

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 7, 2013

TO: Honorable Tracy O. King, Chair, House Committee on Agriculture & Livestock

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3616 by Burnam (Relating to the establishment of a community development grocery store revolving loan fund program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3616, As Introduced: a negative impact of (\$10,135,047) through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$10,061,819)
2015	(\$73,228)
2016	(\$73,354)
2017	(\$73,485)
2018	(\$73,619)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund	Change in Number of State Employees from FY 2013
	1	
2014	(\$10,061,819)	0.8
2015	(\$73,228)	1.0
2016	(\$73,354)	1.0
2017	(\$73,485)	1.0
2018	(\$73,619)	1.0

Fiscal Analysis

The bill would implement the recommendations in the report, "Use Public-Private Partnerships to Increase the Number of Grocery Stores in Low-Income Areas," in the Legislative Budget Board's Government Effectiveness and Efficiency Report submitted to the Eighty-Third Texas Legislature, 2013.

The bill would create a revolving loan trust fund to be held at a community development financial institution (CDFI) on behalf of the Texas Department of Agriculture (TDA) to be used to award low interest loans to applicants for building grocery stores in food deserts, as defined by the United States Department of Agriculture.

The fund would be allowed to collect funds appropriated by the legislature, gifts or grants received from public or private sources, and interest income from money held in the fund. TDA would award a contract to a CDFI after evaluating the CDFI's success of implementing similar programs, ability to raise additional capital and its solvency. The CDFI in consultation with TDA would develop a scoring system to rank applicants loan applications. All applicants that receive a loan would establish the business in a food desert and would be required to accept Supplemental Nutrition Assistance Program (SNAP) and Women, Infants and Children (WIC) programs.

All income from the revolving loan program would be property of the CDFI. No later than December 1 of each even-number year TDA, in coordination with the CDFI, shall submit a report to the House Appropriations Committee, the Senate Finance Committee, the Governor, and the Legislative Budget Board containing the number of entities receiving the loans, the repayment rates of the loans, the total amount of money loaned, the amount of commercial square footage of commercial space created, the number of jobs created or retained, the average wages of the jobs created or retained, and the additional property tax revenue gained by local entities. The bill specifies a timeframe for adopting rules to administer the loan fund, designating a CDFI as recipient of the funds, and transfer of the funds to the CDFI.

The act would take effect September 1, 2013.

Methodology

The LBB estimates establishing a revolving loan fund would require \$10,000,000 in General Revenue funds. TDA estimates that 1 FTE would be required to manage the program. For the 1 FTE, the LBB estimates a cost of \$61,819 (includes travel, salary, benefits, and other costs) in General Revenue Funds for Fiscal Year 2014 and approximately \$73,228 in Fiscal Year 2015 and beyond.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 551 Department of Agriculture, 304 Comptroller of Public Accounts

LBB Staff: UP, SZ, GG, BM, SD