

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Agriculture

BILL: CS/SB 760

INTRODUCER: Committee on Agriculture and Senator Bean

SUBJECT: Healthy Food Financing Initiative

DATE: January 11, 2016

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Weidenbenner	Becker	AG	Fav/CS
2.	_____	_____	AGG	_____
3.	_____	_____	AP	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 760 establishes a program called the Healthy Food Financing Initiative to provide financial assistance for the development or expansion of grocery retail outlets that operate in underserved communities or low-income or moderate-income communities. It provides a definition for “underserved community,” “low-income community,” “moderate-income community,” and other terms used in the bill. It directs the Department of Agriculture and Consumer Services (DACS) to implement and monitor the program through public-private partnerships and it sets forth requirements that must be met in establishing the program, in contracting with described entities for administration, in approving financing, and in monitoring the use of funds. The bill directs DACS to adopt rules to administer this program and to report annually to the President of the Senate and the Speaker of the House of Representatives. Lastly, it provides that the creation and implementation of this bill is contingent upon appropriation by the Legislature.

II. Present Situation:

A 2014 study commissioned by the DACS on the Impact of Food Deserts on Diet-Related Outcomes made several key findings, one of which was that access to quality retail grocers in Florida is strongly linked to a variety of diet-related health outcomes and that individuals living in places more than a half mile from the nearest full-service grocer and who lack access to a vehicle are more likely to die prematurely from diabetes, diet-related cancers, stroke, and liver

disease than individuals living where grocers are closer and vehicles are more available.¹ The American Heart Association reports that low-income areas have more convenience stores than supermarkets, thus limiting healthy options in those areas and specifically that 2.5 million Floridians live in areas where fresh food is not readily available.²

Healthy Food Financing Initiative programs are being established around the country through public private partnerships to provide grants and loans to assist the financing of new supermarkets and grocery stores to low-income, underserved communities. These programs provide more flexible terms and structured financing tailored for a specific project than financing provided by conventional credit sources. The first fresh food financing program was established in Pennsylvania in 2004 and is considered a success. At least a half dozen states or local governments have developed similar healthy food financing programs using the Pennsylvania program as a model.³ This proposed bill is likewise modeled after the Pennsylvania program.

A Community Development Financial Institution (CDFI) plays a key role in healthy food financing initiatives by providing financing packages with terms often unavailable from traditional financial institutions for the development of grocery stores and other food retail options in underserved neighborhoods.⁴ A CDFI or similar organization is essentially the entity that administers and monitors healthy food financing programs.

Based on 2013 data, The Reinvestment Fund (TRF), a national community development organization, and The Florida Community Loan Fund (FCLF) created a list that shows over 800 grocery stores in Florida meet the bill's definition of an "independent grocery store or supermarket," and therefore could apply for funds under a Florida Healthy Food Financing Initiative program.⁵ While a healthy food financing program does not presently exist in Florida, the FCLF has been instrumental in providing assistance through New Markets Tax Credits to enable a grocery store to relocate and update its operation which was the only grocery store available for residents in the small rural city of Old Town, Florida, an area recognized as a Food Desert by the United States Department of Agriculture. The FCLF reports that in addition to offering fresh foods and groceries to an enlarged customer base, the project also provided a valuable economic impact by creating jobs and stimulating additional business at the site.⁶

III. Effect of Proposed Changes:

Section 1 creates the Healthy Food Financing Initiative with the following terms:

A. It establishes the following definitions:

¹ Impact on Food Deserts on Diet-Related Health Outcomes, see <http://www.freshfromflorida.com/Divisions-Offices/Food-Nutrition-and-Wellness/Florida-s-Roadmap-To-Living-Healthy/Impact-of-Food-Deserts-on-Diet-Related-Health-Outcomes>, (Site last visited 11/19/2015).

² See <http://www.dccpta.org/wp-content/uploads/2015/10/Healthy-Food-FL-FACT-SHEET.pdf>. (Site last visited 11/23/2015).

