

114TH CONGRESS
2D SESSION

H. R. 4833

To authorize the Secretary of Agriculture to make grants to States to support the establishment and operation of grocery stores in underserved communities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 2016

Mr. CARSON of Indiana (for himself, Mr. CLYBURN, Mr. CLAY, Mr. CUMMINGS, Ms. MOORE, Ms. NORTON, Mr. PAYNE, Ms. PLASKETT, and Ms. WILSON of Florida) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To authorize the Secretary of Agriculture to make grants to States to support the establishment and operation of grocery stores in underserved communities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Food Deserts Act of
5 2016”.

1 **SEC. 2. GRANT PROGRAM TO ESTABLISH GROCERY STORES**
2 **IN UNDERSERVED COMMUNITIES.**

3 (a) ESTABLISHMENT OF GRANT PROGRAM.—The
4 Secretary shall establish a program to provide capitaliza-
5 tion grants to States for the purpose of establishing re-
6 volving funds to support the establishment and operation
7 of grocery stores in underserved communities.

8 (b) ADMINISTRATION.—A State receiving funds
9 under this Act shall administer the revolving fund of the
10 State through an instrumentality of the State with such
11 powers and limitations as may be required to operate such
12 fund in accordance with the requirements of this Act.

13 (c) PROJECTS AND ACTIVITIES ELIGIBLE FOR AS-
14 SISTANCE.—Amounts in a revolving fund shall be used for
15 the purpose of making loans—

16 (1) to open a grocery store in an underserved
17 community, except that such loan may not be used
18 for the purpose of new construction;

19 (2) to support the operations of an existing gro-
20 cery store in an underserved community;

21 (3) to facilitate the fair market value purchase
22 of an existing grocery store in an underserved com-
23 munity; or

24 (4) to support the operations of a program par-
25 ticipant that is located in a community that would

1 be an underserved community if the program partici-
2 pant was not located in such community.

3 (d) GROCERY STORES ELIGIBLE FOR ASSISTANCE.—

4 (1) REQUIRED CRITERIA.—A State receiving a
5 capitalization grant under this Act may only make
6 a loan from the revolving fund of the State to an en-
7 tity that the State determines—

8 (A) is a grocery store or will be a grocery
9 store after opening;

10 (B) emphasizes or will emphasize unproc-
11 essed, healthful foods;

12 (C) provides or will provide a variety of
13 raw fruits and vegetables;

14 (D) provides or will provide staple foods;

15 (E) has a plan to keep such foods in stock
16 to the extent possible;

17 (F) charges or will charge prices at or
18 below municipal averages; and

19 (G) is sufficiently qualified to operate a
20 grocery store.

21 (2) PRIORITY CRITERIA.—

22 (A) NONPROFIT OR MUNICIPALLY OWNED
23 ENTITIES.—A State shall prioritize an applica-
24 tion for a loan from the revolving fund of the

1 State from a nonprofit organization or municipi-
2 pally owned entity that the State determines—

3 (i) hires or plans to hire workers who
4 reside within the underserved community
5 that would be served by the entity;

6 (ii) provides or plans to provide class-
7 es or other educational information about
8 a healthful diet;

9 (iii) sources or plans to source food
10 from local urban farms and gardens;

11 (iv) does not or will not sell alcohol or
12 tobacco products;

13 (v) demonstrates existing supply chain
14 relationships in the grocery industry; or

15 (vi) demonstrates expertise in the gro-
16 cery industry.

17 (B) FOR-PROFIT ENTITIES.—A State shall
18 prioritize an application for a loan from the re-
19 volving fund of the State from a for-profit enti-
20 ty that the State determines meets any of the
21 requirements in clauses (i) through (iv) of sub-
22 paragraph (A).

23 (e) APPLICATION.—An entity that desires a loan
24 from a revolving fund of a State shall submit an applica-

1 tion to the State at such time, in such manner, and con-
2 taining such information as the State may require.

3 (f) LOAN CONDITIONS.—

4 (1) IN GENERAL.—A loan distributed from a
5 revolving fund by a State may be used by a program
6 participant only for the purposes specified in sub-
7 section (c).

8 (2) INTEREST RATES.—A loan distributed by a
9 State from a revolving fund shall be made at or
10 below market interest rates, including an interest
11 free loan, at terms not to exceed the lesser of 30
12 years or the projected useful life (as determined by
13 the State) of the project to be financed with the pro-
14 ceeds of the loan.

15 (3) STRUCTURE OF LOAN.—A loan may be dis-
16 tributed from a revolving fund by a State to a pro-
17 gram participant in a lump sum or in multiple dis-
18 tributions over a period of years.

