H.B. 1057
Apr 27, 2026
HOUSE PRINCIPAL CLERK

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL DRH30539-NPa-22

Short Title: Affordable Food Act. (Public)

Sponsors: Representative Pittman.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO STRENGTHEN FOOD SECURITY, SUPPORT NORTH CAROLINA FARMERS, PROTECT AGRICULTURAL LAND, EXPAND FOOD ACCESS IN URBAN AND RURAL COMMUNITIES, AND PROHIBIT THE PRACTICE OF DYNAMIC PRICING IN RETAIL GROCERY STORES.

The General Assembly of North Carolina enacts:

PART I. LEGISLATIVE FINDINGS

SECTION 1. Legislative Findings. – The General Assembly makes the following findings:

(1) Food insecurity has increased across North Carolina due to rising food costs, supply chain disruptions, and reductions in federal nutrition and food assistance programs.

(2) North Carolina farmers and food producers face economic instability resulting from market volatility, declining institutional demand, and development pressures on agricultural land.

(3) Urban, rural, military, and veteran populations experience distinct food access challenges that require targeted and coordinated State responses.

(4) Preservation of farmland is essential to long-term food security, rural economic stability, and responsible land-use planning. North Carolina is expected to lose 1,200,000 acres of farmland by 2040 to urban and residential development, the second most farmland lost among any state in the nation.

(5) Strategic State investment in food procurement, distribution infrastructure, and nutrition assistance can simultaneously strengthen farm viability and improve food access.

PART II. SNAP NUTRITION INCENTIVE WAIVER/PROGRAMS

SECTION 2.1.(a) By January 1, 2027, the Department of Health and Human Services, Division of Social Services (Division), shall request a waiver from the United States Department of Agriculture (USDA) authorizing the State to operate a nutrition incentive program that would increase the purchasing power of food and nutrition services benefits (also known as the federal Supplemental Nutrition Assistance Program or SNAP) for fruits, vegetables, and other healthy foods. The Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services within 30 days of the USDA's decision to either grant or deny the waiver.

SECTION 2.1.(b) This section is effective when it becomes law.

SECTION 2.2.(a) Part 5 of Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

"**§ 108A-53.5. Incentive programs for food and nutrition services.**

(a) Purpose. – The purpose of this section is to expand access to nutritious food for recipients of food and nutrition services programs in this State by supporting and funding nutrition incentive programs that increase the purchasing power of food and nutrition services benefits for fruits, vegetables, and other healthy foods.

(b) Definitions. – The following definitions apply in this section:

(1) Double-Up Food Bucks. – Nutrition incentive programs modeled on or affiliated with the Double-Up Food Bucks network that match food and nutrition services electronic benefit transfer (EBT) benefits for the purchase of eligible foods at participating locations.

(2) Nutrition incentive program. – A program that increases the purchasing power of food and nutrition services benefits by providing matching funds, tokens, credits, or similar incentives for the purchase of fruits, vegetables, and other nutritious foods at authorized retail locations, including grocery stores, farmers markets, farm stands, community-supported agriculture programs, mobile markets, or other qualifying vendors.

(3) SNAP. – The federal Supplemental Nutrition Assistance Program also known as the State's food and nutrition assistance program.

(c) Program Authorization and Administration. – The Department shall administer food and nutrition services nutrition incentive programs as authorized by federal law and in accordance with this section. In administering the program, the Department shall do each of the following:

(1) Establish, operate, expand, or support the State's participation in Double-Up Food Bucks, Market Match, Healthy Incentives Program, or similar SNAP nutrition incentive programs.

(2) Enter into contracts, cooperative agreements, or memoranda of understanding with nonprofit organizations, local governments, farmers, farmers market associations, grocery retailers, food cooperatives, or other public or private entities to implement and operate nutrition incentive programs.

(3) Seek, receive, accept, and administer federal, State, local, and private funds to expand food and nutrition services nutrition incentive programs.

(4) Provide technical assistance, outreach, education, and operational support to vendors, market operators, and communities to increase participation in nutrition incentive programs.

