



North Dakota Association of Rural Electric Cooperatives

1 Nygren Drive NW • P.O. Box 727 • Mandan, ND 58554-0727



ND
Living

Phone: 701.663.6501 or 800.234.0518

Fax: 701.663.3745 www.ndarec.com

February 17, 2025

To: North Dakota Senate Appropriations Committee – Government Operations Division

From: Ellen Huber, NDAREC Rural Development Director

RE: **Support of Senate Bill 2228**

Chairman Wanzek and members of the Senate Appropriations – Government Operations Committee:
On behalf of the North Dakota Association of Rural Electric Cooperatives (NDAREC) and our members,
I express strong support for Senate Bill 2228 and the \$1 million appropriation included in the bill.

What Will This Bill Accomplish?

This bill reauthorizes the Rural Food Sustainability Grant, initially approved as a pilot in 2023 with \$1 million in funding. The impetus was to enable grocery stores in rural communities to collaborate on purchasing and distribution of groceries and local foods to improve the pricing, availability and variety of fresh, healthy foods. The Rural Access Distribution Co-op, involving Park River, Edinburg, Hoople and Fordville, was the model, yielding positive impacts for the hub and spoke stores in the network.


Administered by the N.D. Department of Commerce, the grant program funded feasibility studies, business planning activities and implementation of projects for nine small towns and organizations. However, many applicants were ineligible, some because funds could not be used for building repairs and equipment, often critical needs for store transitions upon retirement or sale from a prior owner.

The current bill focuses funding on rural grocery stores and expands eligibility to include existing stores, not only for collaboration or expansion projects. We're also hopeful funding will be available to facilitate succession planning and store transitions. Increasingly, small cities are buying grocery buildings and leasing them to operators at little to no cost to retain grocery services. Some stores transition to non-profit ownership or formation of a consumer cooperative when private buyers cannot be found.

Communities that have lost their stores need resources to secure a new operator or location.

North Dakota is not alone in investing public dollars to sustain rural grocery stores. Minnesota's Good Food Access Program provides for physical improvements and equipment to support healthy food sales in underserved communities.

This institution is an equal opportunity provider and employer

Your Touchstone Energy® Cooperative 

- 3) Private Grant Funding: Staff facilitated nearly \$700,000 in grants from an anonymous donor organization since 2016 for community or non-profit grocery stores in New Leipzig, Wimbledon, Edinburg; Regent, Hague, Bowdon, Lidgerwood, Kulm, Drayton and Hazelton. This included help with rural grocery studies that eventually opened the door to the RAD Co-op in the northeast.
- 4) USDA Rural Economic Development Loan and Grant Program: Securing a 0% interest \$1 million loan for LaMoure's new grocery and hardware store.

Demand for assistance far exceeds available resources.

Ongoing and Future Needs

NDAREC rural development staff are actively engaged in and monitoring projects across the state:

- 1) Pilot Regional Grocery Warehouse: Leading an initiative to serve a 100-mile area around Minot with interest from eight towns to date. Among potential collaborators, McClusky and Drake are especially struggling. The McClusky grocery store was advertised for sale with no private sector interest. The local job development authority obtained RDFC financing to help re-open the store in late January. The Drake store closed in September. Community leaders have organized a non-profit to re-open it.
- 2) Smaller Collaborations: Our team is also working on a cooperative solution in Emmons-McIntosh counties like that operating in Walsh County, plus the Northern Plains Resource Conservation and Development Council is exploring opportunities for cooperation between Minnewaukan, Leeds, Cando, Munich, Rolette, Maddock and Fort Totten.
- 3) Support As Needed: The owner of stores in Fessenden and Maddock is retiring. Milnor and Abercrombie are pursuing additions and renovations, while Enderlin needs to rebuild.
- 4) Emerging Interests: Leaders in Casselton, Dunn Center, and Lincoln are seeking to foster investment in grocery stores.

A state investment through SB2228 will complement other funding and financing sources to help retain, expand and re-establish or re-open rural grocery stores to serve people who live in small towns.

Conclusion

Small towns matter. Rural residents produce the food and energy that power North Dakota. These people deserve access to basic necessities. A Rural Grocery Store Sustainability Grant Program is a key step in helping with small town survival.

NDAREC urges full funding of the \$1 million appropriation in SB2228.