

2025 SENATE AGRICULTURE AND VETERANS AFFAIRS

SB 2228

2025 SENATE STANDING COMMITTEE MINUTES

Agriculture and Veterans Affairs Committee

Fort Union Room, State Capitol

SB 2228

2/7/2025

A bill for an act to provide an appropriation to the department of commerce for a rural grocery store sustainability and food access expansion grant program.

10:42 a.m. Chairman Luick opened the hearing.

Members present: Chairman Luick, Vice-Chair Myrdal, Senator Marcellais, Senator Weston, Senator Weber, Senator Lemm

Discussion Topics:

- Rural community groceries
- Local economies and rural development
- Financial burdens
- Elderly and disabled accessibility
- Transportation and fuel costs
- Low-interest loans
- Supply and supply chains
- Strengthen ND and processing facilities

10:43 a.m. Senator Janne Myrdal, District 19, testified in favor and introduced the bill.

10:45 a.m. Parrell Grossman, Legislative Director, ND Soybean Growers Association, testified in favor and submitted testimony #36136.

10:48 a.m. Zach Smith, ND Association of Rural Electric Cooperatives, testified in favor.

10:49 a.m. Ellen Huber, Developmental Director of the ND Association of Rural Electric Cooperatives, testified in favor and submitted testimony #35983 and #35984.

10:59 a.m. Beverly Voller, Volunteer President of the Hazelton Development Corporation, testified in favor and submitted testimony #36031.

11:04 a.m. Samuel Wagner, President of the City Council in Casselton ND, testified in favor and submitted testimony #35594.

11:07 a.m. Ryan Gregg, Lobbyist, on behalf of ND Farmer's Union, testified in favor and submitted testimony #36150.

11:08 a.m. Laura Lacher, Executive Director of the Economic Development Association of ND, testified in favor.

11:09 a.m. Dawn Mandt, Executive Director of the Red River Regional Council, testified in favor and submitted testimony #36162.

11:16 a.m. John Dyste, President of the ND Grocer's Association, testified in favor and submitted testimony #35527.

11:21 a.m. Megan Langley, Founder and Executive Director of Strengthen ND, testified in neutral.

Additional written testimony:

Barbara A. Dunn, resident of Fargo, ND, submitted testimony #35323 in favor.

Adrienne R. Olson, Community and Economic Development Director for the City of Casselton, submitted testimony #35429 in favor.

Tracie L. Thompson, owner of Baker's Market, submitted testimony #36005 in favor.

Carol Peterson, Economic Development Coordinator of the City of Milnor, submitted testimony #36023 in favor.

Teran Doerr, Economic Development Association of North Dakota, submitted testimony #36072 in favor.

Steven C. Zimmer, Intelliplanz, submitted testimony #36109 in favor.

Stephanie A. Blumhagen, Executive Director of FARRMS, submitted testimony #36123 in favor.

Angelle French, Director of the Pembina County JDA, submitted testimony #36124 in favor.

11:22 a.m. Chairman Luick closed the hearing.

Audrey Oswald, Committee Clerk

I am writing in support of SB 2228. Our rural grocery stores need all the help they can get and our rural residents, living on some of the most productive farmland in the country, deserve better access to food. I have been a volunteer for the Great Plains Food Bank and have donated often in the past so I ask that you please support SB 2228.



**Testimony of Adrienne Olson in support of SB 2228
To the Senate Agriculture and Veterans Affairs Committee
February 6, 2025**

Senator Luick and members of the Senate Agriculture and Veterans Affairs Committee,

My name is Adrienne Olson, Community and Economic Development Director in Casselton, ND. I am submitting this testimony in strong support of SB 2228.

Casselton is a steadily growing rural city of 2,500 people with a diverse business community, and significant plans for residential and commercial development. Our residents face challenges in accessing fresh produce and essential goods, leading to inconvenience and economic leakage as they travel the 40-mile round trip to Fargo for groceries. Without a grocer, we risk losing an entire generation of people who have lived their lives in Casselton, but now must consider moving to a bigger city that provides for all their needs. We must be a place for all generations to maintain a vibrant community that attracts and retains workforce. We owe it to our older residents who simply can't independently make the trip to Fargo.

Two years after our only grocery store closed, the ability to access the Rural Food Sustainability Grant in 2024 for a feasibility study was game-changing in the community discussion regarding the attraction of a new grocery store. Our study formalized our market opportunity, potential locations, demographics and customer statistics, community resources, infrastructure and support. It engaged more than 600 residents in the discussion, nearly 25% of our city.

Beyond the completed study, which is a vital tool in sharing our story and market opportunity with potential grocers, our grant funding led to connections with dozens of grocery leaders and advisors who continue to support Casselton in our search for a grocery operator. It provided Casselton a path forward.

I appreciate this bill directs funds first to rural communities struggling to hold onto their grocers. It's easier to keep what you have than to start over. Funds that cover feasibility studies are also funds well spent.

In closing, I urge you to support this bill that will support rural grocers and their communities, and the communities with a dream of a local grocery store. Grocery stores are more than retail amenities in rural North Dakota communities; they are vital community hubs that supply the necessities to lead healthy lives.

Adrienne Olson
EconDev@Casselton.org
701-809-9444



North Dakota Grocers Association

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www.ndgrocers.com

February 7, 2025

To Chairman Larry Luick and Members of the Senate Agricultural and Veterans Affairs Committee

Testimony in Support of SB 2228: Rural Grocery Sustainability and Food Access Grants

Presented by: John Dyste, President, North Dakota Grocers Association (NDGA)

Chairman Luick and esteemed committee members,

I am John Dyste, President of the North Dakota Grocers Association (NDGA), representing over one hundred independent grocers across our state. Many of our members operate stores in rural communities, and we are deeply concerned about the challenges they face, particularly as we see the increasing loss of rural grocery stores and the expansion of "food deserts" across North Dakota.

NDGA has long been involved in initiatives aimed at addressing these issues, including the creation of the RAD Cooperative in Northeastern North Dakota and the 2023 passage of SB 2273, which established the state's first Rural Food Sustainability Grant Program administered by the ND Department of Commerce. The RAD Cooperative has already proven to be a success and demonstrates that there are solutions to sustain rural grocery stores. However, the struggle for access to reasonably priced groceries, meat, dairy, and fresh produce remains a major obstacle for small-town grocers and their customers.

Rural grocery stores face a variety of significant challenges: aging infrastructure, outdated equipment, poor building conditions, and the high cost of borrowing money. Low sales volumes only exacerbate these problems and often lead store owners to consider selling their businesses. I regularly receive inquiries from owners seeking assistance to find buyers, yet stores with outdated equipment and buildings are often difficult, if not impossible, to sell. For those few stores able to maintain their equipment and facilities, the high cost of financing remains a major barrier, preventing potential buyers from securing loans or properly managing cash flow.

What rural grocers need is access to funding that will allow them to upgrade their facilities and equipment. They also need reliable, affordable access to groceries and perishable products. Additionally, store owners must have the ability to transfer ownership to buyers who can secure the necessary funds.

SB 2228 provides a crucial opportunity to address these pressing issues and help sustain the viability of rural grocery stores. This bill will provide the support necessary to ensure that rural communities continue to have access to the essential services provided by local grocers.

We strongly believe that SB 2228 will be an important step toward securing the future of our rural grocery stores and keeping small communities viable across North Dakota.

Thank you for your time and consideration.

Sincerely,
John Dyste
President, North Dakota Grocers Association

Testimony SB2228

Sam Wagner
President of the Casselton City Council
Casselton ND
31 8th Ave N
Casselton ND 58012
Testimony in Support for SB2228

To the Senate Ag and Veterans Committee,

Mr Chairman,

I'm writing to you to support SB2228 because our city Casselton has benefited from the program and many other communities have need of this bill and state support for it. I would even go a step further asking that you consider extending the funding to support communities that just need to get over the hump of having infrastructure costs for opening their stores.

Casselton lost our grocery store nearly 5 years ago now and it was one of my priorities as a city councilman to try and return it if possible. But rural communities are suffering more. Its been stated in studies funded by the senate in 2021 that we have lost nearly half of our rural grocery stores in the last 10 years and more than half of the ones remaining are in financial trouble.

This is causing it to get harder and harder to access food without driving long distances in rural communities. Oftentimes in Casselton you don't always have access to all the produce that you would want or exactly the products that you are looking for. And it gets harder the further out you get away from the Fargo Moorhead, Bismarck, or Grand Forks Areas. We have many food deserts where it is hard to find unprocessed food at a reasonable price, and making sure that people on SNAP and WIC have access to places that will take their cards has been a priority for me as well. Our Elderly community also benefits from local grocery stores to make sure that they do not have to travel far to get their groceries as well.

In my time talking with Economic Development Committee members in Casselton it seems that our barrier is the initial building of the facility. Freezers and Produce rack costs are the biggest barrier to entry, finding a supplier that would want to come out and do deliveries is another large problem, finally keeping prices affordable despite this is the third largest problem.

In short this program is great to help us identify the needs of the community, but the problem is sometimes it's just a study that will tell us that we don't have the population base to support a grocery store and we already know that. We need the states help to develop a regional approach that could give us a larger pool of customers to work with makes supply chains more efficient.

Thank you for your Consideration and we urge a DO PASS

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.

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.



ND Commerce Rural Food Sustainability Grant Program, 2023-2025 Biennium

Administered by the Office of Community Development and Rural Prosperity

Funding [Senate Bill No. 2273 - Sixty-eighth Legislative Assembly of North Dakota - LC Number 23.0708.02000](#)

Purpose The purpose of the rural food sustainability grant program is to support the expansion of sustainable grocery service, access to food, and/or development and expansion of food co-ops in rural areas. Food co-ops are centralized facilities or nonprofits that play a crucial role in aggregating, storing, processing, and distributing food to consumers, retailers, institutions, or other markets. This grant program aims to address specific challenges faced by rural communities related to food access, economic development, and sustainability.

Program Objectives

- Strengthen local and regional food systems by facilitating the efficient movement of healthy, quality foods within rural areas.
- Improve the quality and safety of existing grocery supply.
- Encourage partnerships and collaboration between local organizations, businesses, and government entities.
- Support innovative approaches to address unique challenges faced by rural areas in sustainable food supply and delivery.
- Foster community development and revitalization efforts in rural regions.
- Provide collaboration between food supply and community entities such as restaurants, schools or other entities which purchase grocery products which provides positive economic impacts for the community/region.
- The program will be broken into two components:
 - Component one: conduct feasibility studies to assess the viability of potential projects or initiatives aimed at increasing food accessibility and sustainability in rural areas.
 - Component two: support the creation or expansion projects or initiatives that aim to increase food accessibility and sustainability for entities that have developed profit loss statements and backup materials to show the expansion of the project will be sustainable.

This grant will not fund regular maintenance of equipment or facilities, projects that do not provide increased affordability and availability of food products, or applications that do not have sustainable profit/loss or business plans which provides long term sustainability for food access.

Eligible Entities: Rural Nonprofits, City, County, Economic Development organization (JDA, regional Councils, EDC, CVB) and local tribal entities. *Rural shall be defined as any community or region, based on the application, with a population of less than 10,000.*

Matching Requirements Matching funds are encouraged but not required.

Component 1 Timeline Applications open: September 8, 2023 Awarded: October 24, 2023

Component 2 Timeline Applications open: Tuesday, January 16, 2024 Awarded: Tuesday, February 27, 2024

Component 1: Up to \$20,000 per community

- Total Awarded Phase one: \$115,000
- Total Number of Applicants: 11
- Total Requests: \$220,000

Component 2: Up to \$300,000 per community

- Total Awarded Phase 2: \$880,000
- Total Number of Applicants: 12
- Total Requests: \$2,703,000

Total Est. Populations Touched by Grant Dollars: 371,000

Component 1 Awardees

- **City of Milnor:** \$20,000 for a feasibility study which showed the need and ability to support in the community. Next steps will be to add on space for their existing grocery store to accommodate freezer, canned goods and other needs in the community.
- **Pembina County JDA:** \$20,000 to complete a feasibility study.
- **Strengthen ND:** \$20,000 complete a feasibility study and determined a Mobile Market Truck distribution service operated at the Strong Farm Incubator near Baldwin, ND can attain economic self-sufficiency provided the service has sufficient daily utilization of the truck by local food producers and processors to transport their products to customers.
- **Hazleton Development Corporation:** \$20,000 completed a feasibility study showing interest and ability to support a regional food hub and distribution center was sustainable.
- **City of Casselton Economic Development:** \$20,000 to complete a feasibility study and provide data to prove a grocery store would be feasible in the community. They are actively pursuing an owner/operator or chain to locate in the community.
- **North Dakota Rural Electric Cooperative Foundation:** \$15,000 to support the planning of a regional grocery warehouse and food hub in the Minot area serving a 100-mile radius, and guidance in implementation and expansion of a start-up grocery cooperative in Emmons and McIntosh Counties.

