

INTERIM STUDY PROPOSAL 2023-035

1 State of Arkansas  
2 94th General Assembly  
3 Regular Session, 2023

**A Bill**

HOUSE BILL 1645

4 By: Representative McCullough

5  
6 Filed with: House Committee on Agriculture, Forestry, and Economic Development  
7 pursuant to A.C.A. §10-3-217.

**For An Act To Be Entitled**

8 AN ACT TO CREATE THE ARKANSAS HEALTHY FOOD RETAIL ACT  
9 OF 2023; TO PROVIDE FINANCIAL INCENTIVES FOR HEALTHY  
10 FOOD RETAILERS IN UNDERSERVED COMMUNITIES; AND FOR  
11 OTHER PURPOSES.  
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**Subtitle**

14 TO CREATE THE ARKANSAS HEALTHY FOOD  
15 RETAIL ACT OF 2023; AND TO PROVIDE  
16 FINANCIAL INCENTIVES FOR HEALTHY FOOD  
17 RETAILERS IN UNDERSERVED COMMUNITIES.  
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

24  
25 SECTION 1. Arkansas Code Title 15, Chapter 4, is amended to add an  
26 additional subchapter to read as follows:

27 Subchapter 40 – Arkansas Healthy Food Retail Act of 2023

28  
29 15-4-4001. Title.

30 This subchapter shall be known and may be cited as the "Arkansas  
31 Healthy Food Retail Act of 2023".

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33 15-4-4002. Legislative findings and intent.

34 (a) The General Assembly finds that:

1           (1) When fresh produce and other healthy foods are not readily  
2 available or affordable, people, particularly low-income families, children,  
3 and the elderly, face serious barriers to eating a healthy diet;

4           (2) Research in Arkansas and the nation shows that residents of  
5 low-income, minority, and rural communities are most often affected by high  
6 rates of obesity and poor access to supermarkets and other healthy food  
7 retailers;

8           (3) Obesity, which frequently results from poor diet and  
9 physical inactivity, is America's fast-growing cause of disease and death;

10          (4) Arkansas has one of the highest rates of obesity nationwide,  
11 putting growing numbers of Arkansas adults and children at risk for  
12 developing heart disease, type-2 diabetes, hypertension, certain cancers, and  
13 other health problems;

14          (5) Increasing access to retail food outlets that sell fresh  
15 fruits and vegetables and other healthy food is an essential strategy for  
16 fighting the obesity epidemic and improving health;

17          (6) Studies have shown that people with better access to  
18 supermarkets and fresh produce tend to have healthier diets and lower levels  
19 of obesity; and

20          (7) Developing quality retail food outlets also creates jobs,  
21 expands markets for Arkansas farmers, and supports economic vitality in  
22 underserved communities.

23          (b) It is the intent of the General Assembly that the program  
24 established under this subchapter shall:

25               (1) Provide a reliable source of financing for healthy food  
26 retailers operating in underserved communities in the state in both rural and  
27 urban areas;

28               (2) Increase access to affordable healthy food to improve diets  
29 and health;

30               (3) Promote the sale and consumption of fresh produce,  
31 particularly fresh produce that is grown in Arkansas; and

32               (4) Support the expansion of economic opportunities in low-  
33 income and rural communities.

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35          15-4-4003. Definitions.

36          As used in this subchapter:

1           (1) "Funding" means grants, loans, or a combination of grants  
2 and loans;

3           (2) "Healthy food retailers" means for-profit or nonprofit  
4 retailers that sell high-quality, fresh produce at competitive prices to  
5 various sellers, including without limitation supermarkets, grocery stores,  
6 and farmers' markets;

7           (3) "Program" means a public-private partnership managed by the  
8 Arkansas Economic Development Commission and established to provide a  
9 reliable source of financing for healthy food retailers that increases access  
10 to fresh produce and other affordable healthy food for Arkansas residents;  
11 and

12           (4) "Underserved community" means a geographic area with limited  
13 access to healthy food retailers in a low-income, low-access, or high-poverty  
14 area or an area otherwise determined to have serious healthy, nutritional  
15 food limitations.

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17           15-4-4004. Healthy Food Retailer Program – Establishment and  
18 administration.

19           (a) To the extent funds are available, the Arkansas Economic  
20 Development Commission, in cooperation with public and private sector  
21 partners, shall establish the Healthy Food Retailer Program that provides  
22 funding to healthy food retailers that increase access to fresh fruits and  
23 vegetables and other affordable healthy food in underserved communities.

24           (b)(1) The commission may contract with one (1) or more qualified  
25 nonprofit organizations or community development financial institutions to  
26 administer the program established under subsection (a) of this section  
27 through a public-private partnership to raise matching funds, market the  
28 program statewide, evaluate applicants, make funding award decisions,  
29 underwrite loans, and monitor compliance and impact.

