

118TH CONGRESS
1ST SESSION

H. R. 1230

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.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 2023

Mr. CARSON (for himself, Mr. KHANNA, Ms. KAPTUR, Mr. THOMPSON of Mississippi, Mr. TAKANO, Mr. GREEN of Texas, Ms. NORTON, Mr. DOGGETT, Mr. PAYNE, Ms. BLUNT ROCHESTER, Ms. TITUS, Mr. JOHNSON of Georgia, Mrs. WATSON COLEMAN, Mrs. BEATTY, Mrs. CHERFILUS-McCORMICK, Ms. STANSBURY, Mr. CUELLAR, Mr. DeSAULNIER, Ms. LEE of California, Ms. SCHAKOWSKY, Mr. GARAMENDI, Mr. MOULTON, Ms. SCHOLTEN, Mr. DAVIS of Illinois, Mr. LARSON of Connecticut, Ms. CLARKE of New York, Mr. VARGAS, Ms. ROSS, Mr. TONKO, Mr. GALLEGRO, Mr. SOTO, Ms. BARRAGÁN, Mr. CLEAVER, Ms. TOKUDA, and Mr. CARTER of Louisiana) introduced the following bill; which was referred to the Committee on Agriculture

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”.

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 provide access to healthy food; or

22 (4) to support the operations of a program par-
23 ticipant that is located in a community that would
24 be an underserved community if the program partici-
25 pant was not located in such community.

26 (d) GROCERY STORES ELIGIBLE FOR ASSISTANCE.—

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

5 (A) is a grocery store or will be a grocery
6 store after opening;

7 (B) emphasizes or will emphasize unproc-
8 essed, healthful foods;

9 (C) provides or will provide a variety of
10 raw fruits and vegetables;

11 (D) provides or will provide staple foods;

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

14 (F) charge affordable at or below market
15 values;

16 (G) either—

17 (i) is demonstrably qualified to oper-
18 ate a grocery store; or

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

23 (H) will match no less than 20 percent,
24 from non-Federal funds, of the amount of such
25 loan.

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

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

8 (B) provides or plans to provide classes or
9 other educational information about a healthful
10 diet;

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

13 (D) demonstrates existing supply chain re-
14 lationships in the grocery industry.

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

19 (f) LOAN CONDITIONS.—

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

24 (2) INTEREST RATES.—A loan distributed by a
25 State from a revolving fund—

1 (A) shall be made at or below market in-
2 terest rates; and

3 (B) may be an interest free loan, at terms
4 not to exceed the lesser of 30 years or the pro-
5 jected useful life (as determined by the State)
6 of the project to be financed with the proceeds
7 of the loan.

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

11 (A) a lump sum; or

12 (B) in multiple distributions over a period
13 of years, if the State determines multiple dis-
14 tributions are necessary to carry out the
15 project.

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

21 (5) PAYMENTS.—Annual principal and interest
22 payments on a loan received from a revolving fund
23 of a State shall commence not later than 1 year
24 after the loan is disbursed to the program partici-

1 pant and all loans will be fully amortized upon the
2 expiration of the term of the loan.

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

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

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

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

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

24 (j) CHANGE IN UNDERSERVED STATUS.—In the case
25 of a community that qualified as underserved during a pe-

1 riod in which loans were made by a State pursuant to this
2 section and no longer qualifies as underserved, recipients
3 of loans under this section in such community—

4 (1) shall not be eligible for further loans under
5 this section; and

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

7 (k) GROCERY STORE EARNINGS.—Earnings of a non-
8 profit organization or municipally owned program partici-
9 pant that are attributable to a loan received from a revolv-
10 ing fund of a State shall be used for reinvestment into
11 the program participant or to support the continuity of
12 operations of the program participant.

13 **SEC. 3. CAPITALIZATION GRANTS TO FUND STATE REVOLV-**
14 **ING FUNDS.**

15 (a) ELIGIBILITY OF STATE FOR CAPITALIZATION
16 GRANT.—To be eligible for a capitalization grant, a State
17 shall—

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

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

23 (b) UPON RECEIPT OF CAPITALIZATION GRANT.—
24 Upon the receipt of a capitalization grant, a State shall

1 deposit such capitalization grant into the revolving fund
2 of the State.

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

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

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

11 **SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

12 There is authorized to be appropriated to carry out
13 this Act \$150,000,000 for fiscal year 2022.

14 **SEC. 5. DEFINITIONS.**

15 In this Act:

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

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

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

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

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

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

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

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

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

19 (10) UNDERSERVED COMMUNITY.—The term
20 “underserved community” has the meaning given
21 the term in section 310B(g)(9)(A) of the Consoli-
22 dated Farm and Rural Development Act (7 U.S.C.
23 1932(g)(9)(A)).

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