


Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: November 15, 2010

SUBJECT: Fiscal Impact Statement – “Food, Environmental, and Economic Development in the District of Columbia Act of 2010”

REFERENCE: Bill Number 18-967, Draft Shared with OFCO on November 8, 2010

Conclusion

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation.

Background

The Food, Environmental, and Economic Development in the District of Columbia Act of 2010 (FEED-DC) proposes new programs in the Office of the Deputy Mayor for Planning and Economic Development (DMPED) and the Department of Small and Local Business Development (DSLBD) that would provide incentives for grocery stores, corner stores, and small food retailers to locate in underserved areas, offer fresh fruits and vegetables, and accept as payment benefits from assistance programs such as Supplemental Nutrition Assistance Program (SNAP)¹ and Women, Infants, and Children (WIC).

Specifically the proposed legislation would:

- Establish a Grocery Store Development Program at DMPED, which would seek federal funding, provide grants, loans, federal tax credits, technical assistance, or any other financial assistance to said stores, through a working group that includes the DC Housing Authority, Office of Planning, and the Washington DC Economic Partnership.

¹ Commonly known as food stamps.

- Require grocery stores that participate in the Grocery Store Development Program to apply to accept SNAP and WIC benefits, enter into First Source Agreements, and sell fresh produce. A grocery store participating in the program must commit in writing to these conditions for at least 5 years.
- Require DMPED to identify a Grocery Store Ambassador who would provide market research and data on areas with insufficient grocery store access, coordinate with relevant agencies or public utilities, expedite regulatory procedures or approvals, and provide other assistance to grocery stores as needed.
- Allow grocery stores in eligible areas to participate in the Green Building Expedited Construction Documents Review Program.
- Amend the Supermarket Tax Exemption Act of 2000² by modifying the existing definition of "Priority Development Area" to "Eligible Area." Eligible Area means a census tract with 60 percent or lower AVERAGE Median Income, as defined by the US Department of Housing and Urban Development.
- Allow the Mayor to process Supermarket Tax Incentives applications and send the completed application to the Office of Tax and Revenue to implement.
- Establish the Healthy Food Retail Program within DSLBD that would provide grants, loans, federal tax credits, technical assistance, and any other financial assistance when funding is available to help improve display areas and interiors of corner stores. DSLBD may seek assistance from nonprofit organizations to implement the program and the University of the District of Columbia may provide nutrition education resources.
- Encourage corner stores and farmers markets that participate in the Healthy Food Retail Program to apply to accept SNAP and WIC benefits, employ District residents, and commit in writing to these conditions for at least 3 years.
- Require DSLBD to convene a working group that would develop a plan to establish a commercial distribution system for fresh produce and healthy foods to corner stores and submit a report to the Mayor and the Council.
- Require the District Department of the Environment (DDOE) to develop tools and resources for corner stores to become more energy efficient.

Financial Plan Impact

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation. The proposed legislation does not create any new entitlements or mandates. Rather, it puts in place a program that could be funded in the future through various funding sources including non-District funds.

Thus, some provisions would not be fully implemented until additional resources become available. For example, the Grocery Store Development Program within DMPED may not be able to convene a working group until additional funding is available. The Grocery Store Development Program will not be able to distribute grants, loans, federal tax credits, other financial assistance, or technical assistance until funding is available through local or federal appropriations. The Grocery Store Ambassador can be identified and appointed without any funding support, and the market research and data collection can be done by DMPED's existing resources.

² Effective October 4, 2000 (D.C. Law 13-365; D.C. Official Code § 47-3801 *et seq.*)

DSLBD has \$300,000 available in one-time funds in FY 2011 for nonpersonal expenses for healthy grocery initiatives in underserved areas. These funds can be used to provide corner stores assistance through the Healthy Food Retail Program, as well as cover any costs incurred by DSLBD.³

DDOE has an existing program called the “Small Business Energy Efficiency” (“Small Business Program”) through which it can assist corner stores to become more energy efficient, so long as they apply and meet the eligibility requirements of the program.⁴ The Small Business Program is funded through the American Recovery and Reinvestment Act (ARRA) through 2012. If additional assistance is required beyond what is available through the existing program, DDOE would need additional resources.

Lastly, modifying the definition of areas covered by the Supermarket Tax Exemption Act of 2000 would not expand or contract the eligible areas in any significant way, and therefore is not expected to impact current or projected tax expenditures under this program, as incorporated into the budget and financial plan.

Because Federal and District anti-deficiency laws⁵ prohibit District officers and employees from exceeding agency appropriations in any fiscal year, if additional funds are necessary to support the implementation of the proposed legislation, they would need to be appropriated in future years.

³ DSLBD has stated that they would need to hire a consultant to assist with the required report, as they do not have the expertise on staff. They have also indicated that they may need to hire an additional FTE to assist with implementing the grant program.

⁴ Given the current ARRA funding available, approximately \$7,000 is available per corner store up to 50 stores. Based on the grant funding rules, grants are distributed on a first come, first served basis and any small business can apply for the grants. Therefore no amount of these funds can be set aside specifically for corner stores, corner stores will not be given preference over other small businesses, and corner stores will have to apply for funding.

⁵ 31 U.S.C § 1341 (2007) and D.C. Official Code § 47-355.01 *et seq.* (2001)