(d) Incentive Matching and Benefit Structure. – Nutrition incentive programs implemented pursuant to this section shall meet all applicable federal requirements and do the following:

(1) Match electronic food and nutrition benefit purchases for fruits, vegetables, and other nutritious foods at a rate determined by the Department based on available funding and federal guidelines.

(2) Ensure that incentive matches are redeemable at participating locations at the point of purchase or through token, voucher, or electronic credit mechanisms approved by the Department.

(e) Report. – The Department shall submit a report no later than December 1 of each year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division of the General Assembly that, at a minimum, includes each of the following:

(1) The number of participating food and nutrition services benefits households.

(2) The total amount of food and nutrition services benefits matched.

(3) The number and type of participating vendors.

(4) The geographic distribution of program activity.

(5) The outcomes related to access to healthy food."

SECTION 2.2.(b) This section is effective upon approval from the USDA of the waiver requested under Section 2.1 of this Part.

SECTION 2.3.(a) There is appropriated from the General Fund to the Department of Health and Human Services, Division of Social Services, the sum of eleven million dollars ($11,000,000) in recurring funds for the 2026-2027 fiscal year to support SNAP matching funds, program administration, outreach, and other nutrition incentive purposes authorized under this Part, subject to approval of the waiver set forth under Section 2.1 of this Part. If the USDA does not approve the waiver, these funds shall revert to the General Fund.

SECTION 2.3.(b) Subsection (a) of this section is effective July 1, 2026.

SNAP FUNDING IN RESPONSE TO H.R. 1

SECTION 2.4.(a) There is appropriated from the General Fund to the Department of Health and Human Services, Division of Central Management and Support, the sum of sixteen million dollars ($16,000,000) in recurring funds beginning in the 2026-2027 fiscal year. These funds shall be used to cover the loss in federal receipts for the administrative costs of the federal Supplemental Nutrition Assistance Program (SNAP) as a result of Public Law 119-21. The Department may allocate a portion of these appropriated funds to any division within the Department that incurs a loss of federal receipts for the administrative costs of SNAP as a result of Public Law 119-21. The Department shall only spend the portion of these appropriated funds up to the actual amount of lost federal receipts.

SECTION 2.4.(b) There is appropriated from the General Fund to the Department of Health and Human Services, Division of Social Services, the sum of sixty-nine million dollars ($69,000,000) in recurring funds beginning in the 2026-2027 fiscal year to cover the loss of federal receipts for the administrative costs of the federal Supplemental Nutrition Assistance Program (SNAP) as a result of Public Law 119-21. The Division of Social Services shall distribute these funds to counties proportional to each county's loss of federal receipts. The Division of Social Services shall only spend the portion of these appropriated funds up to the actual amount of lost federal receipts.

SECTION 2.4.(c) This section becomes effective July 1, 2026.

PART III. AGRICULTURAL STABILIZATION AND FARMLAND PRESERVATION

STATE FOOD PROCUREMENT AND FARMER STABILIZATION PROGRAM

SECTION 3.1.(a) Chapter 106 of the General Statutes is amended by adding a new Article to read:

"Article 1C.

"Food Assistance Programs.

"**§ 106-26.25. State Food Procurement and Farmer Stabilization Program.**

(a) Program Established. – The State Food Procurement and Farmer Stabilization Program is established within the Department of Agriculture and Consumer Services for the purpose of purchasing food products grown or processed in North Carolina for distribution to public and nonprofit food assistance programs. The Department shall administer the Program in a manner that both encourages broad participation among North Carolina farmers and food producers and prioritizes procurement from small and mid-sized farms, beginning farmers, historically underserved producers, and producers located in economically distressed or rural areas.

(b) Program Funds; Authority. – The Department may use funds appropriated for the Program for costs related to food purchasing, aggregation, storage, transportation, and coordination, in addition to the Department's reasonable administrative expenses. The

Department may enter into contracts, cooperative agreements, or direct purchase arrangements necessary to administer the Program.

