



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

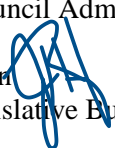
## Office of Audits and Investigations


November 10, 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: Cassandra Fields   
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Note  
CR-099-2020, Healthy Food Priority Areas - Designation

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**CR-099-2020** (Sponsored by: Council Members Franklin, Turner, Streeter, Dernoga, Ivey, Taveras, Glaros, Harrison, Davis, Hawkins and Anderson-Walker)

Referred to the Committee of the Whole (COW)

AN ACT CONCERNING HEALTHY FOOD PRIORITY AREAS - DESIGNATION, for the purpose of designating areas in Prince George's County as Healthy Food Priority Areas (HFPA).

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### Fiscal Summary

#### Direct Impact:

*Expenditures:* None. Any additional administrative costs associated with implementation should be absorbed by the Office of Finance.

*Revenues:* None. The Resolution merely designates the HFPA in which certain grocery stores would be eligible for real and personal property tax credits. *The credits themselves would negatively affect County revenues.*

#### Indirect Impact:

None. Any indirect impact would be a result of real and personal property tax credits issued under existing County law.

### **Legislative Summary:**

CR-099-2020, sponsored by Councilmembers Franklin, Turner, Streeter, Dernoga, Ivey, Taveras, Glaros, Harrison, Davis, Hawkins and Anderson-Walker was presented to the County Council on October 6, 2020 and referred to the Committee of the Whole (COW). CR-099-2020 seeks to designate specific areas within the County as Healthy Food Priority Areas (HFPA). The determination is based on the following criteria: availability of fresh fruits, vegetables and other healthy foods,<sup>1</sup> income,<sup>2</sup> transportation needs of local residents,<sup>3</sup> availability of public transportation,<sup>4</sup> comments from local municipalities, and any other consideration to be adopted or enacted at the discretion of the County Council and Executive.

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 (and amended this year by CB-075-2020); and one on personal property that was created earlier this year by CB-3-2020. Both tax credits are aimed at incentivizing the location and retention of grocery stores in the same areas. Adoption of this Resolution would designate the specific County healthy food priority areas as required by §10-235.26(a)(3)(A) of the County Code, resulting in both the real property and personal property tax credit programs being fully operational.

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### **Current Law/Background:**

As described above, the County Code currently provides for credits against both the real property and personal property taxes imposed on certain grocery stores located in designated “healthy food priority areas.” Council Bill 003-2020 created Section 10-235.26 of the County code and set forth that the County shall award an eighty percent (80%) annual tax credit against the county *personal property* taxes for a newly constructed or substantially renovated grocery store located, at the time of tax credit award, in a healthy food priority area for the first ten (10) taxable years after both (i) completion of eligible construction of the newly constructed or substantially renovated grocery store and (ii) expenditure on new personal property for the newly constructed or substantially renovated grocery store, subject to additional conditions.

Council Bill 075-2020 amended the existing County law granting a *real property* tax credit to grocery stores in certain disadvantaged or underserved areas in the County by redefining “grocery store focus area” to mean a “healthy food priority area,” as defined in Section 10-235.26 of the Code. This amendment synchronized the location eligibility criterion for both credits.

In advance of the enactment of recent state enabling legislation and the two Council Bills discussed above, the Prince George’s Healthcare Action Coalition had been working with the Health Department and Prince George’s Food Equity Council to create a mapping mechanism for both healthy and unhealthy food retailers

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<sup>1</sup> As measured by the Retail Food Environment Index (RFEI), which takes into consideration the percentage of food retail offerings in a specific census tract that are deemed “healthy”. [https://www.cdc.gov/obesity/downloads/census-tract-level-state-maps-mrfei\\_TAG508.pdf](https://www.cdc.gov/obesity/downloads/census-tract-level-state-maps-mrfei_TAG508.pdf)