Component 2 Awardees

- **Rural Access Distribution Cooperative:** \$243,000 for the shared services co-op, which involves the communities of Park River, Hoople, Edinburg and Fordville to purchase a new larger delivery truck and a climate-controlled van for small deliveries, plus to construct a concrete slab for food lockers in Fordville. The lockers in Fordville had previously been installed inside a building and would overheat. Relocating the lockers outside will resolve this issue. Food lockers in Park River and Fordville should become operational in early 2025 and expands the opportunity for new customers.
- **City of Enderlin – CDC:** \$20,000 to complete a feasibility study.
- **Hazleton Development Corporation:** \$183,000 for the expansion of a hub location and purchase of mobile market truck to facilitate local foods cooperative, serving the communities surrounding Hazleton. Napoleon, which was initially in the hub declined participation. Zeeland, Hauge, Strasburg, Linton also considered but concerned about changing distribution. Ashley, which was not part of the initial discussion has now expressed an interest in participating and being a hub distributor. Additionally, Linton Senior Center and Hazleton School are participating on a small level.
- **Baldwin/Strengthen ND:** \$300,000 to support the construction of the first-of-its-kind regional local foods processing facility near Baldwin in Burleigh County, serving a 100-mile radius. This was part of a regional agriculture and

economic development project and is tied to a \$675,000 grant from the EDA, complemented by \$168,329 in local funds, is projected to create 47 new jobs and generate an impressive \$1.8 million in private investment.

- **Crystal Community Boosters:** \$134,000 to match locally raised funds and assist in the purchase and reopening of the local convenience store which added groceries and restaurant.

ND COMMERCE — RURAL FOOD SUSTAINABILITY GRANT PROGRAM

FUNDING SOURCE: SENATE BILL 2273 (68TH LEGISLATIVE SESSION)

Supplemental Progress Update

Compiled by the N.D. Association of Rural Electric Cooperatives — Rural Development Center

City of Milnor: \$20,000 for a feasibility study posted at www.milnornd.com. The study proved their hypothesis that the existing store's walk-in freezer, refrigeration units, and backroom storage for dry goods and prep are inadequate to meet the area's needs. This causes shortages of foods to replenish the customer access areas and does not allow the manager to order in bulk to receive discounts that in turn could be given to the customer. As an example, the backroom walk-in freezer is one-third the size it would normally be.

The community would like to build on, but city officials indicate it is not monetarily feasible without a grant of about \$300,000 to match what the city can do, which is \$100,000. The City owns the building and keeps the rent low to allow the business to function. This is Milnor's only grocery store. They do not have a dollar stores.

City of Enderlin: \$20,000 for a grocery store feasibility study. The community's previous store closed in 2023, and its equipment was sold. To address this gap, the city is examining possibilities for a new store. A survey in early 2025 will gather input from area residents about essential products, expected shopping frequency, and interest in innovative models such as 24-hour key fob access combined with limited on-site staffing. Findings will help determine public and private sector support for investing in a new store, which will likely involve acquiring land, constructing and equipping a new facility, as no suitable existing buildings are available.

Pembina County JDA: \$20,000 for a feasibility study to identify needs, challenges and opportunities to improve food access in Pembina and Nelson counties. Early findings show rural residents prefer to shop locally, but will travel or order online for better prices and quality. The applicant is using Placer.AI, which tracks cell phone data, to gain insights into foot traffic at stores, particularly looking at impacts of Dollar General stores on local grocery consumer visits. They'll next be interviewing grocery store owners to assess interest in collaboration via a grocery co-op or other innovative solution.

Senator Myrdal, Senate Ag & Veteran Affairs Committee members, my name is Tracie Thompson, I own Baker's Market in Westhope, ND. I employ eight people and serve a community of 350-400, I love it, but it comes with the following struggles and that is why I am in favor of passing Senate Bill 2228.

Operating a grocery store in a small community is immensely rewarding, but it comes with its own set of challenges.

One of the most significant challenges for grocery store owners in North Dakota food deserts is geographical isolation. Many small towns and rural areas are located far from larger cities and distribution centers. This isolation complicates the logistics of stocking shelves with fresh and diverse food items. Transportation costs are higher, delivery times are longer, and the risk of perishables spoiling before they reach the store is increased.

The distance to suppliers and distribution hubs means that transportation costs can be prohibitively high. Fuel expense and the need for specialized vehicles to maintain the quality of perishable foods add to the financial burden on grocery store owners. These costs are often passed on to consumers, making healthy food options more expensive and less accessible.

Grocery store owners in food deserts often have fewer supplier options. Larger suppliers may not find it economically viable to service remote areas, leaving store owners with limited choices. This lack of competition can result in higher prices and lower quality products, which further disadvantages the community.

Operating in a food desert is not just a logistical challenge but also an economic one. Many of these areas have lower population densities and higher poverty rates, which impact the store's profitability and sustainability. With fewer customers available, we have lower sales volume. This makes it difficult to achieve the economies of scale necessary to keep prices competitive and cover operational costs. Low sales volumes can also lead to

cash flow issues, making it challenging to maintain inventory and pay suppliers on time.

The fixed costs of running a grocery store, such as rent, utilities, and wages, remain constant regardless of the number of customers served.

In conclusion, these funds could significantly contribute to efforts aimed at maintaining and enhancing store access, reducing consumer prices, and improving product availability. This might include the establishment of a central Food Hub, which would benefit multiple stores by providing access to wholesale and locally grown products. The strategic implementation of such initiatives would not only support local farmers and producers but also ensure that consumers have access to a diverse range of affordable and high-quality food options.

My final call to action would be to support SB2228.

Thank you,
Tracie Thompson



Testimony of Carol Peterson

Economic Development Coordinator, City of Milnor

701-678-5415 milnorND@hotmail.com

January 25, 2025

I come before you today as the Economic Development Coordinator and a citizen of Milnor, ND to support funding the Department of Commerce - RURAL GROCERY STORE SUSTAINABILITY AND FOOD ACCESS EXPANSION GRANTS.

Milnor has in the past been able to take part in the many programs and grants that the Department of Commerce has used to give our community the opportunity to grow and focus on our future. Small communities do not need a hand-out but a hand-up to become more appealing and self-sufficient.

Every community has a workforce that has basic requirements that need to be met. Grocery stores and food access in small rural communities are necessary to sustain a community and help them subsist and/or grow. A community not meeting the needs of its citizens will see an out-migration of the workforce to other areas which have the amenities required. Those individuals and families that stay have a daily/weekly struggle to travel to other areas to fulfill the basic required necessities for living in that small community.

Just a few years ago, our grocery store went bankrupt because of poor management. The City of Milnor purchased the store, and replaced all the refrigeration, freezers, and lighting, as well as many other improvements, to make the facility appealing and useable. We now have the building leased to an entrepreneur at a minimum amount to make it successful. The need for a reliable food source is absolutely necessary to the existence of our town. Milnor is fortunate to have a grocery store, but we lack sufficient square footage to offer the many items needed on a daily basis. We are seeing an issue with people leaving the community to access foods and other items they desire because our store is not large enough. According to the Market Analysis and Feasibility Report by Praxis Group for Milnor, Sargent County is not meeting the demand for items found in a grocery store.

2022 Sargent County Grocery Store Demand Study by Praxis Group

Total Demand	\$ 16,187,847
Demand met In-Region	\$ 2,444,346

We need assistance from the State of North Dakota with programs that will help rural communities address the food access issues we are faced with today. The Milnor area has a large workforce that needs to consistently have quality food, at reasonable prices, and in the volume necessary to keep our communities functioning. Milnor is within a ten-minute drive to the largest manufacturing company in the state, Doosan Bobcat. There are many other businesses and spinoff industries in the area that support the Bobcat factory with components and services that go into the manufacture of the Bobcat machines. These companies include Comstock Construction, Lunseth Plumbing, HA Thompson & Sons, Gates Inc., Job Erection, Grotberg Electric, ICS, (which all work on-site at the Bobcat factory) along with support industries such as Briton Manufacturing, Thompson Customizing, Ray Mac, Wurth Service Supply, Fargo Assembly, J & M Printing, trucking companies and many other auxiliary businesses working with Bobcat. We need financial assistance from the State of North Dakota to help our area meet the needs of today's workforce and support our workers, our youth, and our seniors. This will be imperative if our area workforce is to continue to grow in the future.

Please help rural North Dakota by funding the North Dakota Department of Commerce so they can assist us in making the changes and improvements we all need. North Dakota needs vibrant communities of all sizes, and with the assistance from the Commerce Department, rural grocery stores will make changes and grow, which will be a win/win for all of us.

Survive to Thrive - let's take our rural communities from surviving to thriving.

Thank you for your time.

Beverly Voller Testimony – SB2228

Feb. 7, 2025

To: Senate Ag and Veterans Affairs Committee

From: Beverly Voller, President, Hazelton Development Corporation

RE: **Support of Senate Bill 2228**

Chairman Luick and members of the Senate Ag and Veterans Affairs Committee:

Good morning. My name is Beverly Voller and I am the Volunteer President of the Hazelton Development Corporation. Hazelton is in District 8 in south-central North Dakota, approximately 50 miles southeast of Bismarck and 16 miles from the county seat of Linton.

Today I am submitting testimony in support of Senate Bill 2228.

The Hazelton Development Corporation has worked tirelessly to provide local amenities for our elderly, farm families, and residents within our community and surrounding area, especially a grocery store. About 20 years ago, the community worked together to acquire funding to build a downtown business center which houses the current grocery store, along with several other private businesses. Through ongoing fundraising efforts and thousands of volunteer hours, we will soon be paying off the mortgage on this facility.

Hazelton's grocery store was initially privately owned and operated, but it couldn't remain profitable and had to close the doors. Community members worked together and donated money to purchase enough inventory to open the doors. A Board of Directors was formed, and a manager was hired to operate the grocery store. The store has been struggling over the years but has been able to stay open to meet the needs of our community with the help of the Development Corporation, local business and private donations, and fundraising.

The Development Corporation was a recipient of the Rural Food Sustainability Grant Phase 1 funding which was allocated last Legislative session. This funding allowed us to contract for a feasibility study to determine options available to maintain and grow our local community-owned grocery store.

That study showed that cooperation between grocery stores in the region would help reduce freight charges, allow the stores to share various distributor fees, split product cases for better inventory control, improve gross margins, and secure a long-term supply of wholesale product for each of our small stores.

Through funds received from the North Dakota Department of Commerce for Phase 2 of the Rural Food Sustainability Grant, we are collaborating with grocers in the region to

determine the logistics of purchasing wholesale product collectively and distributing to each of the stores from one central drop-off point. One potential result of this collaboration is the formation of a “Grocery Co-op” like the Rural Access Distribution (RAD) Co-op model located at Park River, in Walsh County, North Dakota.

That feasibility study completed by Neil Doty from Crossroads Community Advisors and the excellent assistance from the staff of the North Dakota Association of Rural Electric Cooperatives has given us hope in Hazelton that we will have a thriving grocery store that can meet our needs in the future.

I would like to give a quick thank you to Senator Myrdal for also sponsoring that Rural Food Access Grant legislation during the last session.

Many would ask why not just drive to Linton or Bismarck for groceries? The population of Hazelton is approximately 225 with over 25% over the age of 65. These elderly residents do not want to drive any distance, especially during the winter months, to buy groceries. It is difficult for them to drive to larger communities and physically shop in a larger square footage store. Our farm families prefer to shop locally if the prices are competitive, and the grocery variety is available to save time and effort to put food on their table.

Our grocery store is vital to our community and school’s growth, and we must continue to seek solutions to keep the doors open. A community owned grocery store Co-op model could be the solution for many other North Dakota communities searching for ways to provide this basic amenity.

I was born and raised in Emmons County. Hazelton and the surrounding area mean a great deal to me. But this issue is not unique to Hazelton--it affects every small community in North Dakota. When a grocery store closes in a community, other businesses soon follow, along with the local school, and the small town becomes yet another ghost town on the map.

I urge you to vote in favor of the Senate Bill 2228 to help ensure that our rural communities can not only survive, but thrive, long into the future.

Thank you for your time and service to our state.



PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

Testimony of Teran Doerr
Economic Development Association of North Dakota
In Support of SB 2228
Feb. 7, 2025

Chair Luick and members of the Senate Agriculture and Veterans Affairs Committee:

My name is Teran Doerr, and I am the President of the Economic Development Association of North Dakota (EDND). EDND represents more than 80 state economic development organizations and businesses on the front lines of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota, develop more vibrant communities and improve quality of life. I want to express our support for SB 2228.

Healthy and vibrant communities are essential in attracting talent to live and work in our communities. The future of North Dakota's rural areas depends on the quality of life in those communities. Access to a local grocery store is a fundamental part of that quality of life. Rural grocery stores serve as anchor businesses in their communities, providing residents with fresh, frozen, and shelf-stable foods, something we often take for granted until access is lost.

Small-town grocery stores face mounting challenges, from competition with large retailers to increased operational costs and shifting customer bases. SB 2228 is an essential tool to help these businesses remain viable by providing support for store expansion and modernization efforts that improve efficiency, succession planning to ensure continuity when ownership transitions, and assistance in replacing stores that have closed. Additionally, this bill will help rural grocery stores invest in innovative technology to extend produce freshness and improve food quality for customers, including climate-controlled storage solutions and advanced refrigeration systems.

The presence of a grocery store is also a key factor in business attraction and workforce recruitment. For families considering relocation, having convenient access to fresh food is often a deciding factor. Beyond that, grocery stores play a crucial role in supporting community organizations, fundraisers, and events. When a store closes, foot traffic declines, impacting all businesses in the area.

Every community has different assets and needs and attracting and retaining a local grocery store will differ for each community and region. Therefore, establishing a program through SB 2228 is a smart step in preserving our rural communities' vibrancy and productivity.

