

GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40188-MC-112 (03/08)

Short Title: Corner Store Initiative.

(Public)

Sponsors: Representative Holley.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE CORNER STORE INITIATIVE ACT TO ASSIST HEALTHY
3 FOOD SMALL RETAILERS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Chapter 106 of the General Statutes is amended by adding a new Article
6 to read:

7 "Article 62B.

8 "Healthy Food Small Retailer Act.

9 "**§ 106-755.5. Healthy Food Small Retailer Fund.**

10 (a) Findings. – The General Assembly finds the following:

11 (1) Overweight children and adults are at greater risk for numerous adverse health
12 consequences, including type 2 diabetes, heart disease, stroke, high blood
13 pressure, high cholesterol, certain cancers, asthma, low self-esteem, depression,
14 and other debilitating diseases. In North Carolina, over sixty-five percent (65%)
15 of adult residents were considered overweight or obese and over thirty-one
16 percent (31%) of children were considered overweight or obese. Obese children
17 are at least twice as likely as non-obese children to become obese adults.

18 (2) The medical costs of obesity are rising rapidly in the United States and are
19 estimated to be one hundred forty-seven billion dollars (\$147,000,000,000) per
20 year. Roughly half of these obesity-related costs are paid by Medicare and
21 Medicaid, indicating taxpayers bear the majority of the cost for obesity-related
22 medical care. Obesity-related health care spending accounts for eight and
23 one-half percent (8.5%) of Medicare spending, eleven and eight-tenths percent
24 (11.8%) of Medicaid spending, and twelve and nine-tenths percent (12.9%) of
25 private payer spending.

26 (3) Many Americans, particularly those in low-income neighborhoods, rural areas,
27 and communities of color, live in communities that lack adequate access to
28 full-service grocery stores. Low-income areas have more than twice as many
29 convenience stores and four times as many small grocery stores as high-income
30 areas. Proximity to convenience stores within a neighborhood is associated with
31 higher rates of obesity and diabetes.

32 (4) Research indicates that small food stores sell little fresh produce, whole grains,
33 and low-fat dairy products but sell larger quantities of foods that are high in fat
34 and low in nutrients. Small food stores regularly charge higher prices for food
35 as compared to grocery stores and supermarkets.



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1 (5) Providing assistance to existing small food retailers to stock fresh produce and
2 other healthy foods and promote good nutrition can provide residents with
3 access to healthier foods. Community programs that work with these small food
4 retailers have shown promise in increasing healthy food sales, improving store
5 offerings, and promoting good nutrition.

6 (6) Efforts are currently underway among the Department of Commerce, the
7 Department of Agriculture, and the Department of Health and Human Services
8 to utilize existing retail outlet infrastructure to facilitate access to and increase
9 consumption of nutrient-dense foods in order to improve overall health and
10 reduce public medical care costs.

11 (b) Purpose. – The program established pursuant to this section is intended to provide a
12 source of funding and assistance for small food retailers operating in the State, in both urban and
13 rural areas, with the goal of increasing availability and sales of fresh fruits, vegetables, and other
14 nutrient-dense foods at affordable prices to local residents and improving the diet and health of
15 local residents, especially in food desert zones.

16 (c) Fund. – The Healthy Food Small Retailer Fund is created as a restricted reserve in the
17 Department of Agriculture and Consumer Services. Funds in the Fund do not revert but remain
18 available to the Department for food desert relief purposes.

19 (d) Definitions. – The following definitions apply in this section:

20 (1) Business. – A corporation, sole proprietorship, cooperative association,
21 partnership, S corporation, limited liability company, nonprofit corporation, or
22 other form of business organization, located either within or outside this State.

23 (2) Department. – The Department of Agriculture and Consumer Services.

24 (3) Food desert relief. – Moneys allocated to a county or regional public health
25 department to provide funds, equipment, or other assistance to a small food
26 retailer located in a food desert zone to enable the small food retailer to carry
27 and sell nutrient-dense foods.

28 (4) Food desert zone. – A census tract that has been identified by the Economic
29 Research Service of the United States Department of Agriculture as meeting
30 each of the following criteria:

31 a. The tract has a poverty rate of twenty percent (20%) or greater or has a
32 median family income at or below eighty percent (80%) of the median
33 family income for the State.

