

# NORTH CAROLINA GENERAL ASSEMBLY

## LEGISLATIVE RESEARCH COMMISSION

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RALEIGH, NC 27601



April 21, 2014

TO THE MEMBERS OF THE LEGISLATIVE RESEARCH COMMISSION:

Attached for your consideration is the report to the 2014 Regular Session of the 2013 General Assembly. This report was prepared by the Legislative Research Commission's Committee on Food Desert Zones, pursuant to G.S. 120-30.17(1).

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Representative Edgar V. Starnes

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Representative Chris Whitmire

Co-Chairs  
Committee on Food Desert Zones  
Legislative Research Commission

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LEGISLATIVE RESEARCH COMMISSION

**COMMITTEE ON FOOD DESERT ZONES**

**NORTH CAROLINA GENERAL ASSEMBLY**



**REPORT TO THE  
2014 SESSION  
of the  
2013 GENERAL ASSEMBLY  
OF NORTH CAROLINA**

**APRIL, 2014**

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# TRANSMITTAL LETTER

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April 21, 2014

TO THE MEMBERS OF THE 2014 REGULAR SESSION  
OF THE 2013 GENERAL ASSEMBLY

**The Legislative Research Commission herewith submits to you for your consideration its report and recommendations to the 2014 Regular Session of the 2013 General Assembly. The report was prepared by the Legislative Research Commission's Committee on Food Desert Zones, pursuant to G.S. 120-30.17(1).**

Respectfully submitted,

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Senator Thomas M. Apodaca

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Representative Timothy K. Moore

Co-Chairs  
Legislative Research Commission

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# LEGISLATIVE RESEARCH COMMISSION MEMBERSHIP

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**2013 – 2014**

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Co-Chair

Representative Timothy K. Moore  
Co-Chair

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Representative John M. Blust  
Representative Justin P. Burr  
Representative Becky Carney  
Representative Mike D. Hager

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## PREFACE

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The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is the general purpose study group in the Legislative Branch of State Government. The Commission is co-chaired by the President Pro Tempore of the Senate and the Speaker of the House of Representatives and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigation into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

The Legislative Research Commission authorized the study of **Food Desert Zones**, under authority of G.S. 120-30.17(1). The Committee was chaired by Representative Edgar V. Starnes and Representative Chris Whitmire. The full membership of the Committee is listed under [Committee Membership](#). A committee notebook containing the committee minutes and all information presented to the committee will be filed in the Legislative Library by the end of the **2013-2014** biennium.

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# COMMITTEE PROCEEDINGS

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## **Introduction**

The Legislative Research Commission's Committee on Food Desert Zones met 4 times after the 2013 Regular Session. The Committee's Charge can be found [here](#). The following is a brief summary of the Committee's proceedings. Detailed minutes and information from each Committee meeting are available in the Legislative Library.

Food deserts, defined by the United States Department of Agriculture (USDA) as "urban neighborhoods and rural towns without ready access to fresh, healthy, and affordable food," are a significant problem in North Carolina.

Census tracts qualify as food deserts under USDA's definition if they meet certain low-income and low-access thresholds. To qualify as a food desert, (1) a census tract must have a poverty rate of 20% or greater or a median family income at or below 80% of the area median family income, and (2) at least 500 persons or 33% of the census tract's population must live at least one mile from a supermarket or large grocery store in urban areas or at least 10 miles from a supermarket or large grocery store in rural areas.

According to data available from the USDA Food Access Research Atlas,<sup>1</sup> North Carolina has at least 349 food deserts across 80 counties. Over 1,544,044 residents live in these food desert zones. Residents living in food deserts are more likely to suffer from obesity, diabetes, cardiovascular disease, and other diet-related conditions, while simultaneously being more likely to be food insecure.<sup>2</sup>

The consequences of food deserts could be enormous for public health, the economy, national security, and more. A report in the Journal of Health Economics found that 21% of U.S. healthcare expenditures (\$190 billion) in added medical costs come from obesity-related problems.<sup>3</sup> Further, a 2012 report from the Trust for America's Health of the Robert Johnson Wood Foundation indicated that Medicare and Medicaid spend about \$62 billion annually on obesity-related costs.<sup>4</sup> A 2011 study by the Society of Actuaries found that U.S. employers lose about \$164 billion in annual productivity due to obesity-related

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<sup>1</sup> Available at <http://www.ers.usda.gov/data-products/food-access-research-atlas/download-the-data.aspx> (last visited April 2, 2014).

