

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 56th Legislature (2017)

4 ENGROSSED SENATE
5 BILL NO. 506

By: Bice, Matthews and Pittman
of the Senate

6 and

7 Pfeiffer, Dollens and
8 Osborn (Leslie) of the
House

9
10
11 An Act relating to healthy food consumption; creating
12 the Healthy Food Financing Act; defining terms;
13 creating the Healthy Food Financing Revolving Fund;
14 stating uses of the fund; providing for deposits to
the fund; limiting certain expenditures; directing
15 the Oklahoma Department of Agriculture, Food, and
Forestry to administer program; allowing the
16 Department to contract with other entities; directing
the State Board of Agriculture to promulgate rules;
17 stating projects eligible for financing; stating
18 purposes eligible for financing; providing certain
considerations the Department shall use to determine
19 eligibility; stating entities that are eligible for
financing; providing requirements for eligible
20 applicants; directing the Board to create monitoring
and compliance mechanisms; requiring annual report;
21 providing for codification; and providing an
22 effective date.

23 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:
24

1 SECTION 1. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 5-201 of Title 2, unless there
3 is created a duplication in numbering, reads as follows:

4 This act shall be known and may be cited as the "Healthy Food
5 Financing Act."

6 SECTION 2. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 5-203 of Title 2, unless there
8 is created a duplication in numbering, reads as follows:

9 As used in the Healthy Food Financing Act:

10 1. "Board" means the State Board of Agriculture;

11 2. "Department" means the Oklahoma Department of Agriculture,
12 Food, and Forestry;

13 3. "Financing" means loans, grants and forgivable loans;

14 4. "Grocery store" means a for-profit or not-for-profit self-
15 service retail establishment that primarily sells meat, seafood,
16 fruits, vegetables, dairy products, dry groceries, household
17 products and sundries;

18 5. "Low-income community" means a census tract, as reported in
19 the most recent decennial census published by the United States
20 Bureau of the Census, that has a poverty rate of at least twenty
21 percent (20%) or in which the median family income does not exceed
22 eighty percent (80%) of the greater of the statewide or metropolitan
23 median family income;

24

1 6. "Moderate income community" means a census tract, as
2 reported in the most recent decennial census published by the United
3 States Bureau of the Census, in which the median family income is
4 between eighty-one percent (81%) and ninety-five percent (95%) of
5 the statewide or metropolitan median family income;

6 7. "Small food retailer" means a small retail outlet less than
7 two thousand five hundred (2,500) square feet, which sells a limited
8 selection of foods and other products; and

9 8. "Underserved community" means a census tract, as reported in
10 the most recent decennial census published by the United States
11 Bureau of the Census, determined to be an area with low supermarket
12 access by either the United States Department of Agriculture, as
13 identified in the Food Access Research Atlas, or through a
14 methodology that has been adopted for use by another governmental
15 healthy food initiative.

16 SECTION 3. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 5-204 of Title 2, unless there
18 is created a duplication in numbering, reads as follows:

19 There is hereby created in the State Treasury a revolving fund
20 to be designated the "Healthy Food Financing Revolving Fund". The
21 fund shall be a continuing fund, not subject to fiscal year
22 limitations, and shall consist of all monies received by the State
23 Board of Agriculture for the Healthy Food Financing Act from any
24 state-appropriated funds, federal funds, donations, grants,

1 contributions and gifts from any public or private source. All
2 monies accruing to the credit of the fund are hereby appropriated
3 and may be budgeted and expended by the State Board of Agriculture
4 for the purposes set forth in the Healthy Food Financing Act. No
5 more than ten percent (10%) of the fund expenditures shall be
6 reserved for administrative and operational costs to manage the
7 program, unless those costs are provided from other budgets or in-
8 kind resources.

9 SECTION 4. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 5-205 of Title 2, unless there
11 is created a duplication in numbering, reads as follows:

12 A. The Department shall administer the provisions of the
13 Healthy Food Financing Act.

14 B. The Department may contract with one or more nonprofit
15 organizations or community development financial institutions to
16 administer this program through a public-private partnership.

17 C. The Board shall adopt the rules and program eligibility
18 guidelines necessary to enforce and administer the Healthy Food
19 Financing Act, including an application process for financing and
20 grants. Projects that receive financing must be located in an
21 underserved community and primarily serve low or moderate income
22 communities. Projects eligible for financing include:

- 23 1. Construction of new grocery stores;
- 24 2. Construction of small food retailers; and

1 3. Grocery store or small food retailer renovations, expansions
2 and infrastructure upgrades that improve the availability and
3 quality of fresh produce and other healthy foods.

4 D. Financing made available for projects may be expended for
5 the following purposes:

6 1. Site acquisition and preparation;

7 2. Construction costs;

8 3. Equipment and furnishings;

9 4. Workforce training or security;

10 5. Pre-development costs, including market studies and
11 appraisals;

12 6. Energy efficiency measures;

13 7. Working capital for first-time inventory and start-up costs;
14 and

15 8. For small food retailers, the acquisition or leasing of
16 refrigeration equipment, display shelving or other one-time capital
17 expenditure, at a cost of less than Five Thousand Dollars
18 (\$5,000.00), for the promotion and display of perishable foods,
19 which shall include a blend of dairy products, fresh produce, fresh
20 meats and poultry and fresh or frozen fish.

21 E. In determining which projects shall qualify for financing,
22 the Department shall consider:

23 1. The level of need of access to healthy foods in the area to
24 be served;

1 2. The degree to which the project requires an investment of
2 public financing to progress, create and impact on access to healthy
3 food;

4 3. The degree to which the project will have a positive
5 economic impact on the underserved community, including by creating
6 or retaining jobs for local residents;

7 4. The degree to which the project will participate in state
8 and local health department initiatives to educate consumers on
9 nutrition and promote healthier eating; and

10 5. Other criteria the Board determines to be consistent with
11 the purposes of this act.

12 F. Eligible applicants for financing shall include but are not
13 limited to sole proprietorships, partnerships, limited liability
14 companies, corporations, cooperatives, nonprofit organizations,
15 nonprofit community development entities, universities or government
16 entities. Applicants for financing must:

17 1. Demonstrate the capacity to successfully implement the
18 project and the likelihood that the project will be economically
19 self-sustaining;

20 2. Demonstrate the ability to repay the debt; and

21 3. Agree, for a period of at least five (5) years, to comply
22 with the following conditions:
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- 1 a. to accept the benefits of The United States Department
2 of Agriculture's Supplemental Nutrition Assistance
3 Program,
4 b. to apply to accept The United States Department of
5 Agriculture's Special Supplemental Nutrition Program
6 for Women, Infants, and Children and to accept the
7 benefits, if approved,
8 c. to allocate at least thirty percent (30%) of food
9 retail space for the sale of perishable foods, which
10 shall include fresh dairy, produce, meats, poultry and
11 fish,
12 d. to comply with all data collection and reporting
13 requirements established by the Board, and
14 e. to promote the hiring of local residents.

15 G. The Board may establish monitoring and compliance mechanisms
16 for projects receiving financing.

17 H. The Department shall raise matching funds, promote the
18 program statewide, evaluate applicants, underwrite and disburse
19 grants and loans and monitor compliance and impact.

20 I. The Department shall report annually to the Legislature on
21 the projects funded, the geographic distribution of the projects,
22 the costs of the program, and the outcomes, including the number and
23 type of jobs created and health initiatives associated with the
24 program.

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

COMMITTEE REPORT BY: COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT,
dated 04/11/2017 - DO PASS, As Coauthored.