

SUBJECT: Establishing the grocery access investment fund program.

COMMITTEE: Economic and Small Business Development — committee substitute recommended

VOTE: 6 ayes — Johnson, Faircloth, Isaac, E. Rodriguez, Villalba, Vo

2 nays — C. Anderson, Metcalf

1 present not voting — Button

WITNESSES: For —Tania Noelle Boughton, American Heart Association; Jenny Eyer, Children at Risk; Stephen Costello, City of Houston; Amber Cooney, Peoplefund; Charles O’Neal, Texas Association of African American Chambers of Commerce; Daniel Gillotte, Wheatsville Food Co-Op; Lance Gilliam; (*Registered, but did not testify*: Savonne Caughey, American Heart Association; Dana Harris, Austin Chamber of Commerce; Kathryn Freeman, Christian Life Commission; Tim Schauer, Healthy Living Matters; Lauren Dimitry, Partnership for a Healthy Texas, Texans Care for Children, Texas Action for Healthy Kids; Lisa Hughes, Texas Academy of Nutrition and Dietetics; Yannis Banks, Texas NAACP; Clayton Travis, Texas Pediatric Society; Ellen Arnold, Texas PTA; Joel Romo, Texas Public Health Coalition; Casey Smith, United Ways of Texas)

Against — Ronnie Volkening, Texas Retailers Association

On — Deanna Hoelscher, University of Texas School of Public Health; (*Registered, but did not testify*: Neal Carlton, Dan Hunter, and Karen Reichek, Texas Department of Agriculture)

BACKGROUND: More than 14 percent of Texans live in areas that have been identified by the U.S. Department of Agriculture as presenting residents with difficulty in buying fresh food. Lack of access to grocery stores is believed to lead to a reliance on less healthy foods and ultimately to chronic illnesses and obesity. It also can hinder economic development in rural and urban areas.

DIGEST:

CSHB 1485 would establish the grocery access investment fund to provide financing to construct, rehabilitate, or expand certain grocery stores in underserved areas. The program would be a private-public collaboration between the Texas Department of Agriculture and at least one nonprofit organization or community development financial institution. The program would provide grants or forgivable loans to private or public organizations to build, improve, or expand grocery stores in neighborhoods with little or no access to fresh produce or healthy food.

Grocery access investment fund. The Department of Agriculture would administer a trust fund outside the treasury composed of appropriations, grants, loans, tax credits or any other type of financial assistance from the state, the federal government, or private organizations. The program would be required to use at least 25 percent of the fund to administer grants and forgivable loans under the program. The program could not spend more than 10 percent of the fund for administrative or operational costs.

The department would provide grants or forgivable loans to support projects in areas that had been identified as an underserved area by a government agency or philanthropic healthy food initiative.

The department would be required to create project eligibility guidelines and provide financing through an application process. An applicant for financing could be a for-profit or nonprofit entity. The department would be required to consider the level of need in the project's surrounding area and the amount of public funding that would be needed to make the project move forward, create an impact, or be competitive. The department also would be required to consider whether the project would participate in state and local initiatives to educate consumers on nutrition.

The bill would require the department to establish monitoring and accountability mechanisms for projects that received financing and then use the information gathered to create an annual report for the Legislature.

To apply for financing, an applicant would be required to demonstrate a capacity to successfully implement an economically self-sustaining project that could repay any loan it received. An applicant who received financing would be allowed to use funds received to purchase a site, build and equip a store, and train employees and for associated other start-up costs.

For at least five years after receiving a grant or forgivable loan, the applicant would be required to accept food stamps or benefits under the federal WIC program and promote the sale of fresh Texas-raised meat and produce grown in the state. In the same five-year period, the applicant also would be required to hire local residents and comply with all data collection and reporting requirements established by the department.

Private-public partnership. The program would be administered by the department in cooperation with one or more nonprofit organizations or community development financial institutions. A nonprofit organization or community development financial institution that partnered with the department would be required to:

- establish program guidelines;
- raise matching funds for projects;
- promote the program statewide;
- evaluate applicants;
- underwrite and disburse grants and loans;
- monitor applicant's compliance with the program; and
- monitor the economic impact of the program.

CSHB 1485 would require the department to adopt rules to administer the program by December 1, and to contract with one or more nonprofit organizations or community development financial institutions by December 15, 2015. The bill would require the department to transfer money to the fund by January 15, 2016.

The bill would take effect September 1, 2015.

NOTES: The Legislative Budget Board estimates that CSHB 1485 would have a negative fiscal impact of \$10 million on general revenue related funds in fiscal 2016-17.