<sup>2</sup> See, e.g. National Research Council. "The Public Health Effects of Food Deserts: Workshop Summary." Washington, DC: The National Academies Press, 2009.

<sup>3</sup> Sharon Begley, "As America's waistline expands, costs soar," Reuters, <http://www.reuters.com/article/2012/04/30/us-obesity-idUSBRE83T0C820120430> (Apr. 30, 2012).

<sup>4</sup> Robert Johnson Wood Foundation, "F As in Fat: How Obesity Threatens America's Future," <http://www.rwjf.org/content/dam/farm/reports/reports/2012/rwjf401318> (2012).

issues with employees and \$6.4 billion due to employee absenteeism related to obesity.<sup>5</sup> A study in medical journal The Lancet states that by 2030, obesity-related annual medical costs in the U.S. could increase by \$66 billion, on top of current costs.<sup>6</sup> Annual economic productivity loss due to obesity could be between \$390 billion and \$580 billion by 2030.<sup>7</sup> A study released by Mission: Readiness, an organization of retired senior military leaders, found that about 25% of young adults in the U.S. are too overweight to join the military, the top medical reason why young adults cannot enlist.<sup>8</sup>

Studies have shown that simply opening supermarkets in food desert zones is not enough to solve the problems of food insecurity and unhealthy eating. This Committee examined numerous approaches to combating the problem of food deserts, including improving education about food access and healthy eating, regulatory changes that make it easier to grow fresh produce or for existing vendors to begin selling fresh produce, and improving existing programs to see greater gains from existing frameworks.

### **Federal Nutrition Assistance Programs**

Federal nutrition assistance programs are administered by the Food and Nutrition Service (FNS) within the United States Department of Agriculture (USDA). These programs are designed to work together to improve food security and diet quality for children and low-income people throughout the United States.<sup>9</sup> In North Carolina the administration of the following federal nutrition assistance programs is divided between the Department of Health and Human Services and the Department of Public Instruction:

#### **Department of Health and Human Services**

- Division of Social Services
  - Food & Nutrition Service (FNS) or SNAP
- Division of Public Health
  - Women, Infants and Children Program (WIC)
  - Simplified Summer Food Service Program (SFSP)
  - The Child & Adult Care Food Program (CACFP)
  - Farmers' Market Nutrition Program (FMNP)
- Division of Aging and Adult Services
  - Seniors Farmers Market Nutrition Program (SFMNP)

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<sup>5</sup> Donald F. Behan, et al., Society of Actuaries, "Obesity and its Relation to Mortality and Morbidity Costs," <http://www.soa.org/research/research-projects/life-insurance/research-obesity-relation-mortality.aspx> (2010).

<sup>6</sup> YC Yang, "Health and economic burden of the projected obesity trends in the USA and the UK," *Lancet*. 2011 Nov 19;378(9805):1778.

<sup>7</sup> Robert Johnson Wood Foundation, "F As in Fat: How Obesity Threatens America's Future," <http://www.rwjf.org/content/dam/farm/reports/reports/2012/rwjf401318> (2012).

<sup>8</sup> Mission: Readiness. William Christeson, et al., "Still Too Fat to Fight." <https://missionreadiness.s3.amazonaws.com/wp-content/uploads/Still-Too-Fat-To-Fight-Report.pdf> (2012)

<sup>9</sup> FNS website - <http://www.fns.usda.gov/ops/fns-strategic-plan>

- Home-Delivered Meals/ Congregate Nutrition Programs

#### Department of Public Instruction

- Division of Child Nutrition Services
  - National School Lunch Program (NSLP)
  - School Breakfast Program (SBP)
  - After School Snack Program (ASSP)
  - Fresh Fruit & Vegetable Program (FFVP)
  - Special Milk Program (SMP)

For a full description of each program, please refer to the chart in Appendix E.

