

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 12, 2007  
POSITION: Oppose

BILL NUMBER: SB 48  
AUTHOR: E. Alquist  
RELATED BILLS: SB 107 (Alquist)

**BILL SUMMARY: Community Development: Healthy Food Choices**

This bill would require the Department of Public Health (DPH), in partnership with related programs within the Business, Transportation, and Housing Agency, to establish a grant and loan program (Program) for projects that would provide retail food markets offering high quality fruits and vegetables in underserved communities, contingent on an appropriation by the Legislature for support of the Program. This bill also would establish the Healthy Food Retail Innovations Fund and sunset the Program on January 1, 2015.

**FISCAL SUMMARY**

Based on Pennsylvania’s experience introducing a Fresh Food Financing Initiative, this bill would result in cost pressures of \$400,000 General Fund in the first year of implementation, and \$9.3 million General Fund in subsequent years. State operations staffing costs include 8.0 positions to manage the Program, work with external contractors, draft the required legislative report, and provide clerical assistance. External contracts would include a contract with a financial institution to manage the financing elements of the Program and a contract with a community based organization to provide technical assistance to grant and loan recipients.

While this bill would establish a special fund to support the Program, there would be no distinct revenue source associated with the special fund. The author’s office indicates that the intent is that the Legislature appropriate money from the General Fund into the special fund to implement the Program. Therefore, all costs associated with this bill would be General Fund.

**COMMENTS**

Finance is opposed to this bill for the following reasons:

- Although the bill would be implemented only by an appropriation by the Legislature, the bill would create a General Fund pressure of \$400,000 in the first year of operation and \$9.3 million in subsequent years. Funding for these costs is not included in the Administration’s fiscal plan.
- There are several existing programs within the DPH that could be used to address the issues in this bill including the “5 A Day—For Better Health” program, which encourages individuals to increase consumption of fruits and vegetables and the Healthy Food Purchase pilot program which, when funded, would implement various strategies, including grants to local grocers, to increase the sale and purchase of fresh fruits and vegetables in low-income communities. As such, this bill is duplicative and unnecessary.

Analyst/Principal (0553) K. DaRosa	Date	Program Budget Manager Michael Wilkening	Date
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Department Deputy Director	Date
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Governor’s Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)

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**ANALYSIS**

## A. Programmatic Analysis

**Current law** requires the DPH, subject to an appropriation, to develop a Healthy Food Purchase pilot program to increase the sale and purchase of fresh fruits and vegetables in low-income communities. The pending 2007-08 Budget does not include an appropriation for the pilot program.

**This bill would:**

- Require the DPH, in partnership with related programs within the Business, Transportation, and Housing Agency, to establish a grant and loan program (Program) for projects that would provide retail food markets offering high quality fruits and vegetables in underserved communities.
- Require Program funding to be provided to nonprofit or governmental entities on a one-time competitive basis for land acquisition, refrigeration units or other equipment, construction or rehabilitation of land improvements, technical assistance, workforce development and training, business plan costs and select feasibility studies.
- Require the DPH, or DPH contractor, to rate and rank applicants by a priority-ordered criteria. The criteria would include the community income level and degree to which it is underserved, the degree to which the project will improve access to healthy foods, the likelihood of success and self-sustainability, community support, positive economic impact, and other criteria established by the DPH.
- State the Legislature's intent that the funds provided under the Program be used to leverage other funding.
- Require the DPH, or DPH contractor, to provide an annual report on projects funded through the Program describing outcome data.
- Establish the Healthy Food Retail Innovations Fund to receive funds appropriated by the Legislature and made available to the DPH to support the Program.
- Provide that implementation of the Program would be contingent upon an appropriation by the Legislature.
- Sunset the Program on January 1, 2015.

**Analysis:** According to the author's office, the purpose of this bill is to address inadequate access to healthy food in lower income and underserved communities and that this bill would help retail food markets obtain the support they need to sell healthy foods in underserved communities. SB 107 (Alquist) is substantially similar to this bill but was held on the Senate Appropriations Suspense file.

Finance notes that, when funded, the Healthy Food Purchase pilot program established by Chapter 236, Statutes of 2006 would implement various strategies, including grants to local grocers, to increase the sale and purchase of fresh fruits and vegetables in low-income communities.

## B. Fiscal Analysis

Pennsylvania introduced a Fresh Food Financing Initiative to increase the number of supermarkets or other grocery stores in underserved communities in Pennsylvania. The State appropriated \$20 million to leverage an additional \$60 million in funding. Based on the Pennsylvania model, this bill would result in cost pressures of \$400,000 General Fund in the first year of implementation, and \$9.3 million General Fund in subsequent years. State operations staffing costs include 8.0 positions to manage the Program, work with external contractors, draft the required legislative report, and provide clerical assistance. External contracts would include a contract with a financial institution to manage the

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financing elements of the Program and a contract with a community based organization to provide technical assistance to recipients of the Program funds.

While this bill would establish a special fund to support the Program, there would be no distinct revenue source associated with the special fund. The author's office indicates the intent is that the Legislature would appropriate money from the General Fund into the special fund to implement the Program. Therefore, all costs associated with this bill would be General Fund.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP	2007-2008		2008-2009		2009-2010		
	RV	98	FC	FC	FC	FC			
4265/PublicHealth	SO	No		-----	See Fiscal Analysis	-----			0001
4265/PublicHealth	LA	No		-----	See Fiscal Analysis	-----			0001