Thank you for the opportunity to express our support for SB 2228.



Rural areas of the state have lost a majority of their essential services over the past few decades. Schools, fire departments, emergency services, grocery stores, cafes, service stations, etc., are all core services that used to be available in most communities, which are now only available in a handful with a population under 1,000.

The communities that still have these services depend on them to retain their current residents. While schools are funded using public money, grocery stores and other services are not and are as important for rural communities to survive. There have been multiple studies conducted that show the two most important services in a rural community are a school and a grocery store. The lack of one or both of these leads to rapid population loss and most often the loss of the other and their employees.

Food deserts, areas where people have to drive at least 30 minutes to buy food, are becoming more common in North Dakota with the dwindling population in rural areas. This bill would provide a much-needed source of funding to support creative solutions to help solve this problem and to support current grocery stores that are struggling to keep their doors open.

Steven Zimmer



PO Box 2024
Minot, ND 58702
info@farrms.org
farrms.org

**Testimony of Stephanie Blumhagen, Executive Director, FARRMS
In Favor of SB 2228
February 6, 2025**

Chairman Luick and Members of the Senate Ag and Veteran Affairs Committee,

Please give a “Do Pass” vote to SB 2228. Our rural grocery stores need financial support now more than ever.

I am the Executive Director of FARRMS, a nonprofit that works to grow local food and ag businesses in many of our state’s most rural communities. I’m also a resident of Bottineau and grew up near Drake. Both communities have lost their hometown grocery stores in the past year.

I have been privileged to work alongside the ND Association of Rural Electric Co-ops, Souris Basin Planning Council, the City of Minot, and many other partners in a feasibility study planning the development of a regional grocery warehouse and food hub in north central North Dakota. This work was funded in part by the predecessor to this bill, SB 2273 in the 68th Legislative Assembly. I also have the privilege to work alongside NDAREC and regional councils advising and providing technical assistance to rural food businesses. Many of the people we’ve assisted in recent months are trying to revive or re-open grocery stores in towns with less than 500 people. Through this work I’ve seen the myriad costs and challenges associated with operating a rural grocery store, ranging from utility costs, trucking fees, and higher prices from wholesalers due to the inherent small size of these businesses. North Dakota already contains many food deserts- areas where people must travel great distances to meet basic food needs. As more rural grocery stores close, these food deserts are expanding, threatening the viability of our small towns.

The grocery store in my hometown of Drake closed in September 2024. My elderly parents must now travel 30 miles to Harvey for groceries, a trip that is more and more difficult as they age, especially in winter. Because of this they now often go without fresh produce, eggs, and fresh dairy.

If we want vibrant, thriving rural communities, it is essential that these communities have grocery stores. The grant funding authorized under SB2228 will go a long way in keeping rural grocery stores alive.

Additionally, I encourage you to consider expanding the bill to include offsetting costs for store expansion, facilitating succession planning, and assisting with store replacement.

SB2228 is an investment in North Dakota’s rural communities. SB 2228 is a wise investment in the future of ND.

FARRMS urges a “Do Pass” recommendation on SB 2228.

Sincerely,

Stephanie Blumhagen, Executive Director
701-877-1795
sblumhagen@farrms.org



307 Main Street
PO Box 595
Cavalier, ND 58220
(701) 331-2121
angelle@redriverrc.com

Testimony of Angelle French
Pembina County Job Development Authority
In Favor Senate Bill 2228
February 7, 2025

Dear Chairman Luick and Members of the Senate Agriculture and Veterans Affairs Committee,

On behalf of the Pembina County Job Development Authority (PCJDA), I am writing to express our strong support for Senate Bill 2228, which seeks to provide an appropriation to the Department of Commerce for a Rural Grocery Store Sustainability and Food Access Expansion Grant Program. This vital initiative has already demonstrated its effectiveness in helping rural communities retain access to essential goods and services, and we urge your support to continue and expand its impact.

The PCJDA has firsthand experience with the success of this grant program. Through Component Two of the grant, our community of Crystal, with a population of just 111, was able to retain a vital convenience store that serves as more than just a place to buy gas. This store is the town's only restaurant, a key social gathering space, and an important economic driver. Recognizing the significance of this establishment, the community came together and raised over \$100,000 toward its purchase. However, despite this extraordinary local effort, it was not enough to fully acquire and sustain the store.

With the assistance of this grant, the Crystal Community Boosters were able to complete the purchase of the store under a nonprofit ownership model and lease it to a for-profit operator. This structure has proven to be an effective model for small rural communities, as it lowers the cost of entry for potential operators and alleviates the significant financial burden of acquiring a building and startup inventory. Without this grant, the future of this essential business would have been uncertain, potentially leaving the residents of Crystal without a convenient source of food, meals, and a central community hub.

The success of this program in Crystal demonstrates the critical role that state support can play in sustaining rural food access. These businesses are lifelines in small towns, providing not only food access but also employment opportunities and a space for social connection. The nonprofit ownership, for-profit operation model supported by this grant allows for long-term sustainability and ensures that rural communities remain viable places to live and work.

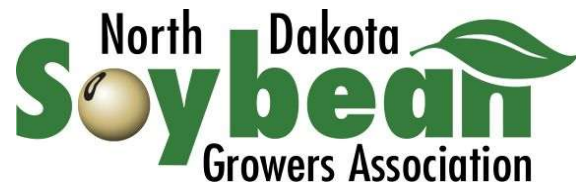
We strongly encourage your support of Senate Bill 2228 to ensure that other rural communities across North Dakota have access to the same opportunities that have benefited Crystal. By continuing to fund this grant program, the state can empower rural towns to preserve essential services and maintain their economic vitality.

Thank you for your time and consideration. We appreciate your commitment to strengthening North Dakota's rural communities, and we urge you to support Senate Bill 2228.

Sincerely,

A handwritten signature in black ink, appearing to read "Angelle French", written in a cursive style.

Angelle French
Executive Director
Pembina County Job Development Authority



SENATE BILL NO. 2228
SENATE AGRICULTURE AND VETERANS AFFAIRS COMMITTEE
LARRY LUICK, CHAIR
TESTIMONY IN SUPPORT OF SENATE BILL 2228

Chairman Luick and members of the Senate Agriculture and Veterans Affairs Committee, I am Parrell Grossman, and it is my privilege to be the Legislative Director for the North Dakota Soybean Growers Association. I appear in support of Senate Bill 2228.

The North Dakota Soybean Growers Association advocates for 8,900 operations that raise soybeans in North Dakota. In 2024, those soybean farmers planted 6,600,000 acres of soybeans, producing over 245 million bushels of soybeans.

The Association expresses strong support for Senate Bill No. 2228, which seeks to establish an appropriation for a Rural Grocery Store Sustainability and Food Access Expansion Grant Program under the Department of Commerce. This legislation is an important step toward ensuring that North Dakota's rural communities continue to have access to essential food supplies and economic stability.

Rural grocery stores are the backbone of small communities in providing access to fresh and nutritious food and supporting local economies. Our rural communities certainly value their local gas stations and convenience stores. However, many rural grocery stores are facing increasing financial challenges, including increasing operational costs, possible supply chain disruptions, and population decline. Without support, these stores are at risk of closure, leaving residents with limited food access and forcing them to travel long distances to purchase basic food and other necessities.

Further, these grocery stores sustain critical food access for rural residents, particularly the elderly, disabled, or others without reliable transportation and, without doubt, help provide these more vulnerable residents with a sense of

independence. Something as simple as a grocery store can allow these persons to remain in communities they love and in which they have lived their entire lives.

Yes, by this time in the session, there are so many requests for funding and appropriations, and you have many difficult decisions to make in deciding whether to approve these requests. Nonetheless, the Association believes these grocery stores are important, and that these grants are needed and make so much sense.

As I thought about this legislation, I was reminded that many residents in urban areas of North Dakota have so many choices of grocery stores alone. In Bismarck, in most grocery stores I can choose from at least ten selections of milk, breads, ice creams, fruits and vegetables, and so forth. I can also select from several different over-the-counter cold medicines for my grandchildren when the pharmacies are closed. Rural communities are, or certainly would be, grateful to just have a grocery store.

We are fortunate to have so many farmers, ranchers, and ag producers of all kinds contributing to our economy, as well as the other rural residents that provide support and services to these communities, whether law enforcement, school teachers, or business owners. The Association respectfully suggests that it is not too much to look for, or ask for, some assistance to retain or attract these rural grocery stores. This proposed legislation is one excellent way to do so.

Mr. Chairman and members of the Senate Agriculture and Veterans Affairs Committee, the Association respectfully urges you to give Senate Bill 2228 a “Do Pass” recommendation.

Thank you for your consideration and I would be pleased to answer any questions.



Contact:
Ryan Gregg, Lobbyist
rgregg@ndfu.org | 701-952-0104

**Testimony
of
Ryan
Gregg
North Dakota Farmers Union
Before the
Senate Agriculture & Veteran
Affairs Committee
February 6, 2025**

Chairman Luick and members of the committee,

Thank you for the opportunity to testify on Senate Bill No. 2228. My name is Ryan Gregg, and I am testifying on behalf of the members of the North Dakota Farmers Union (NDFU).

NDFU supports SB 2228, which appropriates \$1 million to the Department of Commerce for grants designed to preserve rural grocery stores and expand food access in our state's farming communities. We are deeply concerned about the decline of rural grocery stores and the resulting loss of convenient, nutritious food options. By fostering small business growth and improving nutrition, this legislation will help sustain and revitalize our rural communities.

SB 2228 builds upon the success of the Rural Food Sustainability Grant established in the previous session.¹ Cities such as Milnor, Butte, and Casselton have already benefited from this grant program². Supporting this bill will further enhance the quality of life in rural areas and ensure that producers have access to essential services.

We respectfully request a "Do Pass" recommendation on SB 2228. I am happy to answer any questions you may have.

¹ *Rural Food Sustainability Grant*. (2023). Commerce | North Dakota. <https://www.commerce.nd.gov/community-services/community-development-rural-prosperity/cdrp-resources/cdrp-grant-programs/rural>

² *ND strategizes to combat rural community grocery store deserts*. (2024, December 28). Minotdailynews.com; Minot Daily News. <https://www.minotdailynews.com/news/local-news/2024/12/nd-strategizes-to-combat-rural-community-grocery-store-deserts/>



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Testimony of Dawn Mandt in support of SB 2390

To the Senate Agriculture and Veterans Affairs

Friday, February 7, 2025

Chairman Luick, Vice Chairwoman Myrdal, and Committee Members,

My name is Dawn Mandt, and I'm the Executive Director of the Red River Regional Council in Grafton. Our team serves Region 4, which includes 41 rural communities in Nelson, Pembina, Walsh, and Grand Forks counties in the northeast corner of North Dakota.

I am submitting this testimony in strong support of SB 2228.



Region 4 received two grant awards from this program in 2023/2024

We are grateful for your approval of this pilot program in 2023. It is critical in keeping our communities' access to food. **Our region received two awards from this program a year ago. One was to conduct a Rural Food Access Feasibility Study and one was to support the Crystal community in retaining their sole source of food.** While studies are not favored for this grant funding, our study provided crucial information about market assessment.

Within the study grant, we had the rare opportunity to subscribe to Placer.ai and test drive this unique data tool. Placer is a location analytics tool that provides information such as customer foot traffic such as number of visits and length of stay and monthly and yearly comparisons. This data assisted us in developing a preliminary market assessment and helped the residents of Crystal save their city's food store. Data for rural areas can be hard to come by – however, this real-time data tool rooted in cell phone data, revealed a surprising number of customers rely on this facility in this very small town. Without our food feasibility study grant award, we would not have had a subscription to this data tool as the annual subscription is \$12,000.

Crystal Booster Club buys local convenience store to preserve food access

Crystal, pop. 112, is located on Highway 66 between Highways 18 and 32 in Pembina County. It has an elementary school, a post office, and several agricultural service businesses. Because of the city's location on the Dakota Northern Railroad, a feeder to BNSF, Crystal is home to a large-scale Columbia Grain International handling facility that has more than 50 employees and receives 7 to 8 million bushels a year. **Roadside 66, the city's only café, grocery and fuel store, closed in December 2023 after the owner retired and was unable to find a buyer.**

Crystal Community Boosters, a nonprofit volunteer organization, raised over \$100,000 in local donations before they called upon the Pembina County JDA and Regional Council to assist in

planning and project development. With their match in hand, we developed the business model and an application to the Food Access Grant application. These funds enabled the Booster Club to buy the convenience store approximately a year ago.

Mayor Larry McCollum shared yesterday:

*“Our project went smooth. The community got what they were after by putting the project together. **It’s one thing to have it for the community and another to make money.** We are still trying to help as we need to replace some equipment. **It was a 10 on a scale of one to 10.** We haven’t yet rented the apartment as it is being used to produce baked good sold in the store. We are a bit more active again ... this project reenergized the Booster Club and we have more project ideas.”*

The Private / Public Partnership Model

The regional council, along with Nelson and Pembina County job development authorities, has provided and/or helped secure funding for grocery stores in six cities – nearly all grocery stores in Nelson County (Lakota, McVile, Michigan, and Tolna), and half the grocery stores in Pembina County (Pembina and Walhalla). The grocery store in Lakota has closed, and the stores in McVile and Tolna has changed owners a couple times.

Our rural grocery and fresh food stores are essential businesses, yet fragile.