#### **Supplemental Nutrition Assistance Program Education (SNAP-Ed)**

SNAP-Ed is a component of the federal SNAP or "food stamps" program. The United States Department of Agriculture (USDA) explains SNAP-Ed as follows:

The SNAP-Ed goal is to improve the likelihood that persons eligible for SNAP will make healthy food choices within a limited budget and choose physically active lifestyles consistent with the current Dietary Guidelines for Americans and the USDA food guidance.

The focus of SNAP-Ed is:

- Health promotion to help the SNAP-Ed target audience establish healthy eating habits and a physically active lifestyle; and,
- Primary prevention of diseases to help the SNAP target audience who have risk factors for nutrition-related chronic disease such as obesity prevent or postpone the onset of disease by establishing healthier eating habits and being more physically active.

SNAP-Ed Plans must include only behaviorally focused, evidence-based nutrition education and obesity prevention interventions or projects that are consistent with FNS' mission and the goal and focus of SNAP-Ed.

In practice, North Carolina's Department of Health and Human Services (DHHS) submits an annual plan to USDA explaining how DHHS proposes to spend North Carolina's allocation of SNAP-Ed funds. In the most recent funding cycle, DHHS funded 6 organizations to implement the SNAP-Ed program in the State. The largest recipient is North Carolina State University (\$1,019,221), which implements the SNAP-Ed program through the North Carolina Cooperative Extension Service.

Betsy E. Moore, DHHS Program Manager for SNAP-Ed, spoke to the Committee on March 24, 2014 to explain the SNAP-Ed program. Professor Carolyn Dunn spoke to the Committee on February 24, 2014 and March 24, 2014 discussing best practices and options for the State's SNAP-Ed program. Most states in the southeast region implement SNAP-Ed through a contract with the state's land grant university.

Professor Dunn proposed a new structure for the SNAP-Education program following the model used by most southeastern states. Under the proposal, DHHS would enter a single contract with North Carolina Cooperative Extension. Then, Cooperative Extension would enter into subcontracts with additional SNAP-Education implementing agencies. DHHS, as the State's SNAP agency, must retain oversight of SNAP-Education under federal rules. Additional oversight of SNAP-Education is provided by USDA who annually approves the State's SNAP-Education plan.

The proposed structure allows the nutrition experts at North Carolina Cooperative Extension to support DHHS, organize the multitude of proposals, and promote SNAP-Education goals. The proposed structure includes an advisory committee of unpaid volunteers who are nutrition experts from across the State. The advisory committee can be a clearinghouse for the activities of various agencies who are working to address food and nutrition issues in the State.

North Carolina Cooperative Extension plans to pursue allowed SNAP-Education programs<sup>10</sup> that expand the current State focus on classroom education including:

- Local radio and television announcements of nutrition education events for the SNAP-Education target audience.
- Appropriate social marketing campaigns that target nutrition messages to the SNAP-Education target audience and are delivered in areas/venues where at least 50 percent of persons are income-eligible for SNAP.
- Consultation with food retailers, farmers, food distributors, and farmers market managers on increasing access to whole grains, fruits and vegetables, and low-fat dairy.
- Point-of-purchase or point-of-decision making signage that promotes healthy food choices or physical activity.
- Conducting environmental scans or assessments of the food and activity environments where nutrition education is provided.
- Community forums or meetings with SNAP-Education recipients or service providers on healthy eating and active living.

Additionally, North Carolina Cooperative Extension plans to expand the geographic coverage of SNAP-Education activity to more of the State.

For Fiscal Year (FY) 2015, SNAP-Education is authorized for \$407 million nationally, and USDA estimates North Carolina's FY 2015 SNAP-Education allocation at \$4,191,931. Additionally, North Carolina has a carryforward of \$1,335,922 from unexpended funds which is added to the \$4,191,931 for a total estimated allocation of \$5,527,853 for FY14-15.

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<sup>10</sup> The listed activities appear as allowable costs in USDA Supplemental Nutrition Assistance Program Education Guidance (FY 2015 SNAP-Education Guidance).