(c) Reporting Requirement. – No later than February 15 of each year, the Department shall submit a report on the Program to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division. Each report shall contain, at a minimum, all of the following information:

(1) The total amount of funds expended to date.
(2) The geographic distribution of the funds expended to date.
(3) The types and quantities of food products procured.
(4) The names and localities of each farmer and producer from whom the Department procured food products."

SECTION 3.1.(b) There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of nine million dollars ($9,000,000) in recurring funds for the 2026-2027 fiscal year to administer the State Food Procurement and Farmer Stabilization Program.

FARMLAND PRESERVATION AND LAND USE

SECTION 3.2.(a) G.S. 106-744(c) reads as rewritten:

"(c) There is established a "North Carolina Agricultural Development and Farmland Preservation Trust Fund" to be administered by the Commissioner of Agriculture. The Trust Fund shall consist of all monies received for the purpose of purchasing agricultural conservation easements or funding programs that promote the development and sustainability of farming and assist in the transition of existing farms to new farm families, or monies transferred from counties or private sources. The Trust Fund shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3. The Commissioner shall use Trust Fund monies for any of the following purposes:

(1) For the purchase of agricultural conservation easements, including transaction costs.
(2) For the costs of public and private enterprise programs that will promote profitable and sustainable family farms through assistance to farmers in developing and implementing plans for the production of food, fiber, and value-added products, agritourism activities, marketing and sales of agricultural products produced on the farm, and other agriculturally related business activities.
(2a) To provide farmland preservation grants to local governments and nonprofit land conservation organizations.
(2b) To provide local governments with technical assistance and capacity-building support related to farmland preservation planning and implementation.
(3) To fund conservation agreements to bring into or maintain farmland in active production of food, fiber, and other agricultural products.
(4) For the costs of administering the program under this Article, including the cost of staff and staff support."

SECTION 3.2.(b) There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of forty-seven million dollars ($47,000,000) in recurring funds for the 2026-2027 fiscal year to be allocated to the North Carolina Agricultural Development and Farmland Preservation Trust Fund to be used for purposes consistent with this Fund.

PART IV. FOOD DISTRIBUTION AND TARGETED ASSISTANCE

TARGETED MILITARY AND VETERAN FOOD ASSISTANCE PROGRAM

SECTION 4.1.(a) Article 1C of Chapter 106 of the General Statutes, as enacted by Section 3.1 of this act, is amended by adding a new section to read:

"**§ 106-26.30. Targeted Military and Veteran Food Assistance Program.**

(a) Program Established. – The Targeted Military and Veteran Food Assistance Program is established within the Department of Agriculture and Consumer Services for the purpose of addressing food insecurity among members of the military, military veterans, and military families.

(b) Program Funds; Authority. – The Program shall be used to provide food assistance to veterans and members of the Armed Forces of the United States and the North Carolina National Guard, in addition to their dependents and other members of their household, who are experiencing or at risk of experiencing food insecurity. The Department may use funds appropriated for the Program for costs related to food purchasing, aggregation, storage, transportation, and coordination, in addition to the Department's reasonable administrative expenses. The Department shall procure and distribute, to the extent practicable, nutritious food products grown or processed in North Carolina.

(c) Eligibility. – The Department may establish eligibility criteria consistent with this section for individuals and households to receive food assistance from the Program. The Department may prioritize assistance to households experiencing demonstrable food insecurity and financial hardship.

(d) Program Administration; Coordination. – The Department shall administer the Program in coordination with food banks, food assistance programs, veterans' service organizations, military family support organizations, and other appropriate public or private partners. The Department may enter into contracts, cooperative agreements, or direct purchase arrangements necessary to administer the Program.

(e) Reporting Requirement. – No later than February 15 of each year, the Department shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division. Each report shall contain, at a minimum, all of the following information:

(1) The total amount of funds expended to date.
(2) The number of individuals and households served, disaggregated by beneficiary category.
(3) The types and quantities of food distributed.
(4) The geographic distribution of benefits provided under the Program."