After the grocery store in Michigan (pop. 263) closed in 2008, **we developed the private/public partnership business model.** The Michigan JDA bought the grocery store and leased to a private business owner. The community raised local funds, and we were able to pursue grants for the purchase and replace coolers equipment. This business is still a favored business today in Nelson County today. And this is a business model that we continue to repeat in our small towns. **We also know that these projects are not feasible without the grant funds provided through this proposed Program. These projects cannot afford debt service on loans to remain viable.**

Access data is critical to defining the need

Briefly, back to the Placer data tool. Placer revealed:

- 300 people with the Crystal zip code
- Traffic increased from 10,900 people to 15,100 in 2024. Crystal is on the route to Pembina Gorge, Walhalla country club, Frost Fire Park and access to more than 400 miles of area snowmobile trails.
- Nearly 400 households in the census tract area around Crystal have “low access to food,” meaning they must drive 10 miles or more to a grocery store.
- Eighty-three (83) households are considered low income, low access households.

While we may think driving 10 or 20 miles or more to the grocery is normal, **only 8% of rural residents in the entire nation must drive 10 to 20 miles or more to access a supermarket or grocery** (USDA). Sixty percent (60%) of Americans live within walking distance – less than a mile – from a grocery that sells fresh foods.

I urge your strong support for SB 2228.

Dawn Mandt
Executive Director
701-520-0487

2025 SENATE STANDING COMMITTEE MINUTES

Agriculture and Veterans Affairs Committee

Fort Union Room, State Capitol

SB 2228

2/7/2025

A bill for an act to provide an appropriation to the department of commerce for a rural grocery store sustainability grant program.

2:43 a.m. Chairman Luick opened the hearing.

Members present: Chairman Luick, Vice-Chair Myrdal, Senator Marcellais, Senator Weston, Senator Weber, Senator Lemm

Discussion Topics:

- Intent of appropriation
- Food processing and preparation facilities

2:45 p.m. Senator Myrdal moved to adopt Amendment LC# 25.1205.01001

2:45 p.m. Senator Weber seconded the motion.

2:46 p.m. Voice vote - Motion passed.

2:46 p.m. Senator Lemm moved a Do Pass As Amended and Rerefer to Appropriations.

2:46 p.m. Senator Myrdal seconded the motion.

Senators	Vote
Senator Larry Luick	Y
Senator Janne Myrdal	Y
Senator Randy D. Lemm	Y
Senator Richard Marcellais	Y
Senator Mark F. Weber	Y
Senator Kent Weston	Y

Motion Passed 6-0-0.

Senator Myrdal will carry the bill.

2:47 p.m. Chairman Luick closed the hearing.

Audrey Oswald, Committee Clerk

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2228

Introduced by

Senators Myrdal, Klein

Representatives Hanson, Monson

1 A BILL for an Act to provide an appropriation to the department of commerce for a rural grocery
2 store sustainability ~~and food access expansion~~ grant program.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. APPROPRIATION - DEPARTMENT OF COMMERCE - RURAL GROCERY**
5 **STORE SUSTAINABILITY ~~AND FOOD ACCESS EXPANSION~~ GRANTS - ONE-TIME**

6 **FUNDING.** There is appropriated out of any moneys in the general fund in the state treasury,
7 not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be
8 necessary, to the department of commerce for the purpose of providing grants for the
9 preservation of rural grocery stores and increasing the availability of food access in the state,
10 for the biennium beginning July 1, 2025, and ending June 30, 2027. The department shall
11 prioritize grant funding awarded under this section for supporting existing rural grocery stores
12 before awarding grant funding for feasibility costs related to ~~establishing new rural grocery~~
13 ~~stores~~ reopening a grocery store in a community without a grocery store. The funding may not
14 be used for food processing or offsite preparation operations of a rural grocery store. The
15 department of commerce shall establish guidelines for awarding grants under this section. This
16 funding is considered a one-time funding item.

**REPORT OF STANDING COMMITTEE
SB 2228**

Agriculture and Veterans Affairs Committee (Sen. Luick, Chairman) recommends **AMENDMENTS** ([25.1205.01001](#)) and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2228 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

2025 SENATE APPROPRIATIONS

SB 2228

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2228
2/17/2025

A BILL for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability grant program.

8:30 a.m. Chairman Wanzek opened the meeting.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, and Senator Erbele. Member absent: Senator Sickler.

Discussion Topics:

- Collaboration among rural grocery stores
- Location and physical improvements
- Cooperative and nonprofit financing models
- Matching requirement
- Crystal Springs model

8:32 a.m. Ellen Huber, Rural Development Director for ND Association of Rural Electric Cooperatives (NDAREC), testified in favor and submitted testimony #37860.

8:49 a.m. Parrell Grossman, Legislative Director for ND Soybean Growers Association, testified in favor.

8:53 a.m. Dawn Mandt, Director of Red River Regional Planning Council, testified in favor.

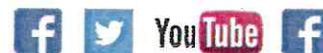
8:57 a.m. Maria Effertz, Director of Community Services Team, ND Department of Commerce, testified in favor and submitted testimony #38076.

9:02 a.m. Chairman Wanzek closed the hearing.

Carol Thompson, Committee Clerk



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.

- 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.



ND Commerce Rural Food Sustainability Grant Program

Administered by the Office of Community Development and Rural Prosperity

Funding [Senate Bill No. 2273 - Sixty-eighth Legislative Assembly of North Dakota - LC Number 23.0708.02000](#)

Purpose The purpose of the rural food sustainability grant program is to support the expansion of sustainable grocery service, access to food, and/or development and expansion of food co-ops in rural areas. Food co-ops are centralized facilities or nonprofits that play a crucial role in aggregating, storing, processing, and distributing food to consumers, retailers, institutions, or other markets. This grant program aims to address specific challenges faced by rural communities related to food access, economic development, and sustainability.

Program Objectives

- Strengthen local and regional food systems by facilitating the efficient movement of healthy, quality foods within rural areas.
- Improve the quality and safety of existing grocery supply.
- Encourage partnerships and collaboration between local organizations, businesses, and government entities.
- Support innovative approaches to address unique challenges faced by rural areas in sustainable food supply and delivery.
- Foster community development and revitalization efforts in rural regions.
- Provide collaboration between food supply and community entities such as restaurants, schools or other entities which purchase grocery products which provides positive economic impacts for the community/region.
- The program will be broken into two components:
 - Component one: conduct feasibility studies to assess the viability of potential projects or initiatives aimed at increasing food accessibility and sustainability in rural areas.
 - Component two: support the creation or expansion projects or initiatives that aim to increase food accessibility and sustainability for entities that have developed profit loss statements and backup materials to show the expansion of the project will be sustainable.

This grant will not fund regular maintenance of equipment or facilities, projects that do not provide increased affordability and availability of food products, or applications that do not have sustainable profit/loss or business plans which provides long term sustainability for food access.

Eligible Entities: Rural Nonprofits, City, County, Economic Development organization (JDA, regional Councils, EDC, CVB) and local tribal entities. *Rural shall be defined as any community or region, based on the application, with a population of less than 10,000.*

Matching Requirements Matching funds are encouraged but not required.

Component 1 Timeline Applications open: September 8, 2023 Awarded: October 24, 2023

Component 2 Timeline Applications open: Tuesday, January 16, 2024 Awarded: Tuesday, February 27, 2024

Component 1: Up to \$20,000 per community

- Total Awarded Phase one: \$120,000
- Total Number of Applicants: 11
- Total Requests: \$220,000

Component 2: Up to \$300,000 per community

- Total Awarded Phase 2: \$880,000
- Total Number of Applicants: 12
- Total Requests: \$2,703,000
- Total Populations Touched by Grant Dollars: 258,437

Component 1 Awardees

- **City of Milnor:** \$20,000 for a feasibility study which showed the need and ability to support in the community. Next steps will be to add on space for their existing grocery store to accommodate freezer, canned goods and other needs in the community.
- **Pembina County JDA:** \$20,000 to complete a feasibility study.
- **Strengthen ND:** \$20,000 complete a feasibility study and determined a Mobile Market Truck distribution service operated at the Strong Farm Incubator near Baldwin, ND can attain economic self-sufficiency provided the service has sufficient daily utilization of the truck by local food producers and processors to transport their products to customers.
- **City of Butte:** \$20,000 to complete a feasibility study.
- **Hazelton Development Corporation:** \$20,000 completed a feasibility study showing interest and ability to support a regional food hub and distribution center was sustainable.
- **City of Casselton Economic Development:** \$20,000 to complete a feasibility study and provide data to prove a grocery store would be feasible in the community. They are actively pursuing an owner/operator or chain to locate in the community.

Component 2 Awardees

- **Rural Access Distribution Cooperative:** \$243,000 for the shared services co-op, which involves the communities of Park River, Hoople, Edinburg and Fordville to purchase a new larger delivery truck and a climate-controlled van for small deliveries, plus to construct a concrete slab for food lockers in Fordville. The lockers in Fordville had previously been installed inside a building and would overheat. Relocating the lockers outside will resolve this issue. Food lockers in Park River and Fordville should become operational in early 2025 and expands the opportunity for new customers.
- **City of Enderlin – CDC:** \$20,000 to complete a feasibility study.
- **Hazelton Development Corporation:** \$183,000 for the expansion of a hub location and purchase of mobile market truck to facilitate local foods cooperative, serving the communities surrounding Hazelton. Napoleon, which was initially in the hub declined participation. Zeeland, Hauge, Strasburg, Linton also considered but concerned about changing distribution. Ashley, which was not part of the initial discussion has now expressed an interest in participating and being a hub distributor. Additionally, Linton Senior Center and Hazelton School are participating on a small level.
- **Baldwin/Strengthen ND:** \$300,000 to support the construction of the first-of-its-kind regional local foods processing facility near Baldwin in Burleigh County, serving a 100-mile radius. This was part of a regional agriculture and economic development project and is tied to a \$675,000 grant from the EDA, complemented by \$168,329 in local funds, is projected to create 47 new jobs and generate an impressive \$1.8 million in private investment.

- **Crystal Community Boosters:** \$134,000 to match locally raised funds and assist in the purchase and reopening of the local convenience store which added groceries and restaurant.

ND COMMERCE — RURAL FOOD SUSTAINABILITY GRANT PROGRAM

FUNDING SOURCE: SENATE BILL 2273 (68TH LEGISLATIVE SESSION)

Supplemental Progress Update

Compiled by the N.D. Association of Rural Electric Cooperatives — Rural Development Center

City of Milnor: \$20,000 for a feasibility study posted at www.milnornd.com. The study proved their hypothesis that the existing store's walk-in freezer, refrigeration units, and backroom storage for dry goods and prep are inadequate to meet the area's needs. This causes shortages of foods to replenish the customer access areas and does not allow the manager to order in bulk to receive discounts that in turn could be given to the customer. As an example, the backroom walk-in freezer is one-third the size it would normally be.

The community would like to build on, but city officials indicate it is not monetarily feasible without a grant of about \$300,000 to match what the city can do, which is \$100,000. The City owns the building and keeps the rent low to allow the business to function. This is Milnor's only grocery store. They do not have a dollar stores.

City of Enderlin: \$20,000 for a grocery store feasibility study. The community's previous store closed in 2023, and its equipment was sold. To address this gap, the city is examining possibilities for a new store. A survey in early 2025 will gather input from area residents about essential products, expected shopping frequency, and interest in innovative models such as 24-hour key fob access combined with limited on-site staffing. Findings will help determine public and private sector support for investing in a new store, which will likely involve acquiring land, constructing and equipping a new facility, as no suitable existing buildings are available.

Pembina County JDA: \$20,000 for a feasibility study to identify needs, challenges and opportunities to improve food access in Pembina and Nelson counties. Early findings show rural residents prefer to shop locally, but will travel or order online for better prices and quality. The applicant is using Placer.AI, which tracks cell phone data, to gain insights into foot traffic at stores, particularly looking at impacts of Dollar General stores on local grocery consumer visits. They'll next be interviewing grocery store owners to assess interest in collaboration via a grocery co-op or other innovative solution.

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2228
2/18/2025

A BILL for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability grant program.

9:07 a.m. Chairman Wanzek opened the hearing.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

Discussion Topics:

- Rural need
- One-time grant

9:09 a.m. Senator Burckhard moved a Do Pass for SB 2228.

9:09 a.m. Senator Dwyer seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Randy A. Burckhard	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	N
Senator Jonathan Sickler	N

Motion passed 3-2-0

Senator Burckhard will carry the bill.

9:15 a.m. Chairman Wanzek closed the hearing.

Carol Thompson, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

SB 2228
2/19/2025

A BILL for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability grant program.

11:50 a.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, Wanzek.

Discussion Topics:

- Feasibility Studies
- Grocery Store Projects in ND
- One Time Funding Language

11:50 a.m. Senator Burckhard introduced the bill.

11:51 a.m. Senator Burckhard moved a Do Pass.

11:51 a.m. Senator Conley seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	N
Senator Robert Erbele	N
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	N
Senator Dick Dever	N
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	N
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 11-5-0.

Senator Myrdal will carry the bill.

11:55 a.m. Chairman Bekkedahl closed the hearing.

Elizabeth Reiten, Committee Clerk

**REPORT OF STANDING COMMITTEE
ENGROSSED SB 2228 ([25.1205.02000](#))**

Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **DO PASS** (11 YEAS, 5 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). SB 2228 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

2025 HOUSE FINANCE AND TAXATION

SB 2228

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

SB 2228
3/17/2025

A BILL for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability grant program.

