



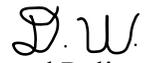
September 27, 2023

**FISCAL AND POLICY NOTE**

TO: Jennifer A. Jenkins  
Council Administrator

William M. Hunt  
Deputy Council Administrator

THRU: Josh Hamlin   
Director of Budget and Policy Analysis

FROM: David Williams   
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement  
CB-082-2023 Grocery Store Tax Credits

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CB-082-2023 (*Proposed and introduced by:* The Chair of the Council at the request of the County Executive)

Assigned to the Government Operations and Fiscal Policy (GOFP) Committee

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**AN ACT CONCERNING GROCERY STORE TAX CREDITS** for the purpose of increasing both real and personal tax credits for eligible grocery stores within the designated healthy priority areas.

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**Fiscal Summary**

**Direct Impact:**

*Expenditures:* No anticipated additional expenditures, as the current administrative costs of this program are unlikely to change.

*Revenues:* Likely reduction in revenue due to the increased amount of credit.

**Indirect Impact:**

Potentially favorable.

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**Legislative Summary:**

CB-082-2023, proposed by the Chair of the County Council at the request of the County Executive. This bill was presented on September 6, 2023, and referred to the Government Operations and Fiscal Policy (GOPF) Committee. CB-082-2023 seeks to modify the current Healthy Food Priority Area Tax Credit from 80% to 100% for newly constructed or heavily renovated grocery stores in a healthy food priority area for their first 10 taxable years.<sup>1</sup> The bill provides definitions for eligible construction, grocery store, Healthy Food Priority Area, and the Health Food Priority Area Tax Credit. This bill would also increase the Grocery Store Tax Credit from 75% to 100%.

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**Background/Current Law:**

The Healthy Food Priority Area Tax Credit program was established under CB-003-2023<sup>2</sup> and codified under §10-235.26 of the Prince George’s County Code of Ordinances<sup>3</sup>. The original legislation dictates that any newly constructed or substantially renovated grocery stores located within a healthy food priority area will be eligible for an 80% annual tax credit on County personal property taxes for their first 10 taxable years. The terms that define eligible facilities and the “Healthy Food Priority Area” are within the contents of the bill. CB-075-2020 was enacted on November 17, 2020, authorizing stores within “Healthy Food Priority Areas” to be eligible for the tax credit.<sup>4</sup> The Grocery Store Tax Credit was enacted on November 12, 2014, under CB-18-2014 and authorizes a 75% property tax credit on any increased assessment that may be due to expansion, renovation, new construction, or vacant re-use of the commercial space for a grocery store.<sup>5</sup>

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**Resource Personnel:**

- Jose Souza, Assistant Deputy Chief Administrative Officer, Economic Development

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<sup>1</sup> Prince George’s County Council-[CB-082-2023](#)

<sup>2</sup> Prince George’s County Council-[CB-003-2023](#)

<sup>3</sup> Health Food Policy Project-[Section 10-235.26](#)

<sup>4</sup> Prince George’s County-[CB-075-2020](#)

<sup>5</sup> Prince George’s County-[CB-18-2014](#)

- David Iannucci, President, Prince George’s County Economic Development Corporation
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### **Discussion/Policy Analysis:**

In 2015, the Prince George’s County Planning Department released an assessment of the County’s access to healthy food options.<sup>6</sup> The findings determined that residents have a higher proportion of weight-related illnesses than the state as a whole and residents have cited store inventory as one of the primary drivers for lack of access to healthy food. Increasing the Healthy Food Priority Tax Credit and the Grocery Store Tax Credit to 100% will increase the incentives for producers to prioritize socioeconomically disadvantaged areas for the construction of grocery stores. This will increase grocer diversity and compete directly with the fast/prepared food markets. Additionally, this bill will provide existing store owners an incentive to make renovations to their physical infrastructure and inventories to take advantage of the tax credits.

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### **Fiscal Impact**

- *Direct Impact*

Enactment of CB-082-2023 is likely to have an adverse direct fiscal impact. The County may experience lower receipts from property tax revenues. The amount of this impact will be dependent on the amount of the incremental increase in the credit given to existing participants. Council staff expects to have information from the Office of Finance related to the current number of recipients and amounts of the credits in advance of the Committee meeting. This information will be provided in an addendum to this memorandum when it is received. All expenditures for the administration and execution of this bill will experience little to no change.

- *Indirect Impact*

Enactment of CB-082-2023 may have both adverse and favorable indirect fiscal impacts. To the extent that new applicants apply for and receive the Credits, there may be a further adverse indirect fiscal impact. However, if the incentives are effective, the County will experience greater food access and healthy food supplier diversity. This may drive increased consumer spending and reduce County public health costs.

*Appropriated in the Current Fiscal Year*

No.

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<sup>6</sup> MNCPPC-[Healthy Food for All Prince Georgians](#)

**Effective Date of the Proposed Legislation:**

The Act shall take effect forty-five (45) days after it becomes law.

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If you require additional information, or have questions about this fiscal impact statement, please reach out to me via phone or email.