SECTION 4.1.(b) There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of one hundred forty million dollars ($140,000,000) in recurring funds for the 2026-2027 fiscal year to administer the Targeted Military and Veteran Food Assistance Program.

STRENGTHENING FOOD DISTRIBUTION PROGRAMS

SECTION 4.2. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of twenty million dollars ($20,000,000) in nonrecurring funds for the 2026-2027 fiscal year to be used to issue grants to nonprofit and local government administered food assistance programs for the purposes of expanding and strengthening food storage, transportation, coordination, and distribution capacity.

PART V. URBAN AND RURAL FOOD ACCESS

MOBILE MARKETS AND FOOD BANK GRANT PROGRAM

SECTION 5.1.(a) Article 1C of Chapter 106 of the General Statutes, as enacted by Section 3.1 of this act, is amended by adding a new section to read:

"**§ 106-26.35. Mobile Markets and Food Bank Grant Program.**

(a) Program Established. – The Mobile Markets and Food Bank Grant Program is established within the Department of Agriculture and Consumer Services for the purpose of expanding access to nutritious food in rural and underserved areas of the State. The Program shall support mobile food pantries, temporary or pop-up food distribution sites, mobile markets, and similar food distribution models designed to serve populations experiencing food insecurity.

(b) Program Administration. – The Department of Agriculture and Consumer Services shall administer the Program in consultation with the Department of Health and Human Services. In administering the Program, the Department of Agriculture and Consumer Services may enter into interagency agreements to allocate responsibilities related to program design, grantmaking, monitoring, and reporting. The Department of Agriculture and Consumer Services may coordinate with food banks, nonprofit organizations, local governments, tribal governments, and other appropriate public and private partners to carry out the purposes of this section.

(c) Eligible Grant Recipients. – Grants under this section may be awarded to the following entities operating in North Carolina:

(1) Food banks and food pantries.
(2) Nonprofit organizations.
(3) Units of local government.
(4) Tribal governments.

(d) Eligible Uses of Funds. – Grant funds may be used for costs necessary to establish, expand, or operate eligible food distribution activities, including costs related to the following:

(1) Vehicles, trailers, or mobile units.
(2) Refrigeration, storage, and food handling equipment.
(3) Temporary site setup, staffing, and logistics.
(4) Food procurement and aggregation.
(5) Outreach, coordination, and reasonable administrative expenses.

(e) Program Requirements and Prioritization. – The Department of Agriculture and Consumer Services shall develop application procedures, eligibility requirements, award criteria, and reporting standards necessary to carry out this section. In awarding grants, the Department shall prioritize projects that serve rural communities, areas with high rates of food insecurity, and populations with limited access to traditional retail food outlets.

(f) Reporting Requirements. – No later than February 15 of each year, the Department of Agriculture and Consumer Services shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division. Each report shall contain, at a minimum, the following information:

(1) The total amount of funds awarded and expended.
(2) The number and type of grantees awarded funds.
(3) A description of the populations served by the grantees.
(4) A description of the geographic distribution of funds provided under the Program."

SECTION 5.1.(b) There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of eight million dollars ($8,000,000) in recurring funds for the 2026-2027 fiscal year to administer the Mobile Markets and Food Bank Grant Program.

GROCERY STORE AND FOOD RETAIL PILOT PROGRAM

SECTION 5.2.(a) Grocery Store and Food Retail Pilot Program. – There is established the Grocery Store and Food Retail Pilot Program to increase access to affordable, nutritious food in underserved areas and food deserts across the State. The Pilot Program shall provide loans and grants to support capital costs associated with the establishment, expansion, or rehabilitation of grocery stores, food cooperatives, mobile markets, or similar food retail outlets that offer a meaningful selection of staple foods and fresh produce.

SECTION 5.2.(b) Program Administration. – The Department of Health and Human Services shall administer the Pilot Program in consultation with the Department of Commerce and the Department of Agriculture and Consumer Services. The Department of Health and Human Services may enter into public-private partnerships and cooperative agreements with financial institutions, community development financial institutions, local governments, nonprofit organizations, and other appropriate entities to carry out the purposes of this section.

