

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.)

Prepared By: The Professional Staff of the Appropriations Committee on Agriculture, Environment, and General Government

BILL: SB 292

INTRODUCER: Senator Jones

SUBJECT: Healthy Food Financing Initiative Program

DATE: March 13, 2023

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Burse</u>	<u>Becker</u>	<u>AG</u>	<u>Favorable</u>
2.	<u>Blizzard</u>	<u>Betta</u>	<u>AEG</u>	<u>Pre-meeting</u>
3.	<u> </u>	<u> </u>	<u>FP</u>	<u> </u>

I. Summary:

SB 292 amends the Healthy Food Financing Initiative, which was created in 2016. The bill transfers, renumbers, and amends s. 500.81, Florida Statutes, to redefine “underserved communities,” revises requirements for the administration of and participation in the Healthy Food Financing Initiative program, and revises eligibility requirements for program participants. The bill provides that a minimum of three eligible projects be funded annually and lists the eligible purposes for financing. The bill requires the Office of Program Policy Analysis and Government Accountability (OPPAGA) to review the program and collected data and provide the Legislature with a specified report. The bill also provides that the department’s performance and obligation to pay is contingent upon annual appropriation by the Legislature.

The bill has an indeterminate impact on the Department of Agriculture and Consumer Services. See Section V. Fiscal Impact Statement.

The bill provides an effective date of July 1, 2023.

II. Present Situation:

Healthy Food Financing Initiative Program

In 2016, the Florida Legislature directed the Department of Agriculture and Consumer Services (department) to establish a Healthy Food Financing Initiative Program (program) to provide financial assistance for the rehabilitation or expansion of grocery retail outlets located in underserved or low-income communities.¹ The department was directed to draw upon and

¹ Department of Agriculture and Consumer Services, *Health Food Financing Initiative*, available at [Healthy Food Financing Initiative / Nutrition Programs / Food & Nutrition / Home - Florida Department of Agriculture & Consumer Services \(fdacs.gov\)](https://www.fdaqs.gov/Healthy-Food-Financing-Initiative-Nutrition-Programs-Food-Nutrition-Home) (last visited January 26, 2023)

coordinate the use of federal, state, and private loans or grants, federal tax credits, and other types of financial assistance. The goal of the program is to improve public health and well-being of low-income children, families, and older adults by increasing access to fresh produce and other nutritious foods at participating independent grocery outlets that will be required to allocate at least 30 percent of their retail space to the sale of perishable foods, which may include fresh or frozen dairy products, fresh produce, and fresh meats, poultry, and fish. Annual reporting of the Program's accomplishments is required to be made to the President of the Senate and Speaker of the House, and, after seven years, the Office of Program and Policy Analysis and Government Accountability is directed to review the impact and successfulness of the program.²

For the 2016-2017 fiscal year, \$500,000 in non-recurring general revenue was appropriated to the department to implement the program.³

Food Insecurity in Florida

In 2021, the Office of Program Policy Analysis and Government Accountability (OPPAGA) prepared a research memorandum to describe low income, low access (LILA) census tracts in the state, which includes describing what is known about LILA food areas and the effects on residents of those areas.⁴ The memorandum outlines the incidence of LILA census tracts statewide, specifically, the number of people that are both low income and have limited access to healthy food options by census tract; provides additional information about LILA areas in Hillsborough, Pinellas, and Suwannee counties; and provides high level policy considerations to expand access to healthy food in LILA areas.

In Florida, the number of LILA tracts has decreased since 2015, but barriers to healthy food access remain.⁵ Approximately 13.5 percent of Floridians live in census tracts that are both low income and low access, with a larger percentage of urban residents compared to rural residents.⁶ In Hillsborough and Pinellas counties, residents of LILA census tracts are disproportionately lower socioeconomic minority group compared to other areas of the county and the LILA census tracts have high poverty rates, and few, if any major chain supermarkets.⁷ Public and private entities have started a range of food access initiatives in these counties, though resource constraints present a challenge⁸. In Suwannee County, the two LILA census tracts have a higher proportion of residents that are 65 and older, have no major chain supermarkets, and stakeholders report that the largest barrier to healthy food access is transportation⁹.

High relative availability of unhealthy food refers to geographic areas where there is a high ratio of unhealthy food sources to healthy food sources. Such areas are sometimes referred to as food swamps. Both low-access and unhealthy food environments have been associated with a range of social, economic, and health concerns. A "low income" census tract is characterized by a poverty

² Section 500.81, F.S.

³ Chapter 2016-221, Laws of Florida.

⁴ Office of Program Policy and Government Accountability, "Geographic Access to Healthy Food in Florida," (December 27, 2021).

⁵ *Id.* at 10.

⁶ *Id.* at 10.

⁷ *Id.* at 16-17 & 25-26.

⁸ *Id.* at 23-24 & 30-31.

