

**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.)

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Prepared By: The Professional Staff of the Appropriations Subcommittee on General Government

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BILL: CS/SB 760

INTRODUCER: Agriculture Committee and Senator Bean

SUBJECT: Healthy Food Financing Initiative

DATE: January 25, 2016      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Weidenbenner</u>	<u>Becker</u>	<u>AG</u>	<u>Fav/CS</u>
2.	<u>Blizzard</u>	<u>DeLoach</u>	<u>AGG</u>	<u>Pre-meeting</u>
3.	_____	_____	<u>AP</u>	_____

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**Please see Section IX. for Additional Information:**  
COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 760 establishes the Healthy Food Financing Initiative (program) in the Department of Agriculture and Consumer Services (DACS), to provide financial assistance for the development or expansion of grocery retail outlets operating in underserved, low-income or moderate-income communities. Specifically the bill:

- Directs the DACS to implement and monitor the program through public-private partnerships;
- Authorizes the DACS to contract with one or more qualified nonprofit organizations or Florida-based federally certified community development financial institutions to administer the program and creates eligibility criteria for such organizations;
- Requires the DACS to create eligibility guidelines and provide financing through an application process;
- Directs the DACS or a third-party administrator to give preference to Florida-based grocers and business owners; and
- Requires the DACS to report annually to the President of the Senate and the Speaker of the House of Representatives on the projects funded, geographic distribution of projects, program costs, and program outcomes.

The bill provides that creation and implementation of the Healthy Food Financing Initiative program are contingent upon appropriation by the Legislature. The DACS estimates it will require \$68,498 from the General Revenue Fund to implement the provisions in this bill.

The bill has an effective date of July 1, 2016.

## II. Present Situation:

A 2014 study commissioned by the Department of Agriculture and Consumer Services (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. 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.<sup>1</sup> 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.<sup>2</sup>

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.<sup>3</sup> 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.<sup>4</sup> 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 that 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.<sup>5</sup> 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

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<sup>1</sup> 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).

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

<sup>3</sup> See [http://thefoodtrust.org/uploads/media\\_items/hffi-around-the-country.original.pdf](http://thefoodtrust.org/uploads/media_items/hffi-around-the-country.original.pdf). (Site last visited 11/23/2015).

<sup>4</sup> See [http://thefoodtrust.org/uploads/media\\_items/cdfi-report-final-20140708.original.pdf](http://thefoodtrust.org/uploads/media_items/cdfi-report-final-20140708.original.pdf), pgs. 4-6. (Site last visited 11/23/2015).

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

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.<sup>6</sup>

### III. Effect of Proposed Changes:

**Section 1** creates the Healthy Food Financing Initiative (program) within the Department of Agriculture and Consumer Services (DACS) and defines the following terms:

- “Community facility” means 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.
- “Independent grocery store or supermarket” is defined as 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” is defined as a community determined by the latest United States (U.S.) Census to have at least a 20 percent poverty rate; or have a median family income that does not exceed 80 percent of the statewide median family income when located outside of a metropolitan area; or if located inside of a metropolitan area, the median family income does not exceed 80 percent of the statewide median family income or 80 percent of the metropolitan median family income, whichever is greater.
- “Moderate-income community” is defined as 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.
- “Underserved community” is defined as 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.

CS/SB 760 requires the DACS to “establish” the program with 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, low-income or moderate-income communities.

The bill directs the DACS to establish program guidelines, raise matching funds, promote the program statewide, evaluate applicants, underwrite and disburse grants and loans, and monitor program compliance and impact. It authorizes the DACS to contract with certain entities that demonstrate they are qualified to administer the program through a public-private partnership. The bill directs the department to establish operating procedures for the program which may be contracted out to a third party that reports annually to the DACS. Additionally, the bill requires the DACS to report annually to the President of the Senate and the Speaker of the House of Representatives on the projects funded, geographic distribution of projects, program costs and outcomes, the number and type of jobs created, and health initiatives associated with the program.

The bill 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 percent of food retail space must be used for the sale of perishable foods.

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

Finally, the bill sets forth criteria the DACS or administrator must follow in determining which qualified projects to finance and sets forth specific types of costs or uses for which financing provided by the program may be used.

**Section 2** provides that “creation” and “implementation” of the Healthy Food Financing Initiative program 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 indeterminate 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:

CS/SB 760 “establishes” the Healthy Food Financing Initiative program modeled after a similar program in Pennsylvania which was funded with \$30 million in state funds over three years.<sup>7</sup> The “creation” and “implementation” of the Florida program is contingent upon appropriation by the Legislature.

The Department of Agriculture and Consumer Services (DACS) estimates that it would require \$64,499 in recurring and \$3,999 in nonrecurring funding from the General Revenue Fund in Fiscal Year 2016-2017 to implement the Healthy Food Financing Initiative program.

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<sup>7</sup> See <http://thefoodtrust.org/what-we-do/supermarkets> (Site last visited 1/21/2016)

**VI. Technical Deficiencies:**

The DACS is required in section 1 of the bill to “establish” the Healthy Food Financing Initiative. However, section 2 of the bill provides that “creation” and “implementation” of the initiative are contingent upon a legislative appropriation. Consideration should be given to amending section 2 of the bill to provide: “Implementation of the Healthy Food Initiative is contingent upon an appropriation by the Legislature for that purpose.”

**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.