



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 149 of the 128th G.A.

Date: October 7, 2009

Status: As Introduced

Sponsor: Rep. Luckie

Local Impact Statement Procedure Required: No — Minimal cost

Contents: Provides for financial incentives to establish supermarkets and grocery stores in underserved communities

State Fiscal Highlights

STATE FUND	FY 2010	FY 2011	FUTURE YEARS
Facilities Establishment Fund (Fund 7037)			
Revenues		Gain from loan repayments	
Expenditures	Increase of up to \$10.0 million for financial assistance to eligible grocery stores	- 0 -	- 0 -
Economic Development Financing Operating Fund (Fund 4510)			
Revenues	Potential gain from program fees	- 0 -	- 0 -
Expenditures	Potential minimal increase in administrative costs	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The bill authorizes the expenditure of up to \$10.0 million in FY 2010 from the Facilities Establishment Fund (Fund 7037) in the Department of Development for financial assistance to establish grocery stores in underserved communities. Loan repayments under the program would be deposited into the fund.
- The Department of Development's Economic Development Financing Operating Fund (Fund 4510) may incur additional costs to administer the program, which may be supported by any associated application or commitment fees.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2010	FY 2011	FUTURE YEARS
Counties, Municipalities and Townships			
Revenues	Potential gain in building permit fee revenue and local tax revenue	Potential gain in building permit fee revenue and local tax revenue	Potential gain in building permit fee revenue and local tax revenue
Expenditures	Potential minimal increase in administrative costs	Potential minimal increase in administrative costs	Potential minimal increase in administrative costs

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Local governments may receive additional revenue from building permit fees and applicable taxes resulting from the construction and establishment of underserved community groceries funded under the bill. Associated administrative costs to local governments would likely be minimal at most.

Detailed Fiscal Analysis

Ohio Fresh Food Initiative

The bill creates the Ohio Fresh Food Initiative, to be administered by the Department of Development (ODOD), for the purpose of providing grants, loans, and loan guarantees under Chapter 166. of the Revised Code to support the establishment of supermarkets and grocery stores in underserved communities. Current law prohibits funds awarded under Chapter 166. from being used to support any projects for which the end use is as a retail establishment. The bill creates an exception for underserved community groceries, defined as a supermarket or other grocery store located in a census tract that has a below-average density of supermarkets or a majority low-income population.

Facilities Establishment Fund

The bill authorizes the expenditure of up to \$10.0 million in FY 2010 for this purpose, to be paid from line item 195615, Facilities Establishment, in the Facilities Establishment Fund (Fund 7037). These funds are appropriated in addition to the \$65.0 million appropriated to the line item in H.B. 1, the main operating budget act for the FY 2010-FY 2011 biennium. The Facilities Establishment Fund is supported by the proceeds of economic development bonds issued by the Treasurer of State and repaid through liquor profits. As of October 6, 2009, the Facilities Establishment Fund carried a cash balance of \$75.4 million. Depending on the amount of money encumbered for other financial incentives supported by the fund (166 Direct Loans, Ohio Enterprise Bond Fund Loans, etc.) and revenues received from the proceeds of currently outstanding obligations, it is possible that there would be a need to issue some additional debt to support the Fresh Food Initiative.

It should be noted that loans issued from the Facilities Establishment Fund are subject to approval by the Development Financing Advisory Council (DFAC) and the Controlling Board and are typically awarded on a reimbursement basis, meaning that funds are only disbursed to borrowers once a project has been completed or certain criteria have been met. For instance, DFAC might approve a project in FY 2010, and the Controlling Board may approve the commitment of dollars appropriated in FY 2010 for the project. Those funds would be set aside until the completion of the project, which may not occur until FY 2011, at which point they would be disbursed to the recipient, who would then be required to pay back the loan at the terms approved by ODOD and DFAC.

Administrative costs

ODOD may incur new administrative costs to run the Fresh Food Initiative program. The administration of Chapter 166. loan programs is currently funded through the Economic Development Financing Operating Fund (Fund 4510), line item 195625, Economic Development Financing Operating, with an appropriation of about \$1.9 million in FY 2010. The amount of such an increase would likely depend on any additional eligibility requirements, application procedures, and other program administration rules adopted under the rulemaking authority currently granted to the Director of Development under Chapter 166.

Possible indirect local effects

Local governments may see additional revenues from building permit fees and applicable property, income, and business taxes resulting from the development and construction of grocery stores in underserved areas. There could also be minimal administrative costs related to any local oversight of projects.