³ See http://thefoodtrust.org/uploads/media_items/hffi-around-the-country.original.pdf. (Site last visited 11/23/2015).

⁴ See http://thefoodtrust.org/uploads/media_items/cdfi-report-final-20140708.original.pdf, pgs. 4-6. (Site last visited 11/23/2015).

⁵ Per paper provided by David Francis, Government Relations Director, Florida for the American Heart Association. Paper on file with the Senate Agricultural Committee.

⁶ See <http://www.fclf.org/hitchcocks-market-expands-using-nmtc-program>. (Site last visited 11/23/2015).

- Community facility – a property used to provide health and human services or used to facilitate the delivery or distribution of food and other agriculture products for the benefit of low-income children, families, and older adults.
 - Department – Department of Agriculture and Consumer Services.
 - Independent grocery store or supermarket – a store or supermarket whose parent does not own more than 40 grocery stores throughout the country according to the latest Nielsen TDLinx Supermarket/Supercenter database.
 - Low-income community – a community determined by the latest United States (U.S.) Census to have at least a 20% poverty rate; or have a median family income that does not exceed 80% of the statewide median family income if located outside of a metropolitan area; or have a median family income less than 80% of the statewide median family income or the metropolitan median family income, whichever is greater, if located inside a metropolitan area.
 - Moderate-income community – a population census tract determined by the latest U.S. Census in which the median family income is between 81 and 95 percent of the statewide or metropolitan median family income.
 - Program – the Healthy Food Financing Initiative to be established by DACS.
 - Underserved community – a distressed area where a substantial number of residents have low access to a full-service supermarket or grocery store. Such an area must meet criteria set forth in the bill.
- B. It requires DACS to establish a program to use private and public loans, grants, tax credits, and other types of financial assistance to increase access to fresh produce and other nutritious food in underserved communities or low-income or moderate-income communities.
- C. It authorizes DACS to contract with certain entities that demonstrate that they are qualified to administer the program through a public-private partnership. It directs the department to establish operating procedures for the program which may be contracted out to a third party that reports annually to the department. It requires the department to report annually the results of the program to the President of the Senate and the Speaker of the House of Representatives.
- D. It sets forth criteria that an applicant for financing must meet as well as certain operational requirements. It provides an exception for small grocery-type stores to a requirement that 30% of food retail space must be used for the sale of perishable foods.
- E. It sets forth criteria that the department or administrator must follow in determining which qualified projects to finance.
- F. It sets forth specific types of costs or uses for which financing provided by the program may be used.
- G. It requires the department to adopt rules to administer this Healthy Food Financing program.

Section 2 provides that implementation of this bill is contingent upon funds being appropriated by the legislature.

Section 3 provides that this bill takes effect on July 1, 2016.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Private entities and public-private partnerships will benefit in an unknown amount to the extent they are awarded funding and may benefit from loans or loan terms that facilitate or accelerate the growth or expansion of business opportunities.

C. Government Sector Impact:

The Department of Agriculture and Consumer Services reports that it will incur the following expenditures to implement and administer this bill which will not create any revenue.

Expenditures	FY 16-17	FY 17-18	FY 18-19
Recurring:			
Salaries & Benefits			
OPS Program Specialist (1)	\$58,204	\$58,204	\$58,204
Expenses			
Exp. Professional Package (1)	\$6,175	\$6,175	\$6,175
Special Category			
Human Resources Services. (1)	\$120	\$120	\$120
Total Recurring Expenditures	\$64,499	\$64,499	\$64,499
Non-Recurring:			
Expense Package (1)	\$3,999		

Total Non-Recurring Expenditures	\$3,999		
Total Recurring and Non-Recurring	\$68,498	\$64,499	\$64,499

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates an unnumbered section of the Florida Statutes.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Agriculture on January 11, 2016:

This Committee Substitute provides that program financing may also be used for the acquisition of seeds and starter plants in addition to purposes named specifically in the bill.

- B. **Amendments:**

None.