



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of Audits and Investigations

October 7, 2020

### FISCAL AND POLICY NOTE

TO: Robert J. Williams, Jr.  
Council Administrator

William M. Hunt  
Deputy Council Administrator

THRU: Josh Hamlin  
Senior Legislative Budget and Policy Analyst

FROM: Isabel Williams  
Senior Legislative Budget and Policy Analyst

RE: Fiscal and Policy Note  
CB-075-2020, Grocery Store Real Property Tax Credit Focus Area

---

CB-075-2020 (*Proposed and Presented by:* Councilmembers Franklin, Glaros, Harrison, Davis, Taveras, Ivey, Dernoga, Streeter, Hawkins, Turner and Anderson-Walker)

Referred to the Committee of the Whole

---

AN ACT concerning GROCERY STORE REAL PROPERTY TAX CREDIT FOCUS AREA for the purpose of modifying the definition of a Grocery Store Focus Area and making Healthy Food Priority Areas eligible for the Grocery Store Real Property Tax Credit.

---

### Fiscal Summary

#### Direct Impact:

*Expenditures:* None.

*Revenues:* None.

#### Indirect Impact:

Potentially positive.

---

**Legislative Summary:**

CB-075-2020 was presented by Councilmembers Franklin, Glaros, Harrison, Davis, Taveras, Ivey, Dernoga, Streeter, Hawkins and, Turner and Anderson-Walker on September 22, 2020 and referred to the Committee of the Whole (COW). The Bill would amend the existing County law granting a property tax credit to grocery stores in certain disadvantaged or underserved areas in the County. Specifically, the Bill would redefine “grocery store focus area” to mean a “healthy food priority area,” as defined in Section 10-235.26 of the Code.

---

**Current Law/Background:**

The County Council enacted CB-018-2014 on November 12, 2014 to establish a tax credit for real property that is used for a grocery store located in an economically disadvantaged or underserved area.<sup>1</sup> Under the existing law, Division 23 of Subtitle 10 of the County Code, there is a tax credit against the county real property tax on grocery stores in “grocery store focus areas.” This credit is 75% of the amount of the property tax imposed on the increased assessment attributable to: (1) an expansion or renovation of a grocery store; (2) new construction of a grocery store; or (3) re-use of vacant commercial space for a grocery store.<sup>2</sup>

A “grocery store focus area” is defined in §10-310(a)(3) to mean either:

- (A) an area designated as a food desert by:
  - (i) the Secretary of the Maryland Department of Housing and Economic Development in accordance with Section 6-308(c) of the Housing and Community Development Article of the Annotated Code of Maryland; or
  - (ii) the United States Department of Agriculture; or
- (B) a vacant commercial space in Prince George's County that
  - (i) was previously occupied by a grocery store; or
  - (ii) is located within a commercial shopping center in operation for more than twenty-five (25) years.

The tax credit must be approved by resolution of the County Council and concurrence of the County Executive, which must establish the duration of the Grocery Store Tax Credit up to 10 years. Any credit granted under §10-311 immediately expires upon the ceasing of operations of the grocery store for which the credit was granted.

On July 14, 2020, the Council enacted CB-003-2020, which is codified at §10-235.26 of the County Code and establishes the Healthy Food Priority Area Tax Credit Program. This program authorizes a property tax credit against the County tax imposed on *personal property* of a grocery store that completes certain construction and is located in a “healthy food priority area.”

Under §10-235.26, “healthy food priority area” means either of the following:

---

<sup>1</sup> The State enabling legislation for the credit is at Section 9-254 of the Tax Property Article of the Annotated Code of Maryland.

<sup>2</sup> Code §10-311

- (A) An area designated by Council resolution with concurrence of the County Executive as a healthy food priority area due to a combination of the following factors:
  - (i) Limited availability of fresh fruit, vegetables, and other healthy food options in the designated area;
  - (ii) A presence of a significant number or share of low-income residents in the designated area;
  - (iii) Limited transportation options or access for local residents, including limited access to public transit, in the designated area;
  - (iv) Comments from municipal governments, if applicable; and
  - (v) Any other factors that the County Council and the County Executive determine are relevant; or
- (B) An area designated by Council resolution with concurrence of the County Executive as a healthy food priority area due to a vacancy created by a departed grocery store.

---

**Resource Personnel:**

Brendon Laster, Chief of Staff/Legislative Aide, At-Large

---

**Discussion/Policy Analysis:**

Currently, the County has two different tax credits aimed at grocery stores in underserved areas of the County: one on *real property*, created by CB-018-2014 (that this Bill amends); and one on *personal property* that was created by CB-3-2020. Both are aimed at incentivizing the location and retention of grocery stores in the same areas, yet under current law these areas are defined differently, as described above. Essentially, CB-075-2020 would synchronize these programs by amending the definition of “grocery store focus area” for the purposes of the real property credit to be the same as the “healthy food priority area” for the purposes of the personal property credit. This synchronization would be both more user-friendly for eligible stores, and likely easier for the County to administer.

CR-099-2020,<sup>3</sup> which was introduced on October 6, 2020 and will be considered at an upcoming COW session, is a complementary piece of legislation to this one, as it would designate by resolution the specific County healthy food priority areas as required by §10-235.26(a)(3)(A). This designation would result in both the real property and personal property tax credit programs being fully operational.

---

**Fiscal Impact:**

*Direct Impact*

Because this Bill would simply change the definition of the area of eligibility for the Grocery Store Tax Credit, its enactment should not have a direct fiscal impact. To the extent that the synchronization of this credit with the personal property tax credit authorized in the Healthy Food Priority Area Tax Credit Program increases the utilization of the credit, it may reduce County tax revenues by the amount of the increase.

---

<sup>3</sup> <https://princegeorgescountymd.legistar.com/LegislationDetail.aspx?ID=4657904&GUID=A8D293A0-340F-4F57-BDE2-A8EA193D61F7&Options=ID|Text|&Search=cr-99>

*Indirect Impact*

Similar to the direct impact, to the extent that the synchronization of this credit with the personal property tax credit authorized in the Healthy Food Priority Area Tax Credit Program increases the utilization of the credit, it may result in a positive indirect impact in the form of increased commerce in the targeted areas.

*Appropriated in the current fiscal year budget*

N/A

---

**Effective Date of Proposed Legislation:**

The proposed Bill shall become effective forty-five (45) calendar days after it becomes law.

---

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