North Carolina's SNAP-Ed allocation is increasing as the federal funding formula rebalances over time until 50% of the funding formula is based on the proportion of SNAP recipients in each state. The increases occur as follows:

- FY 13-14: 90% previous allocation 10% SNAP recipients
- FY 14-15: 80% previous allocation 20% SNAP recipients
- FY 15-16: 70% previous allocation 30% SNAP recipients
- FY 16-17: 60% previous allocation 40% SNAP recipients
- FY 17-18: 50% previous allocation 50% SNAP recipients

### **Healthy Food Retailers**

The committee heard several models to promote healthy food retailers including the Healthy Corner Store Initiative, mobile food sellers, and cooperative grocery stores. A common theme among these retailers was that healthy food is profitable. David Rizek, owner of Mark's Food Market in Greenville, NC, stated at the Committee's February 24, 2014 meeting that healthy food carried his customary profit margins for a convenience store.

Mack McLamb, President, Carlie C's Grocery Store, discussed the role of local taxes and local law enforcement at the Committee's meeting on February 24, 2014. McLamb noted that his store paid thousands in local privilege license tax to Raleigh but received no or very slow police response to theft.

Also at the Committee's meeting on February 24, 2014, Diana Craft, Access to Healthy Foods Coordinator, Pitt County Health Department, Greenville, NC, discussed the Healthy Corner Store Initiative where the Pitt County Health Department recruited local convenience store operators and promoted healthier options in the stores. The Pitt County program was representative of corner store programs throughout the country where existing retailers are used to promote healthier foods. The programs provide support to the retailers often including a small cooler to display and maintain fresh fruits and vegetables.

### **Local Privilege License Tax**

Under current law, cities are authorized to levy a privilege license tax on all trades, occupations, professions, businesses, and franchises carried on within the city, subject to certain limitations. These limitations range from outright prohibitions on certain businesses<sup>11</sup> to a cap<sup>12</sup> on the amount of tax for other types of businesses. Otherwise,

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<sup>11</sup> Cities are currently prohibited from levying a privilege license tax on certain professionals who are taxed at the State level, such as attorneys, physicians, engineers, real estate brokers, and home inspectors. Other businesses that cities are currently prohibited from taxing include banks, private protective services, burglar alarm dealers, household appliance dealers, and office equipment dealers.

there is no statutory restriction on the amount of tax that may be charged. The local privilege license tax may be in the form of a flat tax or a tax measured by gross receipts. Over 300 cities levy a privilege tax.

Counties are also authorized to levy a privilege license tax on a very limited set of businesses. Based on the most recent data available, only 37 counties levy a privilege license tax and generate a cumulative total of less than \$500,000.

During the Committee's meeting held February 24, 2014, Mack McLamb, President, Carlie C's Grocery Store, discussed the impact of the local privilege license tax on grocery stores. The Carlie C's located in Raleigh pays a local privilege license tax based on the gross receipts of the store regardless of profit. Mack McLamb stated that the local privilege license tax was unfair to grocery stores because the profit margins were so small compared to other businesses.

On April 9, 2014, the Revenue Laws Study Committee considered a bill draft, Fair & Flat Local Business Tax, to reform the local privilege license tax. The legislative proposal would repeal the existing authority for cities to levy a privilege license tax and would enact a new authorization for cities to levy a business tax of up to \$100 on each business location. The proposal also repeals the more limited county authority to levy a privilege license tax. The proposal excludes entities exempt under section 501(c)(3) from the definition of business subject to tax.

Specifically, the Fair & Flat Local Business Tax proposal would repeal the existing authority for cities to levy a privilege license tax and would replace it with a new authorization for cities to levy a business tax of up to \$100 on each business location within the city. The new authorization would remove all of the prior restrictions and caps on certain businesses with the exception of certain utilities for which cities receive a share of tax revenue. The proposal would become effective July 1, 2015.