<sup>2</sup> Based on the amount of income of required for working families to meet basic needs. \$67,553 is based on a family of four: 2 adults and 2 school aged children in Prince George’s County. <http://www.selfsufficiencystandard.org/maryland>

<sup>3</sup> As defined by minimal or no access to personal vehicles for transportation. This information was attained from the vehicle access data from the 2014-2018 estimates of the American Community Survey. <https://www.census.gov/acs/www/data/data-tables-and-tools/data-profiles/2018/>

<sup>4</sup> As identified by a map of County-operated bus stops attained through Prince George’s County Office of Information Technology (OIT).

within the County. This work included a needs assessment in conjunction with a multi-stakeholder prioritization effort which yielded a process by which GIS mapping was utilized to identify and display “food swamps” (areas with too many unhealthy food retailers) and healthy food retailers. After the passage of state and county legislation, the mapping process was accelerated.<sup>5</sup> It involved multiple county agencies, as well as community partners.

Ultimately, the interactive Healthy Food Priority Areas Map and data dashboard was developed. It compiles the aforementioned metrics to display areas that are eligible for the personal property grocery store tax credit and reduced permitting and licensing fees for food trucks. Additionally, the map displays zones grocers are permitted in and municipal and councilmanic district boundaries.<sup>6</sup> Healthy food retailers include grocery stores (small, medium, and large), seafood, and meat/poultry markets within census tracts or ½ mile from the tract boundary. Unhealthy food retailers include convenience stores, carry-outs, fast food-chains, and dollar stores within census tracts or ½ mile from the tract boundary. The remaining food retailers have been excluded from this initial analysis.<sup>7</sup>

Geographically, the vast majority of the areas fall within the Capital Beltway area of the County. There is a smattering of designated areas outside of the Beltway and slightly to the Northern portion of the County in this initial mapping model.<sup>8</sup>

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### **Discussion/Policy Analysis:**

After discussion in the COW on Thursday, November 5, 2020, it was noted that the Health Department was actively modifying the proposed legislation and/or metrics to include input received from local municipalities. Additionally, areas such as Eagle Harbor and the South County may not be accurately represented by the metrics being utilized. It was agreed that a process which would allow for updated adjustments on a periodic basis, or as necessary based on new data or external input directly from those communities impacted should be considered as part of the process.

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### **Fiscal Impact:**

#### *Direct Impact*

None. Adoption of CR-099-2020 would designate the Healthy Food Priority Areas for the Tax Credit Program. Prince George’s County expenditures could be minimally affected based on processing and administrative tasks necessary to accommodate the request for credit. However, adoption of CR-099-2020 would allow eligible grocery stores to claim the existing property tax credits, which would result in a reduction in County tax revenues equal to the amount of the credits granted.

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<sup>5</sup> <https://princegeorges.maps.arcgis.com/apps/opsdashboard/index.html#/9f9202c51cc345ab9e0e1aa21a23bb76>

<sup>6</sup> Id.

<sup>7</sup> Healthy Food Priority Areas Map Context Brief, as prepared in conjunction with the Prince George’s County Healthcare Coalition, Prince George’s County Health Department, and the Prince George’s County Food Equity Council.

<sup>8</sup> <https://princegeorges.maps.arcgis.com/apps/opsdashboard/index.html#/9f9202c51cc345ab9e0e1aa21a23bb76>

*Indirect Impact*

None. However, as noted in the previous Policy and Fiscal Impact Statements associated with CB-003-2020 and CB-075-2020, there could be possible (positive) savings associated with health care costs, related to an overall improved quality of health and lifestyle modifications. There could also be a potentially positive indirect impact related to economic development with additional retailers being attracted to areas currently being underutilized or sitting vacant. They could serve similar to a “junior anchor store” and not only attract additional shoppers and traffic but, businesses as well to a specific area.

*Appropriated in the Current Fiscal Year Budget*

No.

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**Effective Date of Proposed Legislation:**

The proposed Resolution shall be effective upon its adoption.

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If you require additional information, or have questions about this fiscal impact statement, please call me.