19 (4) LOAN AMOUNT.—A State may not provide
20 a loan to a program participant from the revolving
21 fund of the State in a fiscal year that exceeds 10
22 percent of the amount available from the fund for
23 making distributions in that fiscal year.

24 (5) PAYMENTS.—Annual principal and interest
25 payments on a loan received from a revolving fund

1 of a State shall commence not later than 1 year
2 after the loan is disbursed to the program partici-
3 pant and all loans will be fully amortized upon the
4 expiration of the term of the loan.

5 (6) REVENUE FOR REPAYMENT.—A program
6 participant shall establish a dedicated source of rev-
7 enue for repayment of a loan received from a revol-
8 ving fund of a State.

9 (7) CREDITING REVOLVING FUND.—A revolving
10 fund of a State shall be credited with all payments
11 of principal and interest on all loans made from the
12 revolving fund.

13 (g) ADMINISTRATION COSTS.—A State shall charge
14 a program participant an administrative fee of not more
15 than 4 percent of the loan amount. The State shall use
16 the fees to administer the revolving fund and conduct ad-
17 ministration activities under this Act.

18 (h) TECHNICAL ASSISTANCE.—The Secretary shall
19 provide technical assistance to program participants to as-
20 sist with sourcing of food, food storage, and other oper-
21 ational requirements.

22 (i) BANKRUPTCY.—In the case of the bankruptcy of
23 a program participant, amounts owned on a loan from a
24 revolving fund shall be afforded precedence over other
25 debt.

1 (j) GROCERY STORE EARNINGS.—Earnings of a non-
2 profit organization or municipally owned program partici-
3 pant that are attributable to a loan received from a revolv-
4 ing fund of a State shall be used for reinvestment into
5 the program participant or to support the continuity of
6 operations of the program participant.

7 **SEC. 3. CAPITALIZATION GRANTS TO FUND STATE REVOLV-**
8 **ING FUNDS.**

9 (a) ELIGIBILITY OF STATE FOR CAPITALIZATION
10 GRANT.—To be eligible for a capitalization grant, a State
11 shall—

12 (1) establish a revolving fund that complies
13 with the requirements of this Act;

14 (2) establish a process for applications and cri-
15 teria for making loans from the revolving fund, sub-
16 ject to the requirements in section 2(d); and

17 (3) match no less than 20 percent, from non-
18 Federal sources, of the amount of the capitalization
19 grant provided to the State.

20 (b) UPON RECEIPT OF CAPITALIZATION GRANT.—
21 Upon the receipt of a capitalization grant, a State shall
22 deposit such capitalization grant into the revolving fund
23 of the State.

24 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
25 authorized to be appropriated to carry out this Act—

1 (1) \$150,000,000 for fiscal year 2017; and

2 (2) such sums as may be necessary for subse-
3 quent fiscal years.

4 (d) DISTRIBUTION.—For a fiscal year, the Secretary
5 shall apportion amounts made available for capitalization
6 grants under this section among the States eligible under
7 subsection (a) in the ratio that—

8 (1) the population of underserved communities
9 in each State eligible under subsection (a); bears to

10 (2) the population of underserved communities
11 in all States eligible under subsection (a).

12 **SEC. 4. DEFINITIONS.**

13 In this Act:

14 (1) CAPITALIZATION GRANT.—The term “cap-
15 italization grant” means a grant made to a State
16 under the program.

17 (2) HEALTHFUL FOOD.—The term “healthful
18 food” means food that reflects the most recent Die-
19 tary Guidelines for Americans.

20 (3) GROCERY STORE.—The term “grocery
21 store” means a retail store that derives income pri-
22 marily from the sale of food for home preparation
23 and consumption.

24 (4) PROGRAM.—The term “program” means
25 the program described in section 2(a).

1 (5) PROGRAM PARTICIPANT.—The term “pro-
2 gram participant” means an entity that has received
3 a loan under the program.

4 (6) REVOLVING FUND.—The term “revolving
5 fund” means a fund established by a State for use
6 as a depository for a capitalization grant.

7 (7) SECRETARY.—The term “Secretary” means
8 the Secretary of Agriculture.

9 (8) STAPLE FOOD.—The term “staple food”
10 has the meaning given the term in section 243(b) of
11 the Agricultural Act of 2014 (7 U.S.C. 6953(b)).

12 (9) STATE.—The term “State” means States of
13 the Union, the District of Columbia, Puerto Rico,
14 the Virgin Islands, Guam, American Samoa, and the
15 Northern Mariana Islands.

16 (10) UNDERSERVED COMMUNITY.—The term
17 “underserved community” has the meaning given
18 the term in section 301B(g)(9)(A)(ii) of the Consoli-
19 dated Farm and Rural Development Act (7 U.S.C.
20 1932(g)(9)(A)(ii)).

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