11:15 a.m. Chairman Headland opened the hearing.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives D. Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, J. Olson, Porter, Steiner, Toman

Discussion Topics:

- After-hours access
- Rural grocery store decline
- Robinson-Patman Act
- Low-interest loans

11:15 a.m. Ellen Huber, Rural Development Director, ND Association of Rural Electric Cooperatives, testified in favor and submitted testimony #42168.

11:28 a.m. Dawn Mandt, Executive Director, Red River Regional Council, testified in favor.

11:34 a.m. Parrel Grossman, Legislative Director, ND Soybeans Growers Association, testified in favor and submitted testimony #42015.

11:36 a.m. John Fielding, Board Member, New England Community Store, testified in favor and submitted testimony #42112.

11:50 a.m. Mark Lyman, Economic Development Association of ND, testified in favor and submitted testimony #42024.

11:53 a.m. Ryan Gregg, Legislative Specialist, ND Farmers Union, testified in favor and submitted testimony #42155.

11:54 a.m. Stephanie Engebretson, ND League of Cities, testified in favor.

11:55 a.m. Maria Effertz, Director, Division of Community Services, ND Department of Commerce, testified neutral.

Additional written testimony:

John Dyste, ND Grocers Association, testified in favor and submitted testimony #41541.

Kirk Brandvold, Loan Officer, Farmers and Merchants Bank of ND, submitted testimony in favor #41561.

Brenda McCasson, Owner, Velva Foods INC., submitted testimony in favor #41692.

Kimberly Jacobson, Director, Agassiz Valley Human Services Zone, submitted testimony in favor #41890 and #41889.

Stephanie Blumhagen, Executive Director, FARRMS, testified in favor and submitted testimony #41918.

Thomas Graner, Steering Committee Members, Drake Community Foods, submitted testimony in favor #42118.

Paul Overby, ND Resource Conservation and Development Council, submitted testimony in favor #42165.

Briselda Herrera, Executive Director, Souris Basin Planning Council, submitted testimony in favor #42170.

12:00 a.m. Chairman Headland adjourned the hearing.

Janae Pinks, Committee Clerk



North Dakota Grocers Association

3155 Bluestem Dr. #378 • West Fargo, North Dakota 58078 • Phone (701) 223-4106
www.ndgrocers.com

To Chairman Craig Headland and Members of the House Finance and Taxation Committee

Testimony in Support of SB 2228: Rural Grocery Sustainability and Food Access Grants

Presented by: John Dyste, President, North Dakota Grocers Association (NDGA)

Chairman Headland and esteemed committee members,

I am John Dyste, President of the North Dakota Grocers Association (NDGA), representing over one hundred independent grocers across our state. Many of our members operate stores in rural communities, and we are deeply concerned about the challenges they face, particularly as we see the increasing loss of rural grocery stores and the expansion of "food deserts" across North Dakota.

NDGA has long been involved in initiatives aimed at addressing these issues, including the creation of the RAD Cooperative in Northeastern North Dakota and the 2023 passage of SB 2273, which established the state's first Rural Food Sustainability Grant Program administered by the ND Department of Commerce. The RAD Cooperative has already proven to be a success and demonstrates that there are solutions to sustain rural grocery stores. However, the struggle for access to reasonably priced groceries, meat, dairy, and fresh produce remains a major obstacle for small-town grocers and their customers.

Rural grocery stores face a variety of significant challenges: aging infrastructure, outdated equipment, poor building conditions, and the high cost of borrowing money. Low sales volumes only exacerbate these problems and often lead store owners to consider selling their businesses. I regularly receive inquiries from owners seeking assistance to find buyers yet stores with outdated equipment and buildings are often difficult, if not impossible, to sell. For those few stores able to maintain their equipment and facilities, the high cost of financing remains a major barrier, preventing potential buyers from securing loans or properly managing cash flow.

What rural grocers need is access to funding that will allow them to upgrade their facilities and equipment. They also need reliable, affordable access to groceries and perishable products. Additionally, store owners must have the ability to transfer ownership to buyers who can secure the necessary funds.

SB 2228 provides a crucial opportunity to address these pressing issues and help sustain the viability of rural grocery stores. This bill will provide the support necessary to ensure that rural communities continue to have access to the essential services provided by local grocers.

We strongly believe that SB 2228 will be an important step toward securing the future of our rural grocery stores and keeping small communities viable across North Dakota.

Thank you for your time and consideration.

Sincerely,
John Dyste
President, North Dakota Grocers Association

Testimony in Support of Senate Bill 2228
North Dakota State Legislature

3/14/2025

Honorable Members of the House Finance and Tax Committee,

I am writing to express my strong support for Senate Bill 2228, which appropriates \$1,000,000 in one-time funding to the Department of Commerce for a Rural Grocery Store Sustainability Grant Program. This bill represents an important step in supporting rural communities like McVile, ND, where the survival of local grocery stores is vital to both our economy and the well-being of our residents.

As you may know, McVile, a small town in Nelson County, experienced firsthand the devastating effects of losing our only grocery store. For nearly a year, McVile residents were without access to essential food items in town. Many of us had to drive long distances to purchase groceries, which placed undue stress on our community members—especially seniors and families without easy access to transportation. The closure of our local store left a significant void in the town, and we learned just how hard it is to keep a town's heart beating without a grocery store.

Thankfully, the Horneck family stepped up and took on the challenge of reopening McVile Market a year ago. Their dedication to the community has not only provided us with a much-needed grocery store but also helped restore a sense of normalcy to our town. McVile Market is now an essential resource, providing jobs, local products, and a place where neighbors gather and connect.

However, like many rural grocery stores, McVile Market faces ongoing challenges, from rising operational costs to the difficulty of maintaining inventory in a small market. This is why Senate Bill 2228 is so crucial. The \$1,000,000 appropriation for the Rural Grocery Store Sustainability Grant Program would provide funding that could help businesses like McVile Market enhance operations, improve infrastructure, and secure the long-term sustainability of rural grocery stores across North Dakota.

The prioritization of grants for existing stores before considering feasibility studies for reopening stores in communities without one is especially meaningful. The Horneck family and others like them have taken great risks to bring back grocery access to small towns, and this funding will help ensure that these businesses thrive and continue to serve their communities.

Additionally, this bill's focus on funding that cannot be used for food processing or offsite operations ensures that grants are directed toward the core mission of keeping grocery stores operational in rural areas, where they are most needed.

I urge the members of this committee to support Senate Bill 2228. This funding would help ensure that towns like McVile do not face the harsh reality of being without a grocery store

again. The ability to support and sustain rural grocery stores is critical not only for the economic health of small towns but also for the quality of life of their residents.

Thank you for your time and consideration.

Sincerely,

Kirk Brandvold

Farmers and Merchants Bank of North Dakota

Loan Officer

701-740-7878

kirkbrandvold@fmbnd.com

Testimony SB2228

March 14, 2025

Brenda McCasson

Velva Foods, Inc.

107 N Main

Velva, ND 58790

701-338-2971

velvafoods@gmail.com

Dear Mr. Chairman and Committee members,

My husband and I are strongly in favor of SB2228. Together we purchased Velva Fresh Foods in January 2020 and the grocery store in Drake in June 2020. We've seen the affects of Covid and Dollar General and the impact each has made on both communities.

Drake Fresh Foods was mostly run by our Drake employees as Matt has a full time job and I had to run both stores. We employed up to five people at its operation, 7 days a week, with one part time manager taking on many different tasks. Drake is a town of under 300 people. Its location and size made operations difficult. We were only able to stock fresh bread and fresh meat because of our ownership in Velva, making various trips per week. Initial support for our store seemed strong, but customer count quickly started to dwindle and taper, as most residents decided to shop in Harvey or Minot where they worked. A store like Drake may have benefitted from smaller case quantities, self serve, or meat lockers, and local volunteers, but ultimately, these stores need customers to shop there regularly. For instance, a local organization needed quotes for concessions at the school. They gave me a list of items to give them prices on, but when they handed me the sheet, there was spaces for Walmart and Sams Club, but no space for Drake Fresh Foods. It seemed they were just asking out of courtesy instead of a real intent to shop and support their own grocery store in town. Unfortunately, this is just one example and even in Velva, we have lost school support for concessions in recent years. We had to close our Drake location in September of 2024.

We are most appreciative and in favor of prioritizing existing stores, instead of startups. Keeping the existing stores that remain open is vital to stop the bleeding of closures and subsequential food deserts. We are young owners that love what we do and love our community, but are facing tough challenges having taken over two stores with older equipment, high maintenance costs, and costly freight. Customer count has dropped, and the light bill still needs to be paid.

This is an example of customer mindset that needs to be addressed in addition to making changes to existing stores. Somehow there needs to be a change of mind per se, or incentive for our fellow community members to shop local.

We are competing with Walmart's new delivery policy. They have expanded their radius to include the city of Velva, costing the customer merely \$7 and guaranteeing delivery within 5-7 hours. There is a Dollar General right up the street, and their price of Pepsi and Coke are considerably less, as they pay less for a 12pk of Coke as we do. We can't compete with big box store nationwide purchasing power. Dollar General is also affecting our local pharmacy. We have a diverse population that depends on our drug store and depends on fresh produce, meat, and dairy. Some of our residents can't drive to Minot. Our stores are vital to their independence. Fair purchasing and after hours pick up will help with some of these issues.

I understand that fair purchasing is probably not as feasible and as easy at it sounds, but perhaps with legislation some type of customer incentive could be available.

My idea is to work with these existing communities and incentivize customers to shop local, in addition to updating equipment and provide more access. Please consider something like a one percent sales tax relief at time of purchase that customers can benefit from at their time of purchase. This would apply to only locally owned and operated North Dakota incorporated small retail businesses.

We love the direction this bill is heading, but feel like there still is a deeper issue underneath. One that might be more challenging to address. Educating our public that their tax dollars go further for their community when they buy local is another vital piece to this puzzle.

Their money will circulate back to their community when they buy potatoes from Kasowski Farms, when they get their steaks from Dakota Angus, when they buy ice cream from Pride Dairy, when they get their meds from Tracy at Velva Drug, and they'll feel better about it, too.

Thank you for your attention to this matter.

Sincerely,
Brenda McCasson



Testimony prepared for the House Finance and Taxation Committee
SB 2228 – Related to Rural Grocery Stores
Kim Jacobson, Agassiz Valley Human Service Zone Director
March 17, 2025

Chair Headland, and members of the House Finance and Taxation Committee, my name is Kim Jacobson. I serve as the Director of Agassiz Valley Human Service Zone which includes Traill and Steele Counties and as President of the North Dakota Human Service Zone Director Association. Thank you for the opportunity to provide written testimony in support of SB 2228.

Human Service Zones provide critical services for North Dakota communities. This includes economic assistance programs that support low-income individuals with basic needs such as food, home heating, child care, and medical assistance. Every day, we work with people trying to navigate the complexities of meeting their basic needs with very limited resources. This often includes making very difficult decisions about how to ration their limited income to cover food, medication, housing, and child care expenses.

In recent years, our rural communities have been adversely impacted with the closure of local businesses, including grocery stores. In 2021, North Dakota Living reported that our state “experienced a 20% decline in the number of rural grocery stores”¹ in the five years leading up to 2019. In addition, they also reported that our state has just 98 grocery stores serving “towns with fewer than 2,100 people.” About 378 towns in North Dakota meet that population criteria². Therefore, 26% of our small towns have grocery stores. This problem is creating “food deserts,” which are areas with limited access to affordable, nutritious food.

Lack of access to a rural grocery store impacts all that live in that community. However, the impact for low-income and elderly individuals is even more profound. Unreliable transportation and limited public transportation services make the impact of food deserts even more significant. Food insecurity rates in the state increased from just under 5% in 2020

¹ <https://www.ndliving.com/node/544>

² https://www.northdakota-demographics.com/cities_by_population

to 8.5% in 2022. With today's rapidly increasing food prices, the food insecurity rate is understandably growing.

Although Supplemental Nutrition Assistance (SNAP) benefits assist families in need with grocery expenses, living in a rural area presents its own challenges. Traveling 40-50 miles one-way to purchase groceries makes it much more difficult to overcome food insecurity. In addition to travel time, the cost of transportation places burden on our rural community citizens. As anyone who lives in North Dakota can attest, the weather can also make travel incredibly dangerous or impossible in the winter.

Additionally, SNAP is a 100% federally funded program, which falls under the United States Department of Agriculture (USDA) and is part of the Farm Bill. At the time of my writing this, Congress is considering a budget resolution that would, if passed as-is, cut \$230 billion from federal agricultural programs. This would almost certainly impact SNAP. Here are three key figures¹ that help contextualize the local impacts if these cuts were to occur:

- SNAP helped feed 1 in 16 North Dakotans in 2024.
- 8.6% of North Dakota households had inadequate access to food due to financial limitations in 2023.
- Between 2015 and 2019, "SNAP lifted 14,000 people above the poverty line in North Dakota, including 7,000 children."

Senate Bill 2228 cannot offset the impact of funding cuts to SNAP — but by helping to address one of the causes of food insecurity in our state, it does offer an opportunity to be more prepared if cuts do happen. Either way, making food easier to access may reduce statewide food insecurity rates.

