

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 25, 2017

TO: Honorable Carol Alvarado, Chair, House Committee on Urban Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3324 by Rodriguez, Eddie (Relating to the establishment of a grocery access investment fund program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3324, As Introduced: a negative impact of (\$5,000,000) through the biennium ending August 31, 2019.

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
2018	(\$2,500,000)
2019	(\$2,500,000)
2020	(\$169,511)
2021	(\$194,511)
2022	(\$208,511)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Texas Grocery Access Investment Fund - Outside the Treasury	Probable Revenue Gain/(Loss) from Texas Grocery Access Investment Fund - Outside the Treasury	Change in Number of State Employees from FY 2017
2018	(\$2,500,000)	(\$2,180,473)	\$2,180,473	1.0
2019	(\$2,500,000)	(\$2,167,489)	\$2,167,489	1.0
2020	(\$169,511)	(\$356,234)	\$356,234	1.0
2021	(\$194,511)	(\$740,343)	\$740,343	1.0
2022	(\$208,511)	(\$829,393)	\$829,393	1.0

Fiscal Analysis

The bill would amend the Government Code relating to the establishment of a grocery access investment fund program. The bill would require the Texas Department of Housing and

Community Affairs (TDHCA), in cooperation with public and private sector partners, to establish the Texas grocery access investment fund program to provide financing to construct, rehabilitate, or expand grocery stores or other projects as determined by TDHCA to increase food access in underserved low-income and moderate-income areas in the state. Under the provisions of the bill, the Texas grocery access investment fund would be a trust fund outside the treasury. The bill would permit the fund to be composed of different funds including, money received from a private financial institution, private grants or loans, money appropriated by the Legislature, or other types of financial assistance.

The bill would require TDHCA to contract with one or more entities through a public-private partnership to administer the program. Under the provisions of the bill, a contracted entity would be required to establish program guidelines, raise matching funds, promote the program, evaluate applications, distribute grants or loans, and monitor compliance. Under the provisions of the bill, TDHCA would be required to establish rules to administer Subchapter BB, Chapter 2306, Government Code. The bill would permit TDHCA to contract with an appropriate academic institution to establish monitoring and accountability mechanisms for projects receiving funds through the program. Under the provisions of the bill, TDHCA would create project eligibility guidelines and provide financing through the application process. The bill provides criteria to determine if a project is eligible for financing.

The bill would require TDHCA to adopt rules to administer Subchapter BB, Chapter 2306, Government Code by December 1, 2017. The bill would require TDHCA to contract with one or more entities as required by the provisions of the bill by December 15, 2017. The bill would require TDHCA to transfer money held by TDHCA for the purpose of the program by January 15, 2018.

The bill would take effect September 1, 2017.

Methodology

Based on information provided by TDHCA, it is assumed \$2.5 million in General Revenue in fiscal year 2018 and 2019 would be needed to implement the Texas Grocery Access Investment Program. According to TDHCA, the administrative costs for implementation of the program would total \$319,567 in fiscal year 2018 in General Revenue and \$332,511 in fiscal year 2019 in General Revenue at the agency. According to TDHCA, the agency would need one Full-Time Equivalent (FTE) each fiscal year for operation of the program, including \$67,250 in salaries and \$24,627 in employee contributions in fiscal year 2018 (including 0.25 Attorney FTE and 0.75 Program Specialist FTE) and \$63,000 in salaries and \$23,071 in employee contributions in fiscal year 2019 (including 1.0 Program Specialist FTE). TDHCA reported costs of \$2,250 in General Revenue for equipment and office supplies in fiscal year 2018, including \$1,250 in a one-time start up cost for a computer and \$1,000 in General Revenue for office supplies each year thereafter. According to TDHCA, travel costs for the FTE would total \$10,440 in General Revenue each year.

According to TDHCA, the agency would incur costs of \$215,000 in fiscal year 2018 and \$235,000 in fiscal year 2019 for professional fees associated with contract management with other entities to administer the program.

According to TDHCA, costs to administer the program in future fiscal years would be \$169,511 in fiscal year 2020, \$194,511 in fiscal year 2021, and \$208,511 in fiscal year 2022. It is assumed General Revenue would be provided for this purpose

This analysis assumes funds transferred to the Texas Grocery Access Investment Fund would total

approximately \$2.2 million in General Revenue in fiscal year 2018 and 2019 and provide up to 108 loans each fiscal year. The agency estimates loan repayments from the initial 216 loans to total approximately \$0.4 million in fiscal year 2020 and increase to \$0.8 million in fiscal year 2022. This analysis assumes loan repayments would be deposited back into the trust fund to provide new loans for the program and that the initial investment and loan repayments would be distributed.

This analysis assumes the program would be scalable based on the amount of available funding for the program under the provisions of the bill.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Technology

Costs above include \$1,250 in a one-time computer cost in fiscal year 2018 for the additional FTE.

Local Government Impact

According to the Texas Municipal League, the fiscal impact to municipalities is not anticipated to be significant.

Source Agencies: 304 Comptroller of Public Accounts, 332 Department of Housing and Community Affairs, 551 Department of Agriculture

LBB Staff: UP, JGA, EH, EK, SD, MSO