SECTION 5.2.(c) Grantmaking and Loan Authority. – The Department of Health and Human Services is authorized to award grants and low-interest or forgivable loans under the Pilot Program. The Department shall develop eligibility criteria, application procedures, and geographic targeting standards, including, where practicable, criteria to identify underserved areas and food deserts. The Department may establish maximum award amounts, matching fund requirements, repayment terms for loans, and performance requirements to ensure the long-term sustainability of participating retail outlets. Funds awarded under this section may be used for eligible capital expenses, including the following:

(1) Land acquisition or site preparation.
(2) Construction, renovation, or build-out costs.
(3) Refrigeration, shelving, and food storage equipment.
(4) Energy efficient or climate resilient infrastructure.
(5) Other capital costs determined by the Department to be necessary to support viable food retail operations.

SECTION 5.2.(d) Reporting Requirement. – No later than February 15, 2028, the Department of Health and Human Services shall submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division a report containing the following information:

(1) The amount of funds awarded and expended.
(2) The number and type of retail outlets supported.
(3) The geographic distribution of awards.
(4) An estimation of the population served.
(5) An account of the Program's effectiveness in expanding food access in participating communities.

SECTION 5.2.(e) Appropriation. – There is appropriated from the General Fund to the Department of Health and Human Services the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2026-2027 fiscal year to administer the Grocery Store and Food Retail Pilot Program.

PART VI. PROHIBIT RETAIL GROCERY STORES FROM DYNAMIC PRICING USING ELECTRONIC SHELF LABELS

SECTION 6.(a) Chapter 75 of the General Statutes is amended by adding a new Article to read:

"<u>Article 9.</u>

"<u>Dynamic Pricing.</u>

"**<u>§ 75-150. Definitions.</u>**

<u>For purposes of this Article, the following definitions apply:</u>

<u>(1) Dynamic pricing. – A practice by which a retail price is increased, decreased, or otherwise changed during the course of a business day or more frequently than once in a 24-hour period.</u>
<u>(2) Electronic shelf label. – A digitally controlled or electronically connected display placed on or near a shelf, product, or point-of-sale that displays the price or pricing information for a consumer good offered for sale.</u>

(3) Household essential good. – A consumer good used for cleaning, hygiene, sanitation, baby care, or other ordinary household purpose.

(4) Retail grocery store. – A retail store engaged primarily in the sale of food, beverages, household essential goods, or a combination of these products for off-premises consumption or use.

"**§ 75-151. Prohibition on dynamic pricing through electronic shelf labels in retail grocery stores.**

(a) It is unlawful for a retail grocery store to use an electronic shelf label to implement dynamic pricing for any food, beverage, or household essential good offered for retail sale.

(b) A retail grocery store may only use an electronic shelf label for the following purposes:

(1) To display a price that does not change more than once in a 24-hour period.

(2) To correct a pricing error.

(3) To comply with State or federal law.

(4) To apply a price reduction or markdown that is uniformly available to all consumers.

(c) Nothing in this section shall be construed to prohibit a temporary sales price, promotional price, or manager's special, so long as the price is set on a nondiscriminatory basis and is not changed more than once in a 24-hour period through an electronic shelf label.

"**§ 75-152. Enforcement.**

A violation of this Article is an unfair or deceptive trade practice under G.S. 75-1.1.

"**§ 75-153. Civil penalty.**

In addition to any other remedies provided by law, the Attorney General may bring a civil action to recover a civil penalty of not more than five thousand dollars ($5,000) for each violation of this Article. Each distinct price change in violation of this Article constitutes a separate violation."

SECTION 6.(b) This section becomes effective October 1, 2026, and applies to acts or omissions occurring on or after that date.

PART VII. EFFECTIVE DATE

SECTION 7. Except as otherwise provided, this act becomes effective July 1, 2026.