⁹ *Id.* at 32-34.

rate greater than 20 percent, or median family income of less than or equal to 80 percent of the statewide median family income, or in metropolitan areas, 80 percent of the metropolitan area median family income. A “low access” census tract is characterized by an area where at least 500 people, or 33 percent of the population is greater than one mile (urban) or 10 miles (rural) from a supermarket, supercenter, or large grocery store.¹⁰

III. Effect of Proposed Changes:

Section 1 renames Chapter. 595, F.S., entitled “School Food and Nutrition Services,” as “Food and Nutrition.”

Section 2 transfers, renumbers and amends s. 500.81, F.S., as section 595.801, F.S.

The bill changes the definition of “underserved community” to “a low income community where a substantial number of residents have low access to a full service supermarket or grocery store.”

The bill directs the Department of Agriculture and Consumer Services (department) to establish a Healthy Food Financing Initiative program that provides grants and loans, for the construction, rehabilitation, or expansion of independent grocery stores, supermarkets, community facilities, or other retail outlets to increase access to affordable fresh produce and other nutritious food in underserved communities.

The bill also provides new program eligibility requirements for nonprofit organizations, requiring that the organization can demonstrate:

- Prior experience in healthy food financing;
- An exemption from taxation under s. 501(c)(3) of the Internal Revenue Code;
- The ability to successfully manage and operate lending and grant programs; and
- The ability to assume full financial risk for loans made under the program.

The bill also provides new program eligibility requirements for community development financial institutions. These institutions must demonstrate all of the following:

- Prior experience in healthy food financing;
- Certification by the Community Development Financial Institutions Fund of the United States Department of the Treasury;
- The ability to successfully manage and operate lending and tax credit programs; and
- The ability to assume full financial risk for loans made under the program.

The bill also requires that any third-party administrator that contracts with the department provide quarterly updates to the department.

The department, or a third party administrator, is required to:

- Establish program guidelines, raise matching funds, promote the program statewide, evaluate applicants, make award decisions, underwrite and disburse grants and loans, and monitor compliance and impact;
- Create eligibility guidelines and provide financing through an application process; and

¹⁰ Id. at 3

- Report annually to the President of the Senate and the Speaker of the House of Representatives on the projects funded, the geographic distribution of the projects, and the outcomes, including the number and type of jobs created.

The bill also revises requirements for program applicants and projects. The entities that may apply for funding under the program include for profit entities, including convenience stores or fueling stations, and not-for-profit entities including, but not limited to, sole proprietorships, partnerships, limited liability companies, corporations, cooperatives, nonprofit organizations, nonprofit community development entities, or private universities.

The bill requires that a program applicant must do all of the following:

- Demonstrate the capacity to successfully implement the project and the likelihood that the project will be economically self-sustaining;
- Demonstrate the ability to repay the loan;
- Accept Supplemental Nutrition Assistance Program benefits and Special Supplemental Nutrition Program for Women, Infants, and Children benefits;
- Independent grocery stores and supermarkets must allocate at least 30 percent of floor space for the sale of perishable foods;
- Comply with all data collection and reporting; and
- Promote the hiring of local residents as well as Florida-based grocers.

The bill provides that the department shall give preference to Florida-based grocers, local business owners with experience in grocery stores, and grocers and business owners with a business plan that includes written documentation of opportunities to purchase from farmers and growers in this state before seeking out-of-state purchases.

The bill outlines certain requirements for program eligibility. Projects must be located in an underserved community and provide for the construction of independent grocery stores or supermarkets; renovation, expansion, and infrastructure upgrades to stores and community facilities that improve the availability and quality of fresh produce and other healthy foods; or other projects that create or improve access to affordable fresh produce.

The bill provides that a minimum of three eligible projects be funded annually and lists the eligible purposes for financing.

The bill requires that the Office of Program Policy Analysis and Government Accountability review the program and data collected from the department after a term of seven years and provide a report to the President of the Senate and the Speaker of the House of Representatives. The report must include economic impact and health outcomes data and other factors as determined by the department. If the report determines the program to be unsuccessful after seven years, the department must return any initial funds that have not been loaned, granted, or leveraged in a revolving loan fund to the General Revenue Fund.

The bill provides that the department's performance and obligation to pay under this section is contingent upon an annual appropriation by the Legislature as provided in s. 287.0582, F.S. If the department contracts with a third-party administrator, funds must be advanced from the

department's annual appropriation to the third-party administrator in order to implement this section.

The bill grants the department rulemaking authority to implement the bill.

Sections 3, 4, 5, 6, and 7 make technical changes.

Section 8 provides the bill will take effect July 1, 2023.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Funding for the Healthy Food Financing Initiative Program (program) is contingent upon specific appropriation by the Legislature. The department may incur an indeterminate increase in costs to implement the provisions of the bill. These costs will need to be funded through the overall appropriation for the program. This bill does not provide funding for the program.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 500.81, 595.401, 595.402, 595.404, 595.408, and 595.501.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.