliance and impact. Not more than
23 15% of the money in the fund shall be used for administrative and
24 operational costs of the community development financial
25 institution to manage the program described in this section, unless
26 those costs are provided for from other budgets or in-kind
27 resources.

1 (3) The community development financial institution shall
2 create and implement an application process to ensure that financed
3 projects meet eligibility guidelines. Projects shall be located in
4 an underserved community and primarily serve low- or moderate-
5 income areas. Projects eligible for financing include 1 or more of
6 the following:

7 (a) Construction of new grocery stores.

8 (b) Grocery store renovations, expansions, and infrastructure
9 upgrades that improve the availability and quality of fresh produce
10 and other healthy foods.

11 (c) Development and enhancement.

12 (d) Reduction of costs of local food production.

13 (e) Aggregation and processing.

14 (f) Distribution.

15 (g) Increase of retail outlets.

16 (h) Analysis and increase of market opportunities.

17 (4) An applicant for financing may be a for-profit or not-for-
18 profit entity, including, but not limited to, a sole
19 proprietorship, partnership, limited liability company,
20 corporation, cooperative, nonprofit organization, nonprofit
21 community development entity, university, or government entity. An
22 applicant for financing shall do all of the following:

23 (a) Demonstrate the capacity to successfully implement the
24 project and the likelihood that the project will be economically
25 self-sustaining.

26 (b) Demonstrate the ability to repay the debt.

27 (c) Agree, for period of at least 5 years, to comply with all

1 of the following conditions:

2 (i) To accept supplemental nutrition assistance program (SNAP)
3 benefits.

4 (ii) To apply to accept special supplemental nutrition program
5 for women, infants, and children (WIC) benefits and accept WIC
6 benefits, if approved.

7 (iii) To allocate at least 30% of food retail space for the
8 sale of perishable foods, which may include fresh or frozen dairy,
9 fresh produce, whole grains, fresh meats, poultry, and fish.

10 (iv) To comply with all data collection and reporting
11 requirements established by the department.

12 (v) To promote the hiring of local residents.

13 (5) In determining which qualified projects to finance, the
14 community development financial institution shall consider all of
15 the following:

16 (a) The level of need in the area to be served.

17 (b) The degree to which the project requires an investment of
18 public financing to move forward, create impact, or be competitive
19 and the level of need in the area to be served.

20 (c) The degree to which the project will have a positive
21 economic impact on the underserved community, including by creating
22 or retaining jobs for local residents.

23 (d) The degree to which the project will participate in state
24 and local health department initiatives to educate consumers on
25 nutrition and promote healthier eating.

26 (e) Other criteria the community development financial
27 institution determines to be consistent with the purposes of this

1 act.

2 (6) Financing made available for projects may be used for 1 or
3 more of the following purposes:

4 (a) Site acquisition and preparation.

5 (b) Construction and build-out costs.

6 (c) Equipment and furnishings.

7 (d) Workforce training or security.

8 (e) Predevelopment costs such as market studies and
9 appraisals.

10 (f) Energy efficiency measures.

11 (g) Working capital for first-time inventory and start-up
12 costs.

13 Sec. 5. (1) The department shall allocate money in the healthy
14 food financing fund to community development financial institutions
15 for county or regional departments of health or nonprofit
16 organizations to create and operate a program to provide assistance
17 to small food retailers within urban and rural low- and moderate-
18 income areas to increase the sales of fresh produce and other
19 healthy foods.

20 (2) The community development financial institution shall
21 establish guidelines for eligibility for funding consistent with
22 this section, raise matching funds, promote the availability of the
23 funding statewide, evaluate applicants, and disburse funding. In
24 determining which qualified projects to fund, the department shall
25 consider the level of need in the area to be served. The department
26 shall establish monitoring and accountability mechanisms for
27 programs receiving assistance.

1 (3) No more than 15% of the amount appropriated for this
2 section shall be reserved for the community development financial
3 institution's administrative and operational costs to allocate the
4 funding and prepare the evaluation, unless those costs are provided
5 for from other budgets or in-kind resources.

6 (4) The community development financial institution shall
7 create eligibility guidelines consistent with this section and
8 provide funding through an application process. To qualify for
9 funding, the applicant shall do all of the following:

10 (a) Be a county or regional public health department or a not-
11 for-profit entity.

12 (b) Be located in low- or moderate-income areas.

13 (c) Accept or agree to accept as a condition of receiving
14 assistance supplemental nutrition assistance program (SNAP)
15 benefits.

16 (d) Agree to apply to accept special supplemental nutrition
17 program for women, infants, and children (WIC) benefits and accept
18 WIC benefits, if eligible.

19 (e) Agree to abide by the conditions for receiving assistance.

20 (f) Collect and provide data and other information required by
21 the department for monitoring, accountability, and evaluation
22 purposes.

23 (g) Provide defined goals, standards, and accountability
24 mechanisms to ensure that expenditure of money under this section
25 is consistent with the purpose of this act, including, but not
26 limited to, all of the following:

27 (i) Identifying the basis for selecting the particular small

1 food retailers or geographic area for assistance.

2 (ii) Providing a plan describing specific goals for increasing
3 the sales of produce and other healthy foods by the small food
4 retailers in the targeted area and engaging the community to
5 support the participating small food retail stores and standards to
6 assess whether goals within the plan are met.

7 (iii) Engaging an advisory group of members of other county or
8 municipal agencies, such as planning or economic development,
9 private or public universities, cooperative extensions, community-
10 based organizations, and community members, to provide expertise
11 and support and to coordinate other efforts to support small food
12 retailers.

13 (iv) Ensuring that funds are expended for appropriate expenses
14 by requiring that small food retailers sign written agreements as a
15 condition for receiving assistance, monitoring the small food
16 retailers, and enforcing the agreements, if necessary.

17 (5) Money disbursed under this section may be used for the
18 following purposes:

19 (a) Salary and associated costs of employees or contractors
20 providing education, advice, or other assistance on food safety and
21 handling, nutrition education, business operations, and promotion
22 to small food retailers.

23 (b) Refrigeration, display shelving, or other equipment for
24 small food retailers necessary for stocking healthy foods and fresh
25 produce, at a cost of less than \$5,000.00 per retailer.

26 (c) Materials and supplies for nutrition education and healthy
27 food promotion.

1 (d) Mini-grants to retailers of no more than \$100.00 per
2 retailer to meet initial expenses incurred with participating in
3 the program.

4 Sec. 6. The community development financial institution shall
5 establish monitoring and accountability mechanisms for projects
6 receiving financing and shall report annually to the department on
7 the projects funded, the geographic distribution of the projects,
8 the costs of the program, and the outcomes, including the number
9 and type of jobs created and health impacts associated with the
10 program. The department shall provide the report described in this
11 section to each house of the legislature.

12 Sec. 7. (1) For the 2015-2016 fiscal year, \$6,500,000.00 is
13 appropriated from the general fund to the healthy food financing
14 fund as follows:

15 (a) Not more than \$5,000,000.00 for the healthy food financing
16 program described in section 4.

17 (b) Not more than \$1,000,000.00 for assistance to small food
18 retailers described in section 5.

19 (2) From the amounts appropriated in subsection (1), the
20 department may utilize up to \$500,000.00 to administer this act.