## **School Feeding Programs**

### **Innovative School Breakfast Programs**

Debra Horton, Executive Director of the North Carolina Parents and Teachers Association (PTA), and Kelly Langston, President-elect of the North Carolina PTA, gave a presentation at the Committee's meeting on March 24, 2014, about school breakfast and the role of parent volunteers in promoting healthy eating habits and increasing access to breakfast in schools. Dr. Lynn Harvey, Section Chief of Child Nutrition Services at the North Carolina Department of Public Instruction (NCDPI), also sent a two-page brief to

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<sup>12</sup> Approximately 64 types of businesses are subject to a cap on the amount of tax that a city may impose. Examples of businesses whose rate is capped at less than \$100 include: amusements, \$25; collection agencies, \$50; peddlers of farm products, \$25; contractors, \$10; restaurants, \$42.50; barbershops and beauty parlors, \$2.50 per person employed; firearms dealers, \$50; auto dealers, \$25.



the March 24, 2014 meeting of the Committee entitled "Expanding School Nutrition Programs to Reduce Child Hunger." The brief was distributed to the members of the Committee and is available on the Committee website.

Innovative school breakfast programs, such as breakfast in the classroom, grab-and-go breakfast, and "second chance" breakfast offered after first period classes, are being tested in North Carolina schools and have been successful. 96% of North Carolina schools offer breakfast in the school cafeteria, but only 30% of students eat breakfast at school, due to a combination of factors including "breakfast before the bell" policies, late bus arrivals, and the stigma that "only poor children eat school breakfast." Innovative School Breakfast Programs provide breakfast to students during the instructional day, overcoming some of the factors that prevent students from accessing free school breakfast. Innovative school breakfast programs are universally accessible, meaning that all students in participating schools are eligible for free breakfast in the classroom, grab and go breakfast, etc. The PTA has contributed to these programs by providing volunteers to distribute foods, raising funds for large trash cans for classroom breakfast, and more.

#### Farm to School Program

Kevin Hardison, Agricultural Marketing Specialist at the North Carolina Department of Agriculture and Consumer Services (NCDA&CS), briefly discussed the North Carolina Farm to School program in his January 27, 2014 presentation to the Committee. Heather Barnes, Agricultural Marketing Specialist at NCDA&CS, gave a more in-depth presentation on the North Carolina Farm to School program in her February 24, 2014 presentation to the Committee.

The North Carolina Farm to School program supplies locally grown foods to participating school cafeterias across the State using NCDA&CS Food Distribution Division infrastructure. In the 2012-2013 school year, the program supplied 1,755,110 pounds of fresh produce to 92 school districts. The program has created a new market for North Carolina farmers and ensures that students are receiving healthy local produce in the school cafeteria.

#### Summer Feeding Program

Arnette Cowan, Nutrition Program Supervisor at the North Carolina Department of Health and Human Services, gave a presentation on the Summer Food Service Program at the Committee's March 24, 2014 meeting. The Summer Food Service Program is a food service program administered by DHHS. The Program is fully funded by the United States Department of Agriculture, Food and Nutrition Service. In 2013, North Carolina received \$248,131 in administrative funds to operate the program and \$8,712,106 in reimbursement for meals provided by Sponsors of the Program.

Based on the 2012-2013 Economically Disadvantaged Student Data, there were more than 806,000 children in North Carolina who received free or reduced priced school

meals during the school year. Children 18 years old and younger from households with incomes at or below 185% of the poverty guidelines are eligible to receive free or reduced priced school meals. The Program generally operates during the months of June through August, although there are opportunities for the Program to operate during other times, such as when students are tracked out of school.

In the Summer Food Service Program, food is not necessarily served at schools. Agencies that sponsor the program are public or private nonprofit agencies which are approved to receive reimbursement for serving meals to eligible children in the Summer Food Service Program, such as Parks and Recreation, School Food Service Authorities, Boys and Girls Clubs, food banks, and faith-based agencies. Participation is growing annually:

- 2008: 87 sponsors provided meals 777 sites
- 2013: 125 sponsors provided meals 1,290 sites (over 3.4 million meals)

### **Food Safety Modernization Act (FSMA)**

Joe Reardon, Assistant Commissioner for Consumer Protection at the North Carolina Department of Agriculture and Consumer Production, presented to the Committee about the Food Safety Modernization Act (FSMA) at the March 24, 2014 meeting. FSMA is a sweeping food safety reform bill that was signed into law in 2011. The act is intended to improve the safety of the U.S. food supply by strengthening required safety measures and recordkeeping, and allowing federal regulators to be more proactive in regulating food safety rather than reacting to foodborne illness outbreaks after they happen. Although some farms (total sales under \$500,000; over 50% of sales within the same state or 250 miles) will be exempt from some requirements, nearly every farmer in the State will be affected by FSMA in some way.