34 b. The tract has at least 500 persons or at least thirty-three percent (33%)
35 of the population who, for a metropolitan area, live more than one mile
36 from a grocery store or healthy, affordable food retail outlet store or, for
37 a nonmetropolitan area, more than 10 miles from a grocery store or
38 healthy, affordable food retail outlet store.

39 (5) Nutrient dense food. – A food that has high levels of nutrients in relationship to
40 the number of calories the food contains. The term includes fresh vegetables
41 and fruits, whole grains, nuts, seeds, beans and legumes, low-fat dairy products,
42 lean meats, and seafood.

43 (6) Small food retailer. – A business that is a small retail outlet, including corner
44 stores, convenience stores, cooperatives, and bodegas, of no more than 5,000
45 heated square feet that sells a limited selection of foods and other products.

46 (e) Designation. – Upon application of a county, the Commissioner of Agriculture shall
47 make a written determination whether an area is a food desert zone, as defined in this section. A
48 determination under this section is effective until December 31 of the year 10 years following the
49 year in which the determination is made. The Department shall publish annually a list of all food
50 desert zones with a description of their boundaries. The application required by this subsection
51 shall include all of the following:

- 1 (1) A map showing the census tracts and block groups that would comprise the
2 zone.
- 3 (2) A detailed description of the boundaries of the area that would comprise the
4 zone.
- 5 (3) Detailed census information on the county and the proposed zone.
- 6 (4) A resolution of the board of county commissioners requesting the designation
7 of the area as a food desert zone.
- 8 (5) Any other material required by the Commissioner of Agriculture.
- 9 (f) Administration. – The Department shall develop guidelines providing for the
10 administration of the program and selection of recipients of food desert relief. The Department
11 may use up to five percent (5%) of funds appropriated to the Fund to administer the Fund. The
12 guidelines developed shall include the following provisions, which shall apply to food desert relief
13 awards from the Fund:
- 14 (1) The funds shall be used only for the following:
- 15 a. Amounts to a county or regional public health department to purchase
16 and install at a small food retailer refrigeration equipment, display
17 shelving, and other equipment necessary for stocking nutrient-dense
18 foods. Total funding under this sub-subdivision may not exceed five
19 thousand dollars (\$5,000) per small food retailer.
- 20 b. Amounts to a county or regional public health department to be given to
21 a small food retailer to offset initial expenses related to participating in
22 food desert relief efforts. Total funding under this sub-subdivision may
23 not exceed one hundred dollars (\$100.00) per small food retailer.
- 24 c. Amounts to a county or regional public health department to cover
25 salaries and associated costs of either employees or contractors
26 providing technical assistance to small food retailers on nutrient-dense
27 food safety and handling, nutrition education, and business operations
28 and promotion related to nutrient-dense food inventory. Total funding
29 under this sub-subdivision may not exceed one thousand five hundred
30 dollars (\$1,500) per small food retailer.
- 31 (2) In determining disbursements of moneys from the Fund, the Department shall
32 consider the level of need in the area to be served.
- 33 (3) The Department shall establish monitoring and accountability mechanisms for
34 recipients.
- 35 (4) Funds may be used only for assistance of small food retailers in food desert
36 zones.
- 37 (5) Small food retailers receiving moneys from the Fund must accept or agree to
38 accept Supplemental Nutrition Assistance Program benefits and must accept or
39 agree to apply to accept Special Supplemental Nutrition Program for Women,
40 Infants, and Children benefits.
- 41 (6) Recipients must provide defined objectives, standards, and accountability
42 mechanisms to ensure that expenditure of moneys from the Fund are consistent
43 with this section, including (i) submitting a plan describing specific goals for
44 increasing the sales of nutrient-dense foods by small food retailers, engaging
45 the community to support participating small food retailers, and establishing
46 standards to assess whether goals are being met and (ii) recruiting county,
47 municipal, and other agencies to provide expertise, support, and coordination of
48 efforts to support small food retailers.
- 49 (g) Agreements. – Funds may be disbursed from the Healthy Food Small Retailer Fund
50 only in accordance with agreements entered into between the State and one or more county or

1 regional public health departments and between the county or regional public health department
2 and a small food retailer.

