

OFFICE OF FISCAL ANALYSIS

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sHB-6854

AN ACT ESTABLISHING THE OFFICE OF THE FOOD ACCESS
ADVOCATE AND TAX INCENTIVES FOR GROCERY STORES IN
FOOD DESERTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Social Services, Dept.	GF - Cost	at least 115,000	at least 112,600
State Comptroller - Fringe Benefits ¹	GF - Cost	45,000	46,100
Department of Economic & Community Development	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 24 \$	FY 25 \$
Various Municipalities	Potential Revenue Loss	See Below	See Below

Explanation

Sections 1 - 3 of the bill result in a cost to the Department of Social Services (DSS) to hire a Food Access Advocate to act as the administrator and chief executive officer of the newly established Office of the Food Access Advocate. This results in personnel costs of at least \$105,000 in FY 24 and \$107,600 in FY 25 (with associated fringe costs of \$45,000 and \$46,100, respectively), as well as operating costs of approximately

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 42.82% of payroll in FY 24.

\$10,000 in FY 24 and \$5,000 in FY 25. The Food Access Advocate may, within available appropriations, appoint, retain, or employ any officers, financial managers, social workers, or other professionally qualified personnel on a contract basis or otherwise as needed. DSS would likely incur additional staffing or contract costs based on the direction of the Advocate.

Section 4 allows a municipality to provide a short-term property tax abatement for any new grocery store established in a food desert during two assessment years. This results in a potential revenue loss to municipalities in FY 24 through FY 26. The extent of the revenue loss is dependent on the amount of the abatement and the number of such grocery stores.

Section 5 allows municipalities to receive state financial assistance, up to the amount of abated property taxes under Section 4, in the form of a state grant-in-aid. This will mitigate, in whole or part, any revenue loss from the property tax abatement for grocery stores in food deserts beginning in FY 24.

This section also results in a potential cost to the DECD, as the bill allows DECD discretion in awarding any grant-in-aid. The total potential cost per fiscal year is dependent upon the aggregated amount of property tax abatement approved by municipalities.

Section 6 does not result in a fiscal impact by requiring DECD to develop a strategic plan to provide incentives for grocery store construction in a food desert and file a report on the plan by January 1, 2024. It is anticipated that DECD can develop this plan within existing resources.

The Out Years

The annualized ongoing fiscal impact identified for Sections 1-3 above would continue into the future subject to inflation and the needs of the Food Access Advocate. The ongoing fiscal impact identified in Sections 4 - 5 above would continue only through FY 26.