

Date of Hearing: July 2, 2025

ASSEMBLY COMMITTEE ON AGRICULTURE
Esmeralda Soria, Chair
SB 18 (Rubio) – As Amended May 8, 2025

SENATE VOTE: 38-0

SUBJECT: Food Desert Elimination Grant Program

SUMMARY: This bill would establish the Food Desert Elimination (FDE) Grant Program, which would allow the Department of Food and Agriculture (CDFA) for the purpose of expanding 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. This bill would also establish the Food Desert Elimination Fund in the General Fund and would authorize monies from the fund be used, upon appropriation, to run the program. Specifically, *this bill*:

- 1) Establishes the FDE Program within CDFA and establishes the FDE Fund to provide grants for one or more of the following purposes to a grocery store operator seeking to locate a grocery store in a food desert:
 - a) A market and 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.
 - e) Other costs as determined eligible by the department, including costs specified in federal funding program requirements.
- 2) Clarifies grocery store operators of grocery stores existing in a food desert may also apply for these grants.
- 3) Allows the department to use up to 10 percent of total program funding for technical assistance.
- 4) Requires the department to report the number of grants awarded under the program and the location of grant recipients to the relevant policy committees of the Legislature.
- 5) States the implementation of this grant program is contingent upon an appropriation by the Legislature.
- 6) Sunsets the program on December 31, 2030.

EXISTING LAW:

- 1) Establishes the Office of Farm to Fork within the CDFA and requires the office to work with various entities to increase the amount of agricultural products available to underserved communities and schools in California (*Food and Agricultural Code 49001*).
- 2) Establishes the CalFresh program to administer the provision of federal SNAP benefits to families and individuals meeting certain criteria, as specified (*Welfare and Institutions Code 18900*).
- 3) Requires the California Healthy Food Financing Initiative Council to implement an initiative to expand access to nutritious food in underserved, urban, and rural communities and to eliminate food deserts in California (*Health and Safety Code 104660*).
- 4) Defines food deserts as both low-income areas and ones in which more than a third of the population lives over a mile from a grocery store/supermarket.
- 5) Establishes under federal law the “Supplemental Nutrition Assistance Program” (SNAP) pursuant to the Food Stamp Act of 1964. (*7 United States Code Section 2011*).

FISCAL EFFECT: Unknown

COMMENTS: A food desert is defined by USDA 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.”

There are several key factors that contribute to food deserts in California. These include, but are not limited to economic disparities, geographic barriers, high cost of living, urban planning and zoning, and lack of programs like CalFresh. Low-income communities often lack supermarkets that sell fresh produce, while convenience stores and fast food chains dominate, offering mostly processed and unhealthy foods.

While there are many socio-economic factors contributing to food deserts, such as price/affordability of food and poverty, this bill focuses on the lack of availability of these foods as a result of being too far from a grocery store that provides fresh produce. According to CDFA, “The distance residents have to travel to reach outlets that sell healthy foods can impact the amount of healthy food they purchase. Travel costs (including both the time spent traveling and the cost of driving a private vehicle or taking public transportation) can increase the real cost of healthy food and keep people from purchasing it.”

While there are findings that suggest increasing the number of grocery stores in food deserts is important, it is not the only way to ensure communities have access to healthy food choices. Rather, it should be considered a “tool in the nutritional toolbox.” Addressing other factors such as transportation and community education will also promote healthier eating behaviors.

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. The state declares that every human being has the right to access sufficient, affordable, and healthy food, but residents of underserved communities must either travel long distances to access grocery stores with healthy food selections or get their meals from less healthy sources

nearby. SB 18 will help California families struggling with accessing affordable food by establishing the FDE Grant Program under CDFA 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. As an educator, I have witnessed children suffering from malnourishment and know the impact it has on their studies. We must do more to reduce food deserts and help struggling families.

Supporters state, since 2011, the federal government has spent almost \$500 million to improve access to grocery stores. States and local governments have also created programs to attract grocery stores or improve existing stores in underserved areas. As an example of a successful model, Pennsylvania created the Pennsylvania Fresh Food Financing Initiative, which provided \$30 million to provide grants or loans for citing or expand retail food outlets in in underserved, food deserts throughout Pennsylvania. Since the inception of the Initiative, fifty-three healthy food retail projects have been funded. Likewise, in 2023, Illinois passed the Illinois Grocery Initiative, which will similarly provide \$20 million in investments to open or expand grocery stores in food deserts. Finally, in 2016, the California Endowment worked on a grant project to bring grocery stores to food desert areas. Three grocery stores were awarded \$7 million each for the startup costs to open a grocery store. To this day, with the help of tax credits and grants, all three grocery stores are still operating.