Depending on how the Food and Drug Administration adopts rules to implement FSMA, it is likely that the heightened safety and recordkeeping requirements could make administrative and safety compliance costs much higher for farmers. These costs may be passed to the consumer in the form of higher food prices, and some farmers may even be forced out of business. FDA will re-release key portions of some rules in the summer of 2014, and final rules are scheduled for release in 2015 and 2016. It is important that North Carolina's farmers are educated about FSMA and prepared to adapt before implementation of the FDA rules.

### **Healthy Food Financing Programs**

Steve Saltzman, Healthy Food Systems loan officer at Self-Help Credit Union, presented on private financing for fresh food projects at the Committee's January 27, 2014 meeting. Julia Koprak, Program Manager at The Food Trust, presented on corner store initiatives and healthy food financing programs that have been tested in other states at the Committee's January 27, 2014 meeting. Ms. Koprak also discussed federal funds

that are available for healthy food projects through the federal Healthy Food Financing Initiative.

The federal Healthy Food Financing Initiative program is administered jointly between the United States Departments of Agriculture, Treasury, and Health and Human Services. About \$35 million in funding was available for the program in 2013. Of that, approximately \$25 million was distributed through the Treasury to Community Development Financial Institutions (CDFIs) like Self-Help Credit Union to issue loans. CDFIs are required to apply to receive funding, and only about 10 are selected each year. Self-Help Credit Union received \$3 million in 2013 to support its Healthy Foods System Lending Initiative, and is the first North Carolina CDFI to receive funds through the program. These funds may only be used to finance healthy food projects.

About \$10 million per year is issued through the Department of Health and Human Services as grants. This money is issued directly to community development corporations (CDCs) for specific projects. The Department of Health and Human Services finances 15-20 projects per year using these funds. Green Opportunities Inc., based in Asheville, North Carolina, was awarded a HHS grant of \$788,673 in 2012.

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# FINDINGS AND RECOMMENDATIONS

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The Legislative Research Commission's Committee on Food Desert Zones makes the following findings and recommendations to the 2014 Regular Session of the 2013 General Assembly:

## **FINDINGS:**

The Committee finds that:

### **1. Major Factors Affecting Food Access**

Food deserts, defined by the United States Department of Agriculture (USDA) as "urban neighborhoods and rural towns without ready access to fresh, healthy, and affordable food," are a significant problem in North Carolina.

Food deserts can be considered areas where food access is limited by problems in the supply of healthy food by retailers and the demand by consumers of the food. The Committee considered issues in both the supply and demand of healthy food.

On the supply side, major factors affecting food availability include:

- Location of food retailers such as grocery stores, convenience stores, farmer's markets, and food banks.
- Limitations due to fresher foods being perishable, needing cold storage requirements, and being distributed in larger quantities than needed.
- Limited store size.
- Knowledge on how to offer fresh food and food handling rules.
- Cost of offering high-quality variety of fresh foods in areas with limited demand due to low population.

On the demand side, major factors affecting food demand by consumers include:

- Transportation and storage.
- Time and knowledge to prepare fresh food.
- Preference for fresh food versus prepared food.
- Cost of healthy food and acceptance of SNAP and WIC benefits.

### **2. Local Government Action**

Action by local governments is necessary to support the development of food infrastructure including public transportation to retailers and markets, zoning to allow farmer's markets and innovative retailers, law enforcement to support a safe community for shopping, consistent interpretations of food inspection rules, and predictable taxation not based on gross receipts.

### **3. Existing Food Programs**

As listed in Appendix E, existing federal and state programs, especially Food & Nutrition Service (FNS) formerly SNAP or "food stamps," provide benefits for recipients to buy food. These programs are the primary governmental support to address food access. The Committee studied the limitations on recipients who try to access healthy food in the communities where they live.

Nongovernmental aid is provided by nonprofit entities such as food banks, churches, and other community organizations. For-profit companies also donate food and resources to aid the needy. Food banks play a critical role in distributing food in the State, and State budgetary support should continue.

