

115TH CONGRESS  
1ST SESSION

# H. R. 3104

To direct 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.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 2017

Mr. CARSON of Indiana introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To direct 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 2017”.

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 market averages;

19 (G) either—

20 (i) is sufficiently qualified to operate a  
21 grocery store; or

22 (ii) at the time of such application,  
23 has existing partnerships with organiza-  
24 tions that provide technical assistance on  
25 business operations of food services; and

1           (H) will match no less than 20 percent,  
2           from non-Federal funds, of the amount of such  
3           loan.

4           (2) PRIORITY CRITERIA.—A State shall  
5           prioritize an application for a loan from the revolving  
6           fund of the State from an entity that the State  
7           determines—

8                   (A) hires or plans to hire workers who re-  
9                   side within the underserved community that  
10                  would be served by the entity;

11                  (B) provides or plans to provide classes or  
12                  other educational information about a healthful  
13                  diet;

14                  (C) sources or plans to source food from  
15                  local urban farms and gardens;

16                  (D) does not or will not sell alcohol or to-  
17                  bacco products; or

18                  (E) demonstrates existing supply chain re-  
19                  lationships in the grocery industry.

20           (e) APPLICATION.—An entity that desires a loan  
21           from a revolving fund of a State shall submit an applica-  
22           tion to the State at such time, in such manner, and con-  
23           taining such information as the State may require.

24           (f) LOAN CONDITIONS.—

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

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

12           (3) STRUCTURE OF LOAN.—A loan may be dis-  
13 tributed from a revolving fund by a State to a pro-  
14 gram participant in—

15                   (A) a lump sum; or

16                   (B) in multiple distributions over a period  
17 of years, if the State determines multiple dis-  
18 tributions are necessary to carry out the  
19 project.

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

1           (5) PAYMENTS.—Annual principal and interest  
2           payments on a loan received from a revolving fund  
3           of a State shall commence not later than 1 year  
4           after the loan is disbursed to the program partici-  
5           pant and all loans will be fully amortized upon the  
6           expiration of the term of the loan.

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

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

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

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

24          (i) BANKRUPTCY.—In the case of the bankruptcy of  
25          a program participant, amounts owned on a loan from a

1 revolving fund shall be afforded precedence over other  
2 debt.

3 (j) CHANGE IN UNDERSERVED STATUS.—In the case  
4 of a community that qualified as underserved during a pe-  
5 riod in which loans were made by a State pursuant to this  
6 section and no longer qualifies as underserved, recipients  
7 of loans under this section in such community—

8 (1) shall not be eligible for further loans under  
9 this section; and

10 (2) may not have their loan agreements altered.

11 (k) GROCERY STORE EARNINGS.—Earnings of a non-  
12 profit organization or municipally owned program partici-  
13 pant that are attributable to a loan received from a revol-  
14 ving fund of a State shall be used for reinvestment into  
15 the program participant or to support the continuity of  
16 operations of the program participant.

17 **SEC. 3. CAPITALIZATION GRANTS TO FUND STATE REVOLV-**  
18 **ING FUNDS.**

19 (a) ELIGIBILITY OF STATE FOR CAPITALIZATION  
20 GRANT.—To be eligible for a capitalization grant, a State  
21 shall—

22 (1) establish a revolving fund that complies  
23 with the requirements of this Act; and

1           (2) establish a process for applications and cri-  
2           teria for making loans from the revolving fund, sub-  
3           ject to the requirements in section 2(d).

4           (b) UPON RECEIPT OF CAPITALIZATION GRANT.—  
5           Upon the receipt of a capitalization grant, a State shall  
6           deposit such capitalization grant into the revolving fund  
7           of the State.

8           (c) DISTRIBUTION.—For a fiscal year, the Secretary  
9           shall apportion amounts made available for capitalization  
10          grants under this section among the States eligible under  
11          subsection (a) in the ratio that—

12           (1) the population of underserved communities  
13          in each State eligible under subsection (a), bears to

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

16 **SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

17          There is authorized to be appropriated to carry out  
18          this Act \$150,000,000 for fiscal year 2018.

19 **SEC. 5. DEFINITIONS.**

20          In this Act:

21           (1) CAPITALIZATION GRANT.—The term “cap-  
22          italization grant” means a grant made to a State  
23          under the program.



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

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

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

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

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

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

18          (8) STAPLE FOOD.—The term “staple food”  
19 has the meaning given the term in section 243(b) of  
20 the of the Department of Agriculture Reorganization  
21 Act of 1994 (7 U.S.C. 6953(b)).

22          (9) STATE.—The term “State” means States of  
23 the Union, the District of Columbia, Puerto Rico,  
24 the Virgin Islands, Guam, American Samoa, and the  
25 Northern Mariana Islands.

1           (10) UNDERSERVED COMMUNITY.—The term  
2           “underserved community” has the meaning given  
3           the term in section 310B(g)(9)(A) of the Consoli-  
4           dated Farm and Rural Development Act (7 U.S.C.  
5           1932(g)(9)(A)).

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