



North Dakota Association of Rural Electric Cooperatives  
3201 Nygren Drive NW • P.O. Box 727 • Mandan, ND 58554-0727



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Living

Phone: 701.663.6501 or 800.234.0518

Fax: 701.663.3745 [www.ndarec.com](http://www.ndarec.com)

February 6, 2025

To: North Dakota Senate Agriculture and Veteran Affairs Committee

From: Ellen Huber, NDAREC Rural Development Director

RE: **Support of Senate Bill 2228**

Chairman Luick and members of the Senate Agriculture and Veteran Affairs Committee, on behalf of the North Dakota Association of Rural Electric Cooperatives (NDAREC) and our members, I express strong support for Senate Bill 2228.

Since the early 1990s, our state association has been providing rural development services with support from rural electric and broadband cooperatives operating in North Dakota. This commitment stems from cooperative principles like “cooperation among cooperatives” and “concern for community.”

### **The Decline of Rural Grocery Stores**

For the past 10 years, one of the biggest and most common challenges tackled by our rural development center is that of keeping grocery stores alive in small towns. My predecessor, Lori Capouch, who retired as the NDAREC rural development director in July, studied the issue in depth and became one of our state’s preeminent experts on the topic.

Grocery stores are as essential to small town survival as water, emergency services and healthcare. We cannot expect to attract people to live in communities that lack ready access to healthy, affordable food. While some rural residents travel 100-200 miles to one of the state’s 10 largest cities to buy groceries at a big box store, others lack the means. Local stores are vital lifelines, valued for their convenience and local economic impact. Without action, rural communities are becoming increasingly reliant on distant markets for basic needs and are paying the transportation and fuel costs.

Since 2014, North Dakota has lost 47 rural grocery stores, leaving only 90. This trend, coupled with a shrinking grocery supply chain — now limited to warehouses in Fargo, Grand Forks and Billings, MT — puts many communities at risk of becoming food deserts.

Struggles stem in part from shifts in national policies, notably the lack of enforcement of the Robinson-Patman Act since the 1980s, enabling large retailers to dominate the market. According to the Institute for Local Self Reliance, independent grocers’ market share dropped from 53% in 1982 to 22% today.

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### **Public-Private Partnerships: Shared Solutions**

As the FFA creed states, “I believe in less need for charity and more of it when needed.” Efforts to support rural grocery stores increasingly rely on local government entities and nonprofits stepping in with loans, grants and technical assistance. Public sector and non-profit assistance are usually for research and planning activities, plus infrastructure.

Communities with stores in transition often need technical support to examine cooperative and non-profit models, plus help attaining grants and low interest financing for building repairs and equipment upgrades such as coolers and freezers, items often neglected leading up to a retirement or closing.

Here’s an outline of what our team has been doing in the realm of rural grocery support:

- 1) The Rural Development Finance Corporation (RDFC), the financing arm of our state’s rural electric and broadband cooperatives, has a revolving loan fund that will participate in loans to community organizations and small businesses at a 2% interest rate. Since 2012, the RDFC has approved \$915,180 in low interest (2%) loans for stores in Bottineau, Bowman, Towner, Steele, Lidgerwood, Beach, Strasburg, and Crosby. Available funds are now under \$400,000 to service many types of rural development projects statewide.
- 2) The NDAREC rural development center facilitates requests to a private organization that prefers to remain anonymous. It provided nearly \$700,000 in grants 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 N.D Rural Grocery Initiative studies that eventually opened the door to the Rural Access Distribution Co-op in Walsh County.
- 3) Along with Dakota Valley Electric Cooperative, in 2013, staff attained a 0% interest \$1 million loan for LaMoure’s new grocery and hardware store through the USDA Rural Economic Development Loan and Grant program.

In addition to technical assistance and connection to resources made available through our organization, USDA Rural Development has also provided matching grants to rural grocers in Garrison, Harvey, Watford City and Beulah.

Despite these resources, the number of rural communities needing help with grocery projects outstrips available grants, loans and our current capacity to provide technical assistance.

## **Plenty of Work: Ongoing and Future Needs**

Here's a look at projects in which staff are actively engaged and those on our radar screen:

- 1) The NDAREC rural development center is leading exploration of a proposed pilot north central regional grocery warehouse to serve a 100-mile area around Minot with stores in 8 towns interested 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) Our team is also working on a smaller collaboration in the Emmons-McIntosh county area.
- 3) Fessenden and Maddock need support for ownership transitions. Milnor and Abercrombie are pursuing additions and renovations, while Enderlin needs to rebuild.
- 4) The Northern Plains Resource Conservation and Development Council is exploring opportunities for cooperation between Minnewaukan, Leeds, Cando, Munich, Rolette, Maddock and Fort Totten.
- 5) Citizens and leaders in places like Dunn Center, Lincoln and Casselton are interested in fostering investment in grocery stores.

A state investment through SB2228 will complement federal programs, cooperative initiatives, private sector efforts, local community support and philanthropic contributions to help retain, expand and re-establish or re-open rural grocery stores to serve people who live in small towns.

## **Laying the Groundwork for Real Solutions**

Feasibility studies, while not flashy, are often essential for making informed decisions and reducing investment risks. The RAD Co-op, launched in 2021, exemplifies how strategic planning can turn ideas into reality, helping secure additional funding for lift-off and expansion.

The Rural Food Sustainability Grant, established by the legislature in 2023, has already supported vital business planning activities and infrastructure improvements. A N.D. Department of Commerce overview of communities and organizations ultimately receiving the grants is attached.

## **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 and Food Access Expansion Grant is a key step in helping with small town survival.

NDAREC urges a "Do Pass" recommendation on SB2228.