### **4. Supplemental Nutrition Assistance Program Education (SNAP-Ed)**

The SNAP-Ed program allows more innovative educational programs than the State is currently undertaking. Federal funding to the State for SNAP-Ed is increasing. To more effectively utilize the existing and future federal SNAP-Ed funding, DHHS should move to a model where one, primary implementing agency contracts directly with DHHS. Subject to federal SNAP-Ed rules, DHHS should be given the authority to enter a sole source, multiyear contract with North Carolina Cooperative Extension.

### **5. Local Privilege License Tax**

The local privilege license tax burdens grocery stores because cities can impose an unlimited tax based on gross receipts of the grocery store regardless of profit. The local privilege license tax is an unpredictable tax on the food retailing industry and reduces the availability of food in areas where the grocery store would be marginally profitable. The local privilege license tax should be reformed or repealed. Local business taxes should not be based on gross receipts and should exclude tax-exempt entities recognized under section 501(c)(3) of the Internal Revenue Code.

### **6. Food Safety Modernization Act (FSMA)**

The Committee has serious concerns that the implementation of the federal Food Safety Modernization Act could exacerbate the problem of food deserts in North Carolina. New safety and recordkeeping requirements could increase farmers' costs substantially, driving them out of business or resulting in increased prices for food in areas where affordable, healthy food is already scarce.

The Committee recognizes and appreciates that FDA has agreed to reopen the comment period for its regulations, and encourages FDA to be more proactive in including the states in the implementation of these regulations. It is critical that FDA maintain a cooperative relationship with the states in order to simultaneously protect the safety of our food supply, ensure that healthy food will remain affordable, and protect the livelihood of North Carolina farmers and food providers after the implementation of

FSMA. State Departments of Agriculture or other state agencies must be actively involved in the development and implementation of the inspection, compliance, and enforcement programs developed in support of the FSMA regulations.

Additionally, because FSMA mandates that the states must comply with federal regulations, the Committee encourages FDA to recognize that FDA, not the states, is responsible for providing State Departments of Agriculture with the resources necessary to implement the rules. To successfully implement FSMA, FDA must clearly define the role of the State programs and establish partnerships with agencies with food safety inspection authority. FDA should commit to providing resources in the form of funding, training and guidance to support State and local programs. The traditional contracting programs utilized by FDA to leverage state resources may have had utility in the past, but they will not be adequate to handle the complexities of the types of inspections required under FSMA. The Committee encourages FDA to develop new and innovative modalities for incorporating state program resources into the integrated food safety system necessary to ensure optimal public health protection.

#### **7. School Breakfast**

Over half of the students enrolled in North Carolina's public schools qualify for free or reduced-price meals, but only 25% participate in the school breakfast program. The Committee believes that good and ample nutrition for children enhances and enables learning and attentiveness, and improves attendance and behavior at school, and scientific research indicates that students who eat school breakfast show a general improvement in academic performance, including a general increase in math and reading scores and improvements in speed and memory in cognitive tests. Moreover, research concludes that children who eat school breakfast eat more fruits, drink more milk, and consume less saturated fat and sugar than children who do not eat breakfast, thus helping to prevent childhood obesity.

#### **8. School Gardens**

School gardens are an important tool for helping students be involved and connected with healthy foods. However, some Local Education Agencies (LEAs) have expressed confusion over the rules for operating school gardens and what can be done with the produce grown in school gardens. The Department of Public Instruction should develop a guidance document on the use of the produce grown in school gardens relative to the school nutrition program and use of the school-garden produce in the classroom for instruction and tasting purposes. The Department should distribute this guidance document to LEAs, school boards, and PTA units across the State.

## **RECOMMENDATIONS:**

The Committee recommends that:

1. **Food Safety Modernization Act (FSMA)**

The Committee recommends the Co-Chairs submit the Committee's findings on FSMA to the FDA as comments in the form of a letter during the comment period on the reposted FSMA rules.