Furthermore, this bill offers a promising solution by incentivizing the establishment and continuation of grocery stores in food desert areas. This builds upon successful models in California and other states and sets communities up to capitalize on current opportunities. By providing grants to cover startup costs, this legislation encourages grocery operators to invest in underserved areas, thereby increasing access to nutritious food options. Strongest indicators of food insecurity, poverty and food affordability, remain the same.

Opponents state this bill doesn't address three main issues: 1) California has moved beyond investments in siloed approaches to solving food insecurity, 2) specific guardrails and community input can improve food insecurity outcomes, and 3) risk of large grocery chain stores causing increase in food deserts.

California must tackle food insecurity with multi-faceted approaches, such as investing in grocery stores that invest in the community, climate, and their workers. At a time when there is an urgent need for economic development and workforce opportunities that provide living wages for workers, particularly in communities that have experienced chronic underinvestment and stagnation due to extractive corporate practices and disinvestment, we must be investing in solutions that change this. We must instead prioritize locally driven, community-rooted solutions that invest back into the local economy and build true resilience. Investments should uplift community-owned models, cooperative food systems, and place-based strategies that foster economic self-determination and support wealth-building in systemically marginalized communities. As currently written, through this bill, a grocery store may be built in a neighborhood, but the strongest indicators of food insecurity—poverty and food affordability, remain the same.

This bill is a risky investment for both food-insecure communities and for government dollars where specific guardrails and community input can help. As the sponsor of the bill has stated, opening a grocery store is a financial risk. While we support government dollars used for innovation, which can come with some values-based risk, this must be accompanied with

intentional guardrails to mitigate failure and harm to communities they are intending to support as much as possible. Supporting a large grocery store to build or expand in a “food desert” with government dollars, does not assure its long-term sustainability: “A diverse array of studies have found that people are willing and prefer to travel outside their own neighborhood for food shopping based on price and their individual taste preferences”. And, underperformance was cited as a reason for closure of Albertsons in 2018 the city of West Covina followed by the 2024 closure of a Walmart Superstore in the same city, as two small examples.

There are no stipulations in this bill that aim to mitigate these risks, such as community listening sessions, community assessments, and building community partnerships to ensure resident buy-in. 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.

Large grocery store chains make millions in profits and have plenty of means to build stores where they’d like. Kroger owns Food4less, Ralphs, and 17 other stores while Albertson’s owns Vons, Safeway, and 19 other stores. Meanwhile, the annual net income of Albertsons increased nearly tenfold between 2019 and 2024, rising from \$131 million to almost \$1.3 billion. Similarly, Kroger’s EBITDA profits increased from just under \$5.1 billion in 2019 to \$6.8 billion in 2024. These chains do not need funds from this bill to build in food deserts.

At the same time, large grocery stores choose to close stores, actually creating food deserts: “Over the past century, food giants have been quietly consolidating their power, stripping out the resilience baked into more diversified, regional food systems, and cutting local economies out of the picture.” Food industry mergers and acquisitions exceeded 300 in 2019 alone. As grocery giants merge to grow profits, they close less-profitable grocery stores that have geographic overlap with more profitable stores, creating sudden food deserts, higher grocery prices, job loss, and panic in the area.

Rural areas and Tribal communities especially suffer from monopolizing practices. Rural communities often rely solely on large chain giants for food, paying more than their urban counterparts. Without competitive pricing, rural communities have no choice but to buy basic needs at the rate that the stores mark them.

Opponents propose the following amendments:

- Tiered prioritization for Tribal, BIPOC and community-owned stores
- Community engagement requirements, including a grant advisory committee
- Long-term commitments from grantees
- Alignment with federal HFFI values to increase CA’s chances of securing funds effectively

REGISTERED SUPPORT / OPPOSITION:

Support

California Grocers Association (Sponsor)
A Voice for Choice Advocacy
American Academy of Pediatrics, California
California Academy of Preventive Medicine

California Pan - Ethnic Health Network
California WIC Association
Center for Environmental Health
Children's Council of San Francisco
City of Merced

Oppose Unless Amended

Agricultural Institute of Marin
Alchemist CDC
Asian Pacific Islander Forward Movement
California Food and Farming Network
Ceres Community Project
Community Alliance With Family Farmers
Faacts (food and Agriculture Action Coalition Toward Sovereignty)
Farm2people
Food Access LA
Foodshed Coop
Latino Coalition for a Healthy California
Los Angeles Community Action Network
Native American Environmental Protection Coalition (NAEPC)
Nourish California
Roots of Change
Saba Grocers Initiative
San Diego Food System Alliance
Sierra Harvest
United Food and Commercial Workers, Western State Council
Yolo Food Hub Network

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