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## Local Government Committee

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### HB 2313

**Brief Description:** Concerning publicly owned grocery stores.

**Sponsors:** Representatives Farivar, Parshley, Berry, Ryu, Tharinger, Reeves, Scott, Mena, Reed, Ramel, Cortes, Zahn, Street, Kloba, Taylor, Doglio, Morgan, Gregerson, Berg, Macri, Fosse, Hill, Pollet and Bernbaum.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Authorizes cities to establish publicly owned grocery stores in underserved areas with food access gaps.</li></ul>
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**Hearing Date:** 1/27/26

**Staff:** Elizabeth Rehn (786-7129).

**Background:**

Tax Increment Financing.

Tax increment financing (TIF) is a method of allocating a portion of property taxes to finance economic development in urban areas. Typically, under TIF, a local government issues bonds to finance public improvements. To repay its bondholders, the local government is permitted to draw upon regular property tax revenue collected from property owners inside a special district surrounding the site of the public improvements.

Construction of public improvements can increase the market values of nearby properties. Increases in value can result in increased property taxes for each taxing district that includes property near the public improvement. Under TIF, the local government making the improvement gets all of the resulting tax revenue increase. For example, if a city makes an improvement that raises nearby property values, the city gets all of the resulting increase in

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property taxes, rather than sharing that increase with the state, county, and other local districts under the normal property tax allocation system.

Local governments are authorized to designate a TIF and use tax allocation revenues to pay public improvement costs if certain conditions are met.

#### Department of Commerce Capital Grant.

The Department of Commerce offers capital grants to nonprofit organizations to support planning and readiness activities for capital grants. This includes funding for predevelopment and preconstruction work. To be eligible, an applicant must be a nonprofit organization licensed to do business in Washington that is not fiscally sponsored. The nonprofit must have a capital project that is expected to be completed or ready for building to begin by 2030.

#### **Summary of Bill:**

Cities are authorized to establish publicly owned grocery stores in underserved areas with food access gaps. In establishing a publicly owned grocery store, a city may acquire land and buildings; construct or rehabilitate an existing building; lease buildings to private or nonprofit operators, including long-term leases; transfer property to a community redevelopment authority for management and operation; and take private property for public use through eminent domain.

A city may apply for a capital grant when establishing a publicly owned grocery store. Eligible uses of grant funds include property acquisition, property rehabilitation or tenant improvements, equipment and other operating costs, security and site infrastructure, and establishing food locker systems in underserved areas. A food locker system is a refrigerated or climate-controlled secure locker-based food distribution system that allows for scheduled or on-demand food pickup and operates on a 24-hour basis.

A city may also establish a tax increment financing area. Revenue collected may be used for property acquisition, redevelopment of existing grocery store sites, and improving access to existing funds.

A publicly owned grocery store may be:

- publicly owned and operated by city employees;
- publicly owned and operated by a third party, including a private or non-profit entity; or
- cooperatively owned and operated with land, property, and operational support provided by the city and operations governed by a nonprofit entity or cooperative board.

A contract between a city and a nonprofit entity or cooperative board must include specified provisions including hours of operation and categories and types of products to be sold.

A city that establishes a publicly owned grocery store must report annually to the Department of Commerce on:

- the financial status of the grocery store;

- community access to food;
- the number of jobs created or retained;
- for grocery stores funded through tax increment financing:
  - an annual fiscal report; and
  - an impact assessment on surrounding redevelopment;
- for publicly owned grocery stores operated by a third party:
  - data on sales categories, provided by the grocery store operator; and
  - compliance with contractual requirements and benchmarks established by the city.

A publicly owned grocery store is added as a public improvement for purposes of establishing a tax increment financing area.

**Appropriation:** None.

**Fiscal Note:** Requested on January 21, 2026.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.