## 2. **School Breakfast**

The Committee encourages Local Education Agencies (LEAs) to seek multiple and innovative ways of increasing school breakfast participation in their schools as an additional means of caring for and nurturing our public school children, and the Committee encourages LEAs to support universal breakfast programs, and to consider providing breakfast in the classroom during appropriate instructional and educational activities as one of the multiple options for removing barriers to participation in the school breakfast program. LEAs should utilize the resources of the Parent Teacher Association to help implement innovative school breakfast programs if necessary.

The Committee recommends the Co-Chairs submit the Committee's findings and recommendations on school breakfast to the Chairman of the North Carolina State Board of Education in the form of a letter.



### **3. Farm to School Program**

The Committee encourages the Department of Agriculture to continue working to expand the North Carolina Farm to School Program. The Committee also encourages LEAs to participate in the Farm to School Program to the greatest extent possible.

#### **4. Joint House and Senate Committee**

The Committee recommends that a Joint Legislative Food Desert Zones Study Committee be appointed to further study the issue of food desert zones.

## **5. Legislative Proposals**

AN ACT TO AUTHORIZE THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO ENTER A CONTRACT TO IMPLEMENT SNAP-ED WITH NORTH CAROLINA COOPERATIVE EXTENSION AND TO REQUIRE REPORTING TO THE HOUSE OF REPRESENTATIVES AGRICULTURE COMMITTEE.

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# COMMITTEE MEMBERSHIP

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2013-2014

**House of Representatives Members:**

Representative Chris Whitmire, Co-Chair  
Representative Edgar V. Starnes, Co-Chair

Representative C. Robert Brawley  
Representative Mark Brody  
Representative Jeffrey Elmore  
Representative Jim Fulghum, M.D.  
Representative George Graham  
Representative Larry D. Hall  
Representative Yvonne Lewis Holley  
Representative James H. Langdon, Jr.  
Representative Mitchell S. Setzer  
Representative Mike C. Stone  
Representative Tim Moore, Ex Officio

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## COMMITTEE CHARGE

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**Food Desert Zones** - The LRC Study Committee on Food Desert Zones shall study the presence of “food desert zones” in the State and state-based trends in expanding nutritional food access in such areas. The study shall include the following:

- (1) How many individuals in the State live in communities classified as food desert zones.
- (2) National research and trends aimed at addressing food deserts.
- (3) Examples of jobs-based tax incentives for food retailers in food desert zones.
- (4) The proportional relationship between rural and urban communities classified as food desert zones.
- (5) Any other issues pertinent to this study.

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# STATUTORY AUTHORITY

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## NORTH CAROLINA GENERAL STATUTES ARTICLE 6B.

### **Legislative Research Commission.**

#### **§ 120-30.17. Powers and duties.**

The Legislative Research Commission has the following powers and duties:

- (1) Pursuant to the direction of the General Assembly or either house thereof, or of the chairmen, to make or cause to be made such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner.
- (2) To report to the General Assembly the results of the studies made. The reports may be accompanied by the recommendations of the Commission and bills suggested to effectuate the recommendations.
- (3), (4) Repealed by Session Laws 1969, c. 1184, s. 8.
- (5), (6) Repealed by Session Laws 1981, c. 688, s. 2.
- (7) To obtain information and data from all State officers, agents, agencies and departments, while in discharge of its duty, pursuant to the provisions of G.S. 120-19 as if it were a committee of the General Assembly.
- (8) To call witnesses and compel testimony relevant to any matter properly before the Commission or any of its committees. The provisions of G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Commission and its committees as if each were a joint committee of the General Assembly. In addition to the other signatures required for the issuance of a subpoena under this subsection, the subpoena shall also be signed by the members of the Commission or of its committee who vote for the issuance of the subpoena.
- (9) For studies authorized to be made by the Legislative Research Commission, to request another State agency, board, commission or committee to conduct the study if the Legislative Research Commission determines that the other body is a more appropriate vehicle with which to conduct the study. If the other body agrees, and no legislation specifically provides otherwise, that body shall conduct the study as if the original authorization had assigned the study to that body and shall report to the General Assembly at the same time other studies to be conducted by the Legislative Research Commission are to be reported. The other agency shall conduct the transferred study within the funds already assigned to it.

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# LEGISLATIVE PROPOSALS

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## **SUPPORTING DOCUMENTS**

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