30           (2) The commission shall coordinate with complimentary nutrition  
31 assistance and education programs in administering the program established  
32 under subsection (a) of this section.

33           (c) The program established under subsection (a) of this section shall  
34 provide funding on a competitive, one-time basis as appropriate for each  
35 project awarded funding.

1       (d) The program established under subsection (a) of this section may  
2 provide funding for projects that include without limitation:

3           (1) The construction of new healthy food retailers, including  
4 without limitation supermarkets and grocery stores;

5           (2) Store renovations, expansion, and infrastructure upgrades  
6 that improve the availability and quality of fresh produce;

7           (3) Farmers' markets, public markets, food cooperatives, mobile  
8 markets and delivery projects, and distribution projects that enable healthy  
9 food retailers in underserved communities to obtain fresh produce regularly;  
10 and

11           (4) Other projects that create or improve healthy food retailers  
12 that meet the intent of this subchapter, as determined by the commission.

13       (e) Funding made available through the program created under  
14 subsection (a) of this section may be used for the following purposes:

15           (1) Site acquisition and preparation;

16           (2) Construction costs;

17           (3) Equipment and furnishings;

18           (4) Workforce training;

19           (5) Security;

20           (6) Certain predevelopment costs as determined by the  
21 commission, including without limitation market studies and appraisals; and

22           (7) Working capital for first-time inventory and start-up costs.

23       (f) A restaurant is not eligible for funding under this subchapter.

24       (g) An applicant for funding under this subchapter may include without  
25 limitation a sole proprietorship, partnership, limited liability company,  
26 corporation, cooperative, community development entity, institution of higher  
27 education, or governmental entity.

28       (h) To be considered for funding under this section, an applicant  
29 shall meet the following criteria:

30           (1) The project for which the applicant seeks funding benefits  
31 an underserved community;

32           (2) The applicant demonstrates a meaningful commitment to  
33 selling fresh produce according to a measurable standard established by the  
34 commission; and

35           (3) The applicant either:

1                   (A) Accepts the Supplemental Nutrition Assistance Program,  
2 and the Special Supplemental Nutrition Program for Women, Infants, and  
3 Children (WIC) benefits; or

4                   (B) If the applicant is not eligible to accept  
5 Supplemental Nutrition Assistance Program, and the Special Supplemental  
6 Nutrition Program for Women, Infants, and Children (WIC) benefits, the  
7 applicant meets the alternative standard established by the commission to  
8 demonstrate a meaningful commitment to making healthy food affordable to  
9 underserved communities.

10           (i) The commission shall evaluate each applicant based on the  
11 following criteria to determine the award of funding:

12                   (1) The applicant's demonstrated capacity to successfully  
13 implement the project, including without limitation the applicant's relevant  
14 experience and the likelihood that the project will be economically self-  
15 sustaining;

16                   (2) The ability of the applicant to repay debt;

17                   (3) The degree to which the project requires an investment of  
18 public funding to move forward, create an impact, or be competitive;

19                   (4) The level of need in the underserved community to be served  
20 by the project, which may include the consideration of factors that will  
21 improve or preserve retail access for low-income residents, such as the  
22 proximity to public transit lines;

23                   (5) The degree to which the project will promote sales of fresh  
24 produce, particularly Arkansas-grown fruits and vegetables;

25                   (6) The degree to which the project will positively impact the  
26 underserved community, including without limitation creating or retaining  
27 local residents' jobs; and

28                   (7) Any other criteria that the commission determines are  
29 consistent with the intent of this subchapter.

30           (j) The commission shall:

31                   (1) Establish program benchmarks and reporting processes to  
32 ensure that the program benefits both rural and urban communities in  
33 Arkansas;

34                   (2) Establish monitoring and accountability mechanisms for  
35 projects that receive funding under this section, such as tracking sales data  
36 for fresh produce;

1           (3) Prepare and submit an annual report to the Legislative  
2 Council, or if the General Assembly is in session, the Joint Budget  
3 Committee, concerning any projects funded and the outcome data related to  
4 each project; and

5           (4) Establish rules for implementing this subchapter.

6           (k) To the extent practicable, funds described in this subchapter may  
7 be used to leverage other funding, including without limitation new markets  
8 tax credits, federal and foundation grant programs, incentives available to  
9 designated renewal communities or empowerment zones, operator equity, and  
10 funding from private-sector financial institutions under the Community  
11 Reinvestment Act of 1977, 12 U.S.C. § 2901 et seq., as it existed on January  
12 1, 2023.

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15 Referred requested by the Arkansas House of Representatives  
16 Prepared by: JLL/SJA

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