Lastly, food insecurity has hidden impacts on North Dakotans. When a person's needs are partially or wholly unmet, there are serious consequences for that person's physical and mental health. Food scarcity leads to higher rates of depression and anxiety; and chronic, long-term stress can impact cholesterol, blood pressure, and heart function; and malnutrition directly leads to a variety of physical health conditions. Senate Bill 2228 is a key step toward addressing those concerns for North Dakotans and improving the overall quality of life in our state.

The North Dakota Human Service Zone Director Association is in favor of assisting communities that do not have a grocery store and taking steps to reduce food deserts in our state. We urge a "do pass" on SB 2228. Thank you for your consideration.

³ https://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_north_dakota.pdf

North Dakota

Supplemental Nutrition Assistance Program

January 21, 2025



The Supplemental Nutrition Assistance Program (SNAP) is the nation's most important and effective anti-hunger program. It plays a critical role in reducing poverty, improving health and economic outcomes, supporting people who are paid low wages, and serving as the first line of defense against hunger during economic downturns.

Whom Does SNAP Reach?

In federal fiscal year 2024, it helped:

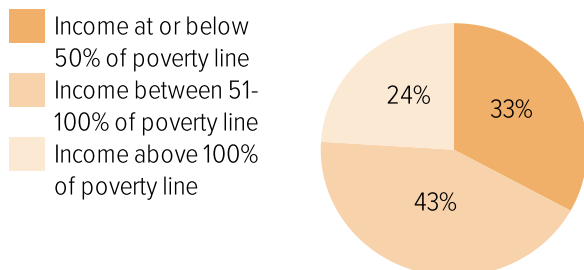
- **48,700** North Dakota residents, or **6%** of the state population (**1 in 16**)
- **41,697,500** participants in the United States, or **12%** of the total population (**1 in 8**)

NORTH DAKOTA	more than 66% of SNAP participants are in families with children	more than 32% are in families with members who are older adults or are disabled	more than 43% are in working families
NATIONALLY	more than 62% of SNAP participants are in families with children	more than 37% are in families with members who are older adults or are disabled	more than 38% are in working families

Source: CBPP analysis of data from USDA Food and Nutrition Service^a

Most SNAP Participants in North Dakota Have Incomes Below the Poverty Line

Share of participants by household income, fiscal year 2022



Source: CBPP analysis of data from USDA Food and Nutrition Service.

Many North Dakota households struggle to put food on the table. The most recent data show in 2023:

- **8.6%** of households were “food insecure,” meaning that their access to adequate food is limited by a lack of money and other resources.^b
- **9.8%** of the population lived below the poverty line.
- **8.7%** of children lived in families below the poverty line.
- **10.9%** of older adults lived below the poverty line.


SNAP reaches populations in need: 66% of eligible individuals participated in SNAP in **North Dakota** in pre-pandemic 2020.

SNAP lifted **14,000** people above the poverty line in **North Dakota**, including **7,000** children, per year between 2015 and 2019, on average. (These figures adjust for households’ underreporting of benefits.)

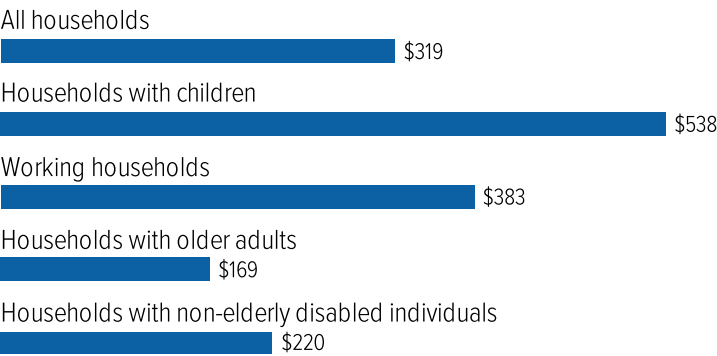
What Benefits Do SNAP Participants Receive?

SNAP targets benefits according to need. Households with very low incomes receive more SNAP benefits than households closer to the poverty line because they need more help affording adequate food. SNAP participants in [North Dakota](#) received [\\$111.45 million](#) in benefits in 2024.

Because of a congressionally mandated re-evaluation of the Thrifty Food Plan — the basis of SNAP benefits — that took effect in 2022, SNAP benefits are higher and better aligned with the cost of a healthy, realistic diet. Nationally, the revision increased SNAP benefits from about \$4.80 to about \$6.20 per person per day in 2024.

		Average SNAP benefit in nominal dollars, fiscal year 2024
	For each household member per month:	\$191
	For each household member per day:	\$6.27

Average Monthly SNAP Benefit, Fiscal Year 2022, North Dakota



Source: CBPP analysis of data from USDA Food and Nutrition Service.^c

How Does SNAP Benefit the Economy?

The U.S. Department of Agriculture estimates that in a weak economy, \$1 in SNAP benefits generates \$1.50 in economic activity. Households receive SNAP benefits on electronic benefit transfer cards, which can be used only to purchase food at one of about [261,400](#) authorized retail locations around the country, including some [600](#) in [North Dakota](#).

Notes: In addition to SNAP, in FY 2024 an average of about [4,400](#) individuals in North Dakota received benefits through the Food Distribution Program on Indian Reservations (FDPIR), which is a federal program that provides commodity foods to low-income households, including the elderly, living on Indian reservations, and to Native American families residing in designated areas near reservations and in the State of Oklahoma.

For more information on SNAP, including North Dakota-specific information, please see:

Center on Budget and Policy Priorities Chart Book: <https://www.cbpp.org/research/food-assistance/chart-book-snap-helps-struggling-families-put-food-on-the-table>
USDA SNAP data: <http://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap>
North Dakota SNAP program: <http://www.nd.gov/dhs/services/financialhelp/foodstamps.html>

^a SNAP participant counts are based on FY 2024 USDA administrative data. Demographic shares are based on FY 2022 SNAP Quality Control data.
^b The state food insecurity rate is a three-year average for the years 2021 to 2023.
^c To better approximate the current SNAP program, these figures exclude the temporary pandemic-related SNAP benefits, which still were in effect at the start of fiscal year 2022 in all states except AR, FL, ID, MO, MT, NE, ND and SD.



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Minot, ND 58702
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farrms.org

**Testimony of Stephanie Blumhagen, Executive Director, FARRMS
In Favor of SB 2228
March 17, 2025**

Chairman Headland and Members of the House Finance and Taxation Committee,

Please give a “Do Pass” vote to SB 2228. Our rural grocery stores need financial support now more than ever.

I am the Executive Director of FARRMS, a nonprofit that works to grow local food and ag businesses in many of our state’s most rural communities. I’m also a resident of Bottineau and grew up near Drake. Both communities have lost their hometown grocery stores in the past year.

I have been privileged to work alongside the ND Association of Rural Electric Co-ops, Souris Basin Planning Council, the City of Minot, and many other partners in a feasibility study planning the development of a regional grocery warehouse and food hub in north central North Dakota. This work was funded in part by the predecessor to this bill, SB 2273 in the 68th Legislative Assembly. I also have had the privilege to work alongside NDAREC and regional councils advising and providing technical assistance to rural food businesses. Many of the people we’ve assisted in recent months are trying to sustain or re-open grocery stores in towns with less than 500 people. Through this work I’ve seen the myriad costs and challenges associated with operating a rural grocery store, ranging from utility costs, trucking fees, and higher prices from wholesalers due to the inherent small size of these businesses. North Dakota already contains many food deserts- areas where people must travel great distances to meet basic food needs. As more rural grocery stores close, these food deserts are expanding, threatening the viability of our small towns.

The grocery store in my hometown of Drake closed in September 2024. My elderly parents must now travel 30 miles to Harvey for groceries, a trip that is more and more difficult as they age, especially in winter. Because of this they now often go without fresh produce, eggs, and fresh dairy.

If we want vibrant, thriving rural communities, it is essential that these communities have grocery stores. The grant funding authorized under SB2228 will go a long way in keeping rural grocery stores alive.

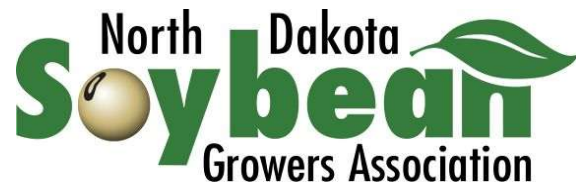
Additionally, I encourage you to consider expanding the bill to include offsetting costs for store expansion, facilitating succession planning, and assisting with store replacement.

SB2228 is an investment in North Dakota’s rural communities. SB 2228 is a wise investment in the future of ND.

FARRMS urges a “Do Pass” recommendation on SB 2228.

Sincerely,

Stephanie Blumhagen, Executive Director
701-877-1796
sblumhagen@farrms.org



SENATE BILL NO. 2228
HOUSE FINANCE AND TAXATION COMMITTEE
CRAIG HEADLAND, CHAIR
TESTIMONY IN SUPPORT OF ENGROSSED SENATE BILL 2228
MARCH 17, 2025

Chairman Headland and members of the House Finance and Taxation Committee, I am Parrell Grossman, and it is my privilege to be the Legislative Director for the North Dakota Soybean Growers Association. I appear in support of Engrossed Senate Bill 2228.

The Association advocates for more than 8,900 operations that raise soybeans in North Dakota. In 2024, North Dakota farmers planted 6.6 million acres of soybeans, producing over 245 million bushels of soybeans in North Dakota.

The agricultural economic impact in North Dakota. NDSU's 2024 North Dakota Agriculture Industry Economic Contribution Analysis reported that the economic contribution to North Dakota is \$41.3 billion, including \$26 billion from direct output and \$15.3 billion from secondary output. The report also concluded that this economic contribution included 46,620 direct jobs and 76,740 secondary jobs for total jobs of 123,360.

The Association expresses strong support for Engrossed Senate Bill No. 2228, which seeks to establish an appropriation for a Rural Grocery Store Sustainability and Food Access Expansion Grant Program under the Department of Commerce. This legislation is an important step toward ensuring that North Dakota's rural communities continue to have access to essential food supplies and economic stability.

Rural grocery stores are the backbone of small communities in providing access to fresh and nutritious food and supporting local economies. Our rural communities certainly value their local gas stations and convenience stores. However, many rural grocery stores are facing increasing financial challenges, including increasing operational costs, possible supply chain disruptions, and population decline. Without support, these stores are at risk of closure, leaving residents with limited food access and forcing them to travel long distances to purchase basic food and other necessities, help provide a sense of independence

Further, these grocery stores sustain critical food access for rural residents, particularly the elderly, disabled, or others without reliable transportation and, without doubt, help provide these more vulnerable residents with a sense of independence. Something as simple as a grocery store

can allow these individuals the dignity and pleasure of remaining in communities they love and in which they have often lived their entire lives.

As I thought about this legislation, I was reminded that many residents in urban areas of North Dakota have so many choices of grocery stores alone. In Bismarck, in most grocery stores I can choose from at least ten selections of milks, breads, ice creams, fruits and vegetables, and so forth. I can also purchase over-the-counter cold medicines for my grandchildren when the pharmacies are closed. Rural communities are or would be grateful to have just **one** grocery store.

We are fortunate to have so many farmers, ranchers, and ag producers of all kinds contributing to our economy, as well as the other rural residents that provide support and services to these communities, whether law enforcement, schoolteachers, or business owners. The Association, along with our rural partners, searches for some avenues or assistance to retain or attract these rural grocery stores. This proposed legislation and funding assistance appears a reasonable alternative to obtain or provide this much-needed assistance.

Mr. Chairman and members of the House Finance and Taxation Committee, the Association respectfully urges you to give Engrossed Senate Bill 2228 a “Do Pass” recommendation.

Thank you for your consideration and I would be pleased to answer any questions.



PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

Testimony of Mark Lyman
Economic Development Association of North Dakota
In Support of SB 2228
March 17, 2025

Chairman Headland and members of the House Finance and Taxation Committee:

My name is Mark Lyman, and I am the economic development specialist with the Minot Area Chamber EDC as well as a member of the Economic Development Association of North Dakota (EDND). EDND represents state economic development organizations and businesses on the front lines of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota, develop more vibrant communities and improve quality of life. I am here to express EDND's support for SB 2228.

Healthy and vibrant communities are essential in attracting talent to live and work in our communities. The future of North Dakota's rural areas depends on the quality of life in those communities. Access to a local grocery store is a fundamental part of that quality of life. Rural grocery stores serve as anchor businesses in their communities, providing residents with fresh, frozen, and shelf-stable foods, something we often take for granted until access is lost.

Small-town grocery stores face mounting challenges, from competition with large retailers to increased operational costs and shifting customer bases. SB 2228 is an essential tool to help these businesses remain viable by providing support for store expansion and modernization efforts that improve efficiency, succession planning to ensure continuity when ownership transitions, and assistance in replacing stores that have closed. Additionally, this bill will help rural grocery stores invest in innovative technology to extend produce freshness and improve food quality for customers, including climate-controlled storage solutions and advanced refrigeration systems.

The presence of a grocery store is also a key factor in business attraction and workforce recruitment. For families considering relocation, having convenient access to fresh food is often a deciding factor. Beyond that, grocery stores play a crucial role in supporting community organizations, fundraisers, and events. When a store closes, foot traffic declines, impacting all businesses in the area.

