

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 18 (Rubio) – As Amended May 8, 2025

Policy Committee: Agriculture

Vote: 7 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill establishes the Food Desert Elimination Grant Program (Program) to expand access to healthy foods in food deserts and areas at risk of becoming food deserts.

Specifically, this bill, among other things and upon appropriation:

- 1) Creates the Program under the administration of the California Department of Food and Agriculture (CDFA) to expand access to healthy foods in food deserts in the state, and areas at risk of becoming food deserts, by providing grants to grocery store operators.
- 2) Creates the Food Desert Elimination Fund (Fund) in the General Fund, and provides that moneys in the Fund may be expended by CDFA, upon appropriation by the Legislature, for purposes of this bill.
- 3) Authorizes CDFA to collect non-state, federal, and private funds for purposes of this bill, and requires those funds be deposited into the California Equitable Food Access Account (Account), which the bill creates within the Fund. Provides that moneys in the Account are continuously appropriated without regard to fiscal years to CDFA for purposes of this bill.
- 4) Authorizes CDFA to award a grant for one or more of the following purposes to a grocery store operator seeking to locate a grocery store in a food desert or to an existing grocery store located in a food desert: (a) a market and site feasibility study; (b) salaries and benefits to grocery store employees; (c) rents or down-payments to acquire a facility located in a food desert; (d) capital improvements, planning, renovations, land acquisition, demolition, and durable and nondurable equipment purchases; and (e) other costs determined eligible by CDFA, including costs specified in federal funding program requirements.
- 5) Authorizes CDFA to (a) award a grant to a small-scale grocery store; (b) use up to 10% of total program funding for technical assistance; and (c) adopt guidelines to implement the bill.
- 6) Requires CDFA, on or before January 1, 2028, to report the number of grants awarded under the Program and the location of grant recipients to the relevant policy committees of the Legislature, as specified.
- 7) Sunsets on December 31, 2030.

FISCAL EFFECT:

- 1) Ongoing annual General Fund cost pressure of an unknown but significant amount, likely in the millions of dollars, to provide grant funding for the Program.
- 2) CDFA will incur ongoing costs to establish and administer the Program. CDFA estimates costs of approximately \$418,000 in the first year and \$408,000 annually thereafter to hire one research data specialist and one associate governmental program analyst to administer the Program (General Fund). The department notes, because the size of the grant program and the number of grants that could be awarded are both unclear, its workload could be greater and therefore its resulting costs could be higher.

COMMENTS:

- 1) **Purpose.** According to the author:

There are so many families in my district and across California that do not have the ability to easily access affordable and nutritious food because they live in food deserts...SB 18 will help California families struggling with accessing affordable food by establishing the Food Desert Elimination Grant Program under the Department of Food and Agriculture and authorize the department to award grants that encourage and support grocery store operators seeking to locate a grocery store in a food desert community.

- 2) **Background.** The United States Department of Agriculture defines a “food desert” as “an area where residents have limited access to affordable and nutritious food, often due to a lack of grocery stores, farmers' markets, or other healthy food providers.” California has implemented several strategies over the years to address the critical need to improve access to healthy food in food deserts.

For example, CDFA’s Office of Farm to Fork contends it is committed to lessening the impact of food insecurity through grant programs, increasing access points, connecting stakeholders, and expanding availability of resources. The Healthy Refrigeration Grant Program funds energy efficient refrigeration units in corner stores and small businesses located in food deserts throughout the state. The California Nutrition Incentive Program provides monetary incentives for the purchase of California grown fruits and vegetables at Certified Farmers’ Markets and small businesses. The Farm to Community Food Hubs Program awards competitive grants for organizations developing and expanding community food hubs in the state.

According to the California Grocers Association (CGA), the sponsor of this bill, the federal Healthy Food Financing Initiative (HFFI) provides grants and loans to entities that offer healthy foods in communities that are underserved by grocery stores and other food retailers. In June 2024, the HFFI was expanded to include the Food Access and Retail Expansion (FARE) Fund to provide over \$60 million over the next several years in the form of loans, grants, and technical assistance for the predevelopment, planning, and implementation of eligible food retail and food retail supply chain projects. CGA writes, “SB 18 would provide the infrastructure required so should California be successful in receiving FARE funding, funds can be expedited to deliver results.”

Writing in an oppose-unless-amended position, the California Food and Farming Network (CFFN) contends, among a number of other concerns, that although addressing physical distance is helpful when transportation is a barrier, ensuring food access requires an interwoven conversation about affordable, healthy, high-quality, and culturally appropriate food. CFFN writes: “Given the growing cost of groceries, simply building or supporting a grocery store in a low-income community, as SB 18 proposes, does not address food insecurity.” CFFN further contends:

Considering that the sponsor of the bill shared that it would take \$15 million in investments to build in an area recognized as a food desert, some guardrails are required. If these new grocery stores fail, there are no requirements in SB 18 for them to pay back the funds they used, nor are there requirements to keep the store in the community for a minimum period of time.

- 4) **Prior Legislation.** SB 1419 (Rubio), of the 2023-2024 Legislative Session, was substantially similar to this bill and was vetoed by the Governor. In his veto message, the Governor wrote: “While I support the author's goal to increase access to healthy foods in underserved communities, this bill creates a new, unfunded grant program and should be considered in the annual budget process.”

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