

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 24, 2019

TO: Honorable Angie Chen Button, Chair, House Committee on Urban Affairs

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB1252 by Rodriguez (Relating to the establishment of a grocery access investment fund program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1252, As Introduced: a negative impact of (\$5,000,000) through the biennium ending August 31, 2021.

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
2020	(\$2,500,000)
2021	(\$2,500,000)
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain 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
2020	(\$2,500,000)	\$0	(\$2,267,622)	\$2,267,622
2021	(\$2,500,000)	\$0	(\$2,256,791)	\$2,256,791
2022	(\$79,878)	\$79,878	(\$718,903)	\$718,903
2023	(\$91,610)	\$91,610	(\$824,495)	\$824,495
2024	(\$105,066)	\$105,066	(\$945,597)	\$945,597

Fiscal Year	Change in Number of State Employees from FY 2017
2020	1.0
2021	1.0
2022	0.5
2023	0.5
2024	0.5

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. 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, federal, state, or 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. 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. 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. The agency 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.

TDHCA would be required to adopt rules to administer the program by December 1, 2019. The bill would require TDHCA to contract with one or more entities as specified by the bill by December 15, 2019. The bill would require TDHCA to transfer money held by TDHCA for the program to the Texas grocery access investment fund by January 15, 2020.

The bill would take effect September 1, 2019.

Methodology

Based on information provided by TDHCA, it is assumed \$2.5 million in General Revenue in fiscal years 2020 and 2021 would be needed to implement the Texas Grocery Access Investment Program. This would include administrative costs for implementation of the program, assumed at no more than ten percent of the loan program funding, totaling \$232,378 in fiscal year 2020 and \$243,209 in fiscal year 2021 in General Revenue for staff and professional fees.

The agency indicates it would need one Full-Time Equivalent (FTE) in the first two fiscal years for operation of the program, at a first year cost of \$69,575 for salary, \$24,303 for retirement, benefits and payroll contribution, \$11,000 for travel, and \$2,500 for a computer workstation, equipment and supplies, for a total of \$107,378. The second year costs total \$99,705. According to TDHCA, the agency would incur costs of \$125,000 in fiscal year 2020 and \$143,504 in fiscal year 2021 for professional fees associated with contracts with other entities to administer the program.

This analysis assumes funds transferred to the Texas Grocery Access Investment Fund would total approximately \$2.3 million in fiscal year 2020 to provide 113 loans and \$2.3 million in fiscal year 2021 to provide up to 130 loans. Interest rates are assumed to range from zero to three percent. The agency estimates loan repayments to total approximately \$0.4 million in fiscal year 2021 and increase to \$1.1 million in fiscal year 2024.

In fiscal years 2022 to 2024, the staffing need would be reduced to 0.5 FTE, and the cost would range from \$79,878 in fiscal year 2022 to \$105,066 in fiscal year 2024. A portion of the loan repayments would be deposited to General Revenue to pay for these administrative costs in fiscal years 2022-2024. The bulk of the loan repayments would be deposited back into the investment fund to provide new loans for the program. The number of loans estimated in fiscal years 2022-24 is 36, 41, and 47.

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.

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: WP, AF, SGr, MB, JGa, SD