Every community has different assets and needs and attracting and retaining a local grocery store will differ for each community and region. Therefore, establishing a program through SB 2228 is a smart step in preserving our rural communities' vibrancy and productivity.

Thank you for the opportunity to express our support for SB 2228.

John D.W. Fielding
P.O. Box 25
New England, North Dakota 58647
jdwf@fastmail.com
(701) 235-5634

SUBJECT: Testimony in favor of Senate Bill #2228.

Dear Chairman and Members of the Senate Finance and Taxation Committee:

I come before you to ask for your support of Senate Bill 2228. I feel honored to speak with you about the benefits of this bill. Senate Bill 2228 means to provide an appropriation to the Department of Commerce for a rural grocery store sustainability grant program.

Over the last six years, North Dakota lost 35 percent of grocery stores in our small towns. Simultaneously, 85 dollar stores flooded the same towns. Other corporate giants have recently gone into the grocery business. Now, only 90 rural grocery stores remain open in the State of North Dakota. Senate Bill 2228 can provide grocers with the technological upgrades and strategic economic advancements to remain open. There are three important reasons to keep rural grocery stores open. Rural grocery stores 1) provide reliable access to food, 2) bolster local economies, and 3) support social stability.

1) Rural Grocers Provide Reliable Access to Food.

Corporate chains do not address the critical need for access to nutritious, local foods. Mom-and-pop grocery stores do business in local areas, thus making food and supplies easily accessible to the people in that locality. This issue remains particularly important for elderly residents who may not have the means to travel long distances or afford delivery services for groceries. Local grocery stores preserve the health, independence, and dignity of our senior citizens.

As locally owned businesses, rural grocery stores cater to the needs of the local community. During the pandemic or natural disasters, local businesses provided for the needs of small towns. Furthermore, when the only big corporate store in a town leaves, the town becomes a food desert. Rural grocery stores serve as our lifelines.

2) Rural Grocery Stores Bolster Local Economies.

When a rural community loses its grocery store, folks miss more than access to food. When residents must drive long distances to shop for groceries, they inevitably spend money on supplies they would otherwise purchase from local businesses. Property values decline as boarded-up businesses fill our Main Streets. Residential property values drop when families

cannot sustain themselves. These losses erode our tax base and threaten the long-term survival of small towns.

Local grocers further bolster our economy by partnering with area ranchers and farmers to source fresh, high-quality items. Support of local ranchers and farmers form the heart of our agricultural communities.

3) Rural Grocery Stores Provide Social Stability.

Rural grocery stores weave the social fabric of our communities. Small grocers enjoy a close connection with their local community members, owing to face-to-face relationships with customers; such stores can offer individualized services. Rural grocery stores are places where neighbors greet each another and cultivate community. Mom-and-pop grocers support the local economy by allowing them to give back to the community that supports them. They often engage with charities, sponsor local events, and support their fellow business owners. This helps whole communities maintain a sense of social cohesion.

Time is of the essence. Some corporate giants such as the Dollar General use a tactic of predatory dart throwing. On average they open 1,000 - 1,100 stores a year and typically close the 300-400 least profitable stores annually. I don't want anyone in our community of New England or in our state to look back and say, "If only we had known..." This is why I keep speaking to various groups around my community about local grocery stores. I stand here today on behalf of all our struggling rural communities around the state. This isn't just a western North Dakota problem or an eastern North Dakota problem - it is a North Dakota problem that needs immediate action.

Senate Bill 2228 offers a solution to sustain these vital institutions and give small grocers a chance to thrive. I urge you to consider the far-reaching implications of this bill. Voting yes will not just preserve businesses; it will ensure access to nutritious food, improving the economic health of small towns and preserving social stability. This bill shows that we, as a state, value our people. Vote *yes* to SB 2228 to strengthen and safeguard the foundation of our lifelines.

Sincerely,

John D. W. Fielding

Rev. Thomas M. Graner
605 1st St W - PO Box 49
Anamoose, ND 58710
(701) 771-9881
tmgraner@gmail.com

3/17/2025

Members of the North Dakota House of Representatives Finance and Taxation Committee

As a rural resident and pastor I encourage you to support SB 2228 to enhance the ability of small rural communities to support local grocery stores.

I grew up on small town Main Street in Garrison, North Dakota where my siblings and I worked in a family-owned variety store, a local department store, locally owned grocery stores, the movie theater, and eating establishments. I have served as a pastor in north central North Dakota since 1996 (Rolette-Bisbee-Willow City, Rugby-Knox, currently Anamoose-Drake-McClusky). I value these communities, their people, schools, and small businesses. I've watched small town schools close and rural businesses lose ground to all kinds of economic and cultural forces. Funding SB 2228 can provide tools to resist the further decline of rural communities. Values other than market efficiency deserve support.

These communities are good places to raise families, engage in agriculture and agribusiness, step back from social media, and focus on family and relationships. A local grocery store provides jobs, work experience, access to food for locals who are not all able to or don't want to be on the road or web for everything.

The City of Drake experienced the closure of its grocery store last fall, for the second time in the last 6 years. I am currently working with a local group to restore a grocery business to the community. We know that it will not be able to provide a return for a local investor so we are looking more to a community service model for the benefit of our low-income and elderly residents in addition to the community in general. While not eligible for funding under the current language of the bill, we hope to see eligibility expanded. Regardless, we recognize the need in small communities for this type of support.

North Dakota, as a whole, is enjoying good times these days. Please use your vision and leadership opportunities to spread and support the positive aspects of rural living. We may be small, but we are vital to the reputation of North Dakota and to one another.

Thank you for your consideration.

Sincerely
Rev. Thomas M. Graner



Contact:

Ryan Gregg, Lobbyist

rgregg@ndfu.org | 701.952.0104

**Testimony of
Ryan Gregg
North Dakota Farmers Union
Regarding SB 2228
House Finance and Taxation
March 17, 2025**

Chairman Headland and members of the committee,

Thank you for the opportunity to testify on Senate Bill No. 2228. My name is Ryan Gregg, and I am testifying on behalf of the members of the North Dakota Farmers Union (NDFU).

NDFU supports SB 2228, which allocates \$1 million to the Department of Commerce for grants aimed at preserving rural grocery stores and expanding food access in our state's farming communities. We are deeply concerned about the decline of groceries and the resulting lack of convenient, nutritious options. By promoting small business growth and improving nutrition, this legislation will help sustain and revitalize our rural communities.

SB 2228 builds on the success of the Rural Food Sustainability Grant established in the previous session.¹ Cities such as Milnor, Butte, and Casselton have already benefited from this program.² Supporting this bill will further enhance the quality of life in rural areas and ensure that producers have access to essential services.

We respectfully request a "Do Pass" recommendation on SB 2228. I am happy to answer any questions you may have.

¹ *Rural Food Sustainability Grant*. (2023). Commerce | North Dakota. <https://www.commerce.nd.gov/community-services/community-development-rural-prosperity/cdrp-resources/cdrp-grant-programs/rural>

² *ND strategizes to combat rural community grocery store deserts*. (2024, December 28). Minotdailynews.com; Minot Daily News. <https://www.minotdailynews.com/news/local-news/2024/12/nd-strategizes-to-combat-rural-community-grocery-store-deserts/>

This is in support of SB 2228 to provide funding for rural grocery stores.

I serve on a small non-profit serving northeast ND called the Northern Plains Resource Conservation and Development Council. We have conducted several projects in support of expanding local foods supply, and are currently working on a project to support rural food security, primarily in Towner and Benson Counties, but also including the communities of Munich, Edmore, and Sheyenne.

We are currently conducting a feasibility study to determine options for the communities in our area. Munich has a cooperative key-fob operated, honor system grocery store. Edmore has a very small grocery store. Cando has a profitable grocery store that is owned by a person who would like to retire. Leeds lost its primary grocery store, but the CenDak Cooperative has expanded grocery offerings in its convenience store. Maddock has a profitable grocery store currently undergoing an ownership transition. Minnewauken has lost its grocery store. Sheyenne is exploring whether a local gas station can provide some grocery offerings. There are convenience stores located on Spirit Lake Nation, including in Ft. Totten and at the Spirit Lake Casino.

These stores all share some common challenges, a major one being access to smaller quantities of goods that they sell at a price that allows them to make a profit. One of the things we are exploring is if there is an opportunity to create a new distribution model for some of these communities modelled after the successful RAD Cooperative in Walsh County. There may be other solutions that emerge as a result of the study as well.

These solutions will all take resources that cannot be provided by profits from the grocery store. Unfortunately, it often takes the loss, or threat of loss, of a grocery store to motivate a community to action. However, as both RAD and Munich have demonstrated, communities can come together and provide the support needed to keep their grocery store functioning.

So, I am in support of this bill to provide this support to communities. I do suggest one small wording change.

“The department shall prioritize grant funding awarded under this section for supporting existing rural grocery stores ~~before~~ over awarding grant funding for ~~feasibility~~ costs related to reopening a grocery store in a community without a grocery store.”

I support the priority of existing stores. But, in a case such as our project, we will have completed the feasibility study from outside resources. This may also be true in other

communities that get funding from a different agency, a foundation, or a not-for-profit organization. It may also be that by combining resources with a community that wishes to restore a grocery outlet, or enhance a convenience store, it is more likely to keep an existing grocery store profitable. It seems pretty clear that it will take communities working together in order for any one community to keep its grocery store. We should want to leave some of that discretion to the grant reviewers, while providing a priority.

Thank you.

Paul E. Overby
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701-351-0913



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



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March 17, 2025

To: North Dakota House Finance & Taxation Committee

From: Ellen Huber, NDAREC Rural Development Director

RE: **Support of Senate Bill 2228**

Chairman Headland and members of the House Finance and Taxation Committee, on behalf of the North Dakota Association of Rural Electric Cooperatives (NDAREC) and our members, I share our strong support for Senate Bill 2228.

What Will This Bill Accomplish?

SB 2228 reauthorizes the Rural Food Sustainability Grant, first approved as a \$1 million pilot program in 2023. The impetus was to support collaboration among rural grocery stores for better pricing, availability, and variety of fresh foods based on the model of the Rural Access Distribution Co-op formed in 2021 in Park River, Edinburg, Hoople and Fordville, which has yielded positive impacts for all.

Administered by the N.D. Department of Commerce, the pilot program funded feasibility studies, business planning, and project implementation in nine small towns and organizations (see attached status report). However, many applicants were ineligible because funds were restricted to expansion, innovation, or collaboration, excluding critical needs like building repairs and equipment upgrades necessary for store transitions when an owner retires or sells.

The current bill focuses funding on rural grocery stores and prioritizes existing stores. We also ask that funding be allowed 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 form a consumer cooperative when private buyers cannot be found. Communities that have lost their stores need resources to secure a new operator or location. A suggested amendment to cover these situations is included with this testimony.

NDAREC's Expertise in Rural Grocery Work

Since the early 1990s, our state association has provided rural development services with support from rural electric and broadband cooperatives operating in North Dakota, guided by the cooperative principles of "cooperation among cooperatives" and "concern for community."

My predecessor, Lori Capouch, noticed an uptick in calls in 2014 from rural grocers seeking financial support to cover operating costs. She knew something was changing and began studying the issue in depth. As she retired in July and is being inducted into the national Cooperative Hall of Fame, I am doing my best to continue this important work.

Last week, I and a colleague visited grocery stores in Turtle Lake, McClusky, Fessenden, Maddock, Velva, Dunseith, Belcourt, St. John, Rolette, and Towner, plus small food stores in Hurdsfield and Granville, and the community of Drake, where volunteers for a non-profit organization are seeking to re-open a store. We explored needs and interest in a pilot regional warehouse and distribution system for north-central North Dakota, aimed at reducing wholesale costs and improving food access.

Many store operators are trying everything in their power to earn customers and help their communities. This includes interest in innovative approaches to after-hours access such as climate-controlled lockers like those installed in Fordville and Park River, or through door entry and security systems with self-checkout as in Munich and soon at Hurdsfield's Farm and Family Center.

The Decline of Rural Grocery Stores

Grocery stores are as essential to small-town survival as water, emergency services, and healthcare. Yet, since 2014, North Dakota has lost 47 rural grocery stores, leaving only 90 remaining.

Some rural residents often travel 100-200 miles to buy groceries in one of the state's 10 largest cities at big box stores, while others lack the means. And those big box stores benefit from unfair wholesale pricing advantages, unchecked since the 1980s due to lack of Robinson-Patman Act enforcement. The result? Independent grocers' market share has dropped from 53% in 1982 to just 22% today (Institute for Local Self-Reliance).

This leaves rural communities increasingly dependent on distant markets, paying higher transportation and fuel costs. With a shrinking supply chain—now reliant on warehouses in Fargo, Grand Forks, and Billings, MT—many rural towns are at risk of becoming food deserts, and eventually, ghost towns.

Public-Private Partnerships: Shared Solutions

We seek government support only where needed, with private-sector solutions remaining the primary model for store operations. However, rural grocery stores increasingly require public and nonprofit support for loans, grants, technical assistance with research and planning activities, plus infrastructure, or in other words, the building and equipment.

Here's how NDAREC and our partners are helping:

- 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 \$200,000 to service many types of rural development projects statewide.
- 2) The NDAREC rural development center facilitates requests to a private organization that 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. The donor organization prefers to remain anonymous.
- 3) USDA's Rural Economic Development Loan and Grant program has also been of help. Along with Dakota Valley Electric Cooperative, in 2013, staff attained a 0% interest \$1 million loan for LaMoure's new grocery and hardware store.