3 (h) Retailer Performance Agreements. – An agreement between a county or regional public
4 health department and a small retailer must contain the following provisions:

- 5 (1) A commitment to promote and sell nutrient-dense foods at a specific location
6 and the minimum time period for which the promotion and sales must be
7 maintained.
- 8 (2) A commitment to provide proof satisfactory to the county or regional public
9 health department and the State of nutrient-dense food promotion and sales.
- 10 (3) A provision that funds received under the agreement may be used only for a
11 purpose specified in this section.
- 12 (4) A provision allowing the State or the county or regional public health
13 department to inspect all records of the small food retailer that may be used to
14 confirm compliance with the agreement or with the requirements of this
15 section.
- 16 (5) A provision establishing the method for determining compliance with the
17 agreement.
- 18 (6) A provision establishing a schedule for disbursement of funds for purchasing
19 and installing equipment under the agreement that allows disbursement of funds
20 only after a small food retailer has submitted a plan of implementation for the
21 stocking, promotion, and sale of nutrient-dense foods.
- 22 (7) A provision requiring recapture of equipment provided to a small food retailer
23 if the small food retailer subsequently fails to comply with the terms of the
24 agreement for a period of not less than five years following receipt of the
25 equipment.
- 26 (8) A provision allowing a small food retailer receiving equipment pursuant to this
27 section to purchase the equipment for a nominal amount five years following
28 receipt of the equipment.
- 29 (9) A provision encouraging the small food retailer to contract with local producers
30 of available nutrient-dense foods.
- 31 (10) Any other provision the State or the county or regional public health
32 department finds necessary to ensure the proper use of State or local funds.

33 (i) Local Food Desert Relief Agreement. – An agreement between the State and one or
34 more county or regional public health departments shall contain the following provisions:

- 35 (1) A provision requiring the county or regional public health department to
36 recapture any funds to which the county or regional public health department is
37 entitled under the retailer performance agreement.
- 38 (2) A provision requiring the county or regional public health department to
39 reimburse the State for any funds improperly disbursed or funds recaptured by
40 the county or regional public health department.
- 41 (3) A provision allowing the State access to all records possessed by the county or
42 regional public health department necessary to ensure compliance with the
43 retailer performance agreement and with the requirements of this section.
- 44 (4) A provision establishing a schedule for the disbursement of funds from the
45 Healthy Food Small Retailer Fund to the county or regional public health
46 department that reflects the disbursement schedule established in the retailer
47 performance agreement.
- 48 (5) Any other provision the State finds necessary to ensure the proper use of State
49 funds.

50 (j) Disbursement of Funds. – Funds may be disbursed from the Healthy Food Small
51 Retailer Fund to the county or regional public health department only after the county or regional

1 public health department has demonstrated that the retailer has complied with the terms of the
2 retailer performance agreement. The State shall disburse funds allocated under the Healthy Food
3 Small Retailer Fund to a county or regional public health department in accordance with the
4 disbursement schedule established in the local food desert relief agreement.

5 (k) Reports. – The Department shall publish a report on the use of funds in the Healthy
6 Food Small Retailer Fund on or before April 30 of each year. The Department shall submit the
7 report electronically to the Joint Legislative Oversight Committee on Health and Human Services,
8 the House and Senate appropriations committees with jurisdiction over agriculture and natural and
9 economic resources, and the Fiscal Research Division. The report shall include the amount of
10 funds disbursed, the geographic distribution of disbursements, and an evaluation of the outcome of
11 the disbursements, including the health impact associated with the funding.

12 (l) Guidelines. – The Department shall develop guidelines related to the administration of
13 the Healthy Food Small Retailer Fund and to the selection of projects to receive allocations from
14 the Fund. At least 20 days before the effective date of any guidelines or nontechnical amendments
15 to guidelines, the Department must publish the proposed guidelines on the Department's Web site
16 and provide notice to persons who have requested notice of proposed guidelines. In addition, the
17 Department must accept oral and written comments on the proposed guidelines during the 15
18 business days beginning on the first day that the Department has completed these notifications.
19 For the purpose of this section, a technical amendment is either of the following:

20 (1) An amendment that corrects a spelling or grammatical error.

21 (2) An amendment that makes a clarification based on public comment and could
22 have been anticipated by the public notice that immediately preceded the public
23 comment."

24 **SECTION 2.** This act is effective when it becomes law.