

## **Fine Dining Incentive Program – Pros & Cons**

### **Pros**

#### **1. Enhances County Competitiveness**

- Targets a retail category (fine dining) often underrepresented in suburban jurisdictions.
- Helps the County compete with nearby markets (e.g., DC, Northern Virginia) for high-end restaurant operators.

#### **2. Drives Economic Activity & Tax Revenue**

- Fine dining establishments typically generate:
  - Higher per-customer spending
  - Increased sales and alcohol tax revenues
  - Can catalyze adjacent retail and nighttime economy activity.

#### **3. Supports Place-Making & Destination Appeal**

- Contributes to creating vibrant, mixed-use destinations—especially inside the Beltway.
- Enhances the County’s brand perception for residents, visitors, and investors.

#### **4. Attracts and Retains Affluent Consumers**

- Helps capture “leakage” of higher-income residents dining outside the County.
- May encourage discretionary spending to remain local.

#### **5. Job Creation (Higher Wage Potential)**

- Fine dining often includes:
  - Skilled culinary roles (chefs, sommeliers, managers)
  - Higher average wages compared to quick-service restaurants.

#### **6. Strategic Use of Existing Program Infrastructure**

- Leverages the existing EDI Fund framework, avoiding the need to build a new administrative system.
- Annual reporting requirement adds transparency and accountability.

#### **7. Time-Limited Pilot Structure**

- Sunset provision (January 1, 2030) allows for:
  - Program evaluation
  - Policy adjustment or discontinuation if ineffective.

## **Cons**

### **1. Opportunity Cost of EDI Funds**

- Allocating a set percentage to fine dining reduces flexibility to fund:
  - Industrial, office, small business, or workforce development initiatives may crowd out projects with broader economic impact.

### **2. Equity & Inclusion Concerns**

- Fine dining incentives may be perceived as:
  - Prioritizing upscale businesses over small, local, or minority-owned restaurants
  - Benefits may not be evenly distributed across income groups or geographies.

### **3. Market Demand Uncertainty**

- Fine dining success depends heavily on:
  - Restaurant/Restaurant group's level of interest in market
  - Household income density
  - Consumer demand patterns
  - Risk of incentivizing businesses that may not be sustainable long-term.

### **4. Geographic Concentration**

- Focus on locations inside the Beltway could:
  - Limit benefits to certain areas
  - Exclude growing corridors outside the Beltway that may also need investment.
  - Limits potential success in established markets (Bowie, Upper Marlboro, National Harbor) that would yield future locations in Prince Georges County.

### **5. Definitional & Implementation Challenges**

- “Fine dining” classification may be subjective (e.g., price point, service model, brand recognition).
- Could create inconsistencies or disputes in eligibility.

## **6. Potential for Limited ROI**

- High upfront incentives may not always translate into:
  - Long-term business viability
  - Significant job creation relative to cost
  - Risk of businesses leaving after incentives expire.

## **7. Perception of Government Picking Winners**

- Targeting a specific niche industry could raise concerns about:
  - Government overreach in market decisions
  - Fairness among other restaurant categories or industries.

## **8. Administrative & Reporting Burden**

- Annual reporting and program tracking may:
  - Increase staff workload
  - Require additional performance metrics and evaluation tools.

## **Key Considerations for Council Deliberation**

- Set-Aside Size: What percentage of the EDI Fund is appropriate without limiting broader economic development goals?
- Eligibility Criteria: How clearly and fairly is “fine dining” defined?
- Performance Metrics: How will success be measured (revenue, jobs, retention, brand impact)?
- Equity Measures: Are there pathways for minority-owned or local restaurateurs to participate?
- Geographic Balance: Should flexibility exist beyond the Beltway focus?
- Clawbacks / Safeguards: Are there protections if businesses underperform or exit early?