Ongoing and Future Needs

Despite the resources outlined, demand for rural grocery support far exceeds available funding. NDAREC is actively working on several projects and monitoring others including:

- 1) Exploration of a proposed pilot north central regional grocery warehouse to serve a 100-mile area around Minot.
- 2) A smaller collaboration in the Emmons-McIntosh county area.
- 3) A desire for retirement and transition of store ownership in Fessenden and Maddock, interest in expansion and renovation projects in Milnor and Abercrombie and hope for a rebuild in Enderlin.
- 4) Interest by citizens in Dunn Center, Lincoln and Casselton in fostering investment in grocery stores.

Conclusion

A state investment through SB 2228 will complement federal, cooperative, private sector, community, and philanthropic efforts to retain, expand, and reopen rural grocery stores.

Rural grocery sustainability is not just about food—it's about keeping small towns alive where people deserve access to the necessities in life.

House members will also be considering SB 2390, which proposes broader rural development grants. We support this bill, too, but believe when it comes to support of rural grocery stores, our state cannot afford to wait for the establishment of a new oversight committee, program criteria and application process. SB 2228 ensures dedicated funding for rural grocery stores in 2025, providing immediate relief and preventing further closures.

For these reasons, NDAREC urges a "Do Pass" recommendation on SB 2228.

SENATE BILL 2228

Amendment Suggestion – March 17, 2025

A BILL for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability grant program.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION - DEPARTMENT OF COMMERCE - RURAL GROCERY

STORE SUSTAINABILITY GRANTS - ONE-TIME FUNDING. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing grants for the preservation of rural grocery stores and increasing the availability of food access in the state, for the biennium beginning July 1, 2025, and ending June 30, 2027. The department shall prioritize grant funding awarded under this section for supporting existing rural grocery stores before awarding grant funding for ~~feasibility costs related to reopening a grocery store in a~~ **community without a grocery store or feasibility costs.** The funding may not be used for food processing or offsite preparation operations of a rural grocery store. The department of commerce shall establish guidelines for awarding grants under this section. This funding is considered a one-time funding item.

ND Commerce Rural Food Sustainability Grant Program, 2023-2025 Biennium

Administered by the Office of Community Development and Rural Prosperity

Funding [Senate Bill No. 2273 - Sixty-eighth Legislative Assembly of North Dakota - LC Number 23.0708.02000](#)

Purpose The purpose of the rural food sustainability grant program is to support the expansion of sustainable grocery service, access to food, and/or development and expansion of food co-ops in rural areas. Food co-ops are centralized facilities or nonprofits that play a crucial role in aggregating, storing, processing, and distributing food to consumers, retailers, institutions, or other markets. This grant program aims to address specific challenges faced by rural communities related to food access, economic development, and sustainability.

Program Objectives

- Strengthen local and regional food systems by facilitating the efficient movement of healthy, quality foods within rural areas.
- Improve the quality and safety of existing grocery supply.
- Encourage partnerships and collaboration between local organizations, businesses, and government entities.
- Support innovative approaches to address unique challenges faced by rural areas in sustainable food supply and delivery.
- Foster community development and revitalization efforts in rural regions.
- Provide collaboration between food supply and community entities such as restaurants, schools or other entities which purchase grocery products which provides positive economic impacts for the community/region.
- The program will be broken into two components:
 - Component one: conduct feasibility studies to assess the viability of potential projects or initiatives aimed at increasing food accessibility and sustainability in rural areas.
 - Component two: support the creation or expansion projects or initiatives that aim to increase food accessibility and sustainability for entities that have developed profit loss statements and backup materials to show the expansion of the project will be sustainable.

This grant will not fund regular maintenance of equipment or facilities, projects that do not provide increased affordability and availability of food products, or applications that do not have sustainable profit/loss or business plans which provides long term sustainability for food access.

Eligible Entities: Rural Nonprofits, City, County, Economic Development organization (JDA, regional Councils, EDC, CVB) and local tribal entities. *Rural shall be defined as any community or region, based on the application, with a population of less than 10,000.*

Matching Requirements Matching funds are encouraged but not required.

Component 1 Timeline Applications open: September 8, 2023 Awarded: October 24, 2023

Component 2 Timeline Applications open: Tuesday, January 16, 2024 Awarded: Tuesday, February 27, 2024

Component 1: Up to \$20,000 per community

- Total Awarded Phase one: \$115,000
- Total Number of Applicants: 11
- Total Requests: \$220,000

Component 2: Up to \$300,000 per community

- Total Awarded Phase 2: \$880,000
- Total Number of Applicants: 12
- Total Requests: \$2,703,000

Total Est. Populations Touched by Grant Dollars: 371,000

Component 1 Awardees

- **City of Milnor:** \$20,000 for a feasibility study which showed the need and ability to support in the community. Next steps will be to add on space for their existing grocery store to accommodate freezer, canned goods and other needs in the community.
- **Pembina County JDA:** \$20,000 to complete a feasibility study.
- **Strengthen ND:** \$20,000 complete a feasibility study and determined a Mobile Market Truck distribution service operated at the Strong Farm Incubator near Baldwin, ND can attain economic self-sufficiency provided the service has sufficient daily utilization of the truck by local food producers and processors to transport their products to customers.
- **Hazleton Development Corporation:** \$20,000 completed a feasibility study showing interest and ability to support a regional food hub and distribution center was sustainable.
- **City of Casselton Economic Development:** \$20,000 to complete a feasibility study and provide data to prove a grocery store would be feasible in the community. They are actively pursuing an owner/operator or chain to locate in the community.
- **North Dakota Rural Electric Cooperative Foundation:** \$15,000 to support the planning of a regional grocery warehouse and food hub in the Minot area serving a 100-mile radius, and guidance in implementation and expansion of a start-up grocery cooperative in Emmons and McIntosh Counties.

Component 2 Awardees

- **Rural Access Distribution Cooperative:** \$243,000 for the shared services co-op, which involves the communities of Park River, Hoople, Edinburg and Fordville to purchase a new larger delivery truck and a climate-controlled van for small deliveries, plus to construct a concrete slab for food lockers in Fordville. The lockers in Fordville had previously been installed inside a building and would overheat. Relocating the lockers outside will resolve this issue. Food lockers in Park River and Fordville should become operational in early 2025 and expands the opportunity for new customers.
- **City of Enderlin – CDC:** \$20,000 to complete a feasibility study.
- **Hazleton Development Corporation:** \$183,000 for the expansion of a hub location and purchase of mobile market truck to facilitate local foods cooperative, serving the communities surrounding Hazleton. Napoleon, which was initially in the hub declined participation. Zeeland, Hauge, Strasburg, Linton also considered but concerned about changing distribution. Ashley, which was not part of the initial discussion has now expressed an interest in participating and being a hub distributor. Additionally, Linton Senior Center and Hazleton School are participating on a small level.
- **Baldwin/Strengthen ND:** \$300,000 to support the construction of the first-of-its-kind regional local foods processing facility near Baldwin in Burleigh County, serving a 100-mile radius. This was part of a regional agriculture and

economic development project and is tied to a \$675,000 grant from the EDA, complemented by \$168,329 in local funds, is projected to create 47 new jobs and generate an impressive \$1.8 million in private investment.

- **Crystal Community Boosters:** \$134,000 to match locally raised funds and assist in the purchase and reopening of the local convenience store which added groceries and restaurant.

ND COMMERCE — RURAL FOOD SUSTAINABILITY GRANT PROGRAM

FUNDING SOURCE: SENATE BILL 2273 (68TH LEGISLATIVE SESSION)

Supplemental Progress Update

Compiled by the N.D. Association of Rural Electric Cooperatives — Rural Development Center

City of Milnor: \$20,000 for a feasibility study posted at www.milnornd.com. The study proved their hypothesis that the existing store's walk-in freezer, refrigeration units, and backroom storage for dry goods and prep are inadequate to meet the area's needs. This causes shortages of foods to replenish the customer access areas and does not allow the manager to order in bulk to receive discounts that in turn could be given to the customer. As an example, the backroom walk-in freezer is one-third the size it would normally be.

The community would like to build on, but city officials indicate it is not monetarily feasible without a grant of about \$300,000 to match what the city can do, which is \$100,000. The City owns the building and keeps the rent low to allow the business to function. This is Milnor's only grocery store. They do not have a dollar stores.

City of Enderlin: \$20,000 for a grocery store feasibility study. The community's previous store closed in 2023, and its equipment was sold. To address this gap, the city is examining possibilities for a new store. A survey in early 2025 will gather input from area residents about essential products, expected shopping frequency, and interest in innovative models such as 24-hour key fob access combined with limited on-site staffing. Findings will help determine public and private sector support for investing in a new store, which will likely involve acquiring land, constructing and equipping a new facility, as no suitable existing buildings are available.

Pembina County JDA: \$20,000 for a feasibility study to identify needs, challenges and opportunities to improve food access in Pembina and Nelson counties. Early findings show rural residents prefer to shop locally, but will travel or order online for better prices and quality. The applicant is using Placer.AI, which tracks cell phone data, to gain insights into foot traffic at stores, particularly looking at impacts of Dollar General stores on local grocery consumer visits. They'll next be interviewing grocery store owners to assess interest in collaboration via a grocery co-op or other innovative solution.



Testimony of Briselda Hernandez Herrera in support of SB2228
To the House Finance and Taxation Committee
Monday, March 17, 2025

Chairman Headland, Vice Chairman Hagert, and Committee Members,

My name is Briselda Hernandez Herrera, and I am the Executive Director of Souris Basin Planning Council (SBPC). SBPC serves a seven-county region comprised of Bottineau, Burke, McHenry, Mountrail, Pierce, Renville, and Ward counties.

This testimony is in support of SB2228. SB2228 is a necessary response to the pressing food access challenges faced by rural communities within our seven-county region. Our region has experienced a decline in rural grocery stores leaving many residents with limited access to healthy and affordable food options. Communities recently affected by permanent or temporary store closures include Drake, Mohall, Westhope, Bottineau, Powers Lake, and New Town. There are several communities who have expressed a need for greater access to food options including Granville and Plaza. SB2228 will provide funding for existing grocery stores to implement solutions that will make them more sustainable and that will help increase food access in communities that currently do not have grocery stores. By passing SB2228, you will help ensure that grocery stores remain in our communities.

Thank you for your time and consideration.

Briselda Hernandez Herrera
briselda@sourisbasin.org
701.712.7308

2025 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

SB 2228
3/18/2025

A BILL for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability grant program.

10:00 a.m. Chairman Headland opened the meeting.

Members Present: Chairman Headland, Vice Chairman Hagert, Representatives D. Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, J. Olson, Steiner, Toman

Members Absent: Representative Porter

Discussion Topics:

- Associated costs

10:01 a.m. Representative J. Olson moved a Do Pass and re-refer to Appropriations.

10:01 a.m. Representative Dressler seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Jason Dockter	Y
Representative Ty Dressler	Y
Representative Jim Grueneich	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	Y
Representative Jeremy Olson	Y
Representative Todd Porter	AB
Representative Vicky Steiner	Y
Representative Nathan Toman	N
Representative Austin Foss	Y
Representative Zachary Ista	Y

10:03 a.m. Motion passed 12-1-1

10:03 a.m. Representative Dockter will carry the bill.

10:04 a.m. Chairman Headland Adjourned the meeting.

Janae Pinks, Committee Clerk

**REPORT OF STANDING COMMITTEE
ENGROSSED SB 2228 ([25.1205.02000](#))**

Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (12 YEAS, 1 NAY, 1 ABSENT OR EXCUSED AND NOT VOTING). SB 2228 was rereferred to the **Appropriations Committee**.

2025 HOUSE APPROPRIATIONS

SB 2228

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2228
3/27/2025

A BILL for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability grant program.

9:58 a.m. Chairman Vigesaa opened the meeting.

Members present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Discussion Topics:

- Grocery Delivery Cold Storage Locker

10:02 a.m. Representative Hagert introduced the bill and answered questions.

10:19 a.m. Chairman Vigesaa closed the meeting.

Krystal Eberle, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2228
4/14/2025

A BILL for an Act to provide an appropriation to the department of commerce for a rural grocery store sustainability grant program.

10:00 a.m. Chairman Vigesaa opened the meeting.

Members present: Chairman Vigesaa, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Member absent: Vice Chairman Kempenich, Representative: Meier

Discussion Topics:

- Committee Action

10:06 a.m. Representative Hanson moved Do Pass.

10:06 a.m. Representative Monson seconded the motion.

10:10 a.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	AB
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glenn Bosch	N
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	N
Representative Bob Martinson	Y
Representative Lisa Meier	AB
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y

Representative Scott Wagner	N
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10:10 a.m. Motion passed 18-3-2.

10:10 a.m. Representative Dockter will carry the bill.

10:12 a.m. Chairman Vigesaa closed the meeting.

Krystal Eberle, Committee Clerk

**REPORT OF STANDING COMMITTEE
ENGROSSED SB 2228 ([25.1205.02000](#))**

Appropriations Committee (Rep. Vigesaa, Chairman) recommends **DO PASS** (18 YEAS, 3 NAYS, 2 ABSENT OR EXCUSED AND NOT VOTING). Engrossed SB 2228 was placed on the Fourteenth order on the calendar.