



## HOUSE BILL 1135

### *Property Tax Credit - Grocery Stores - Low-Income Areas*

March 11, 2010

#### **POSITION: Support**

Madame Chair and Members of the Ways and Means Committee:

On behalf of the members of the *Restaurant Association of Maryland*, we strongly support House Bill 1135, which would create a property tax credit for grocery stores that locate in low-income areas.

The restaurant industry has long been committed to promoting healthy lifestyles and proper nutrition. In fact, the *Restaurant Association of Maryland* is a member of the *Maryland Healthy Eating & Active Lifestyles Coalition*, which is a coordinated effort by the Maryland Department of Health and Mental Hygiene to promote better eating habits and stress the importance of physical activity. We have also worked closely with the Baltimore City Health Department as a member of the Salt Task Force to help identify, educate and address concerns about the correlation between high-sodium diets and hypertension, cardiovascular disease and related health ailments.

We strongly support House Bill 1135 and other efforts toward a comprehensive approach to improved nutrition and healthier lifestyles. Research has shown that access to fresh fruits and vegetables results in better eating habits and higher consumption of essential vitamins and other nutrients.

Supermarkets and smaller full-service grocery stores can provide a wide variety of fresh foods at relatively affordable costs. Their scarcity in low-income neighborhoods reflects business decisions about profitability. In some cases, these decisions are based in part on inaccurate data and faulty market analyses. In other cases, such decisions also reflect economic realities such as difficulties in securing conventional private financing, higher operating costs and lower profit margins.

Local governments have addressed these issues in a number of ways:

- **Baltimore City** developed public-private partnerships that brought 18 new grocery stores to the City between 2002 and 2004. These included a new supermarket developed in part with public funds. The City's quasi-public economic development arm works with developers to assemble land for grocery store development.

- **The District of Columbia** offers a ten-year property tax and license fee exemption for supermarkets that locate, expand or renovate in enterprise zones. Incentives also include a sales tax exemption for purchases of building materials and equipment. The District secured a new supermarket in its poorest ward, where there were no supermarkets at all, in part by selling City-owned land to a developer at a discounted price, with the stipulation that the space be leased to a supermarket.
- **Chicago** identifies potential grocery store sites and provides site-specific demographic information and contacts. Through *Retail Chicago*, the City's broader enterprise development program, grocery stores are eligible for a broad range of tax credits, tax exemptions and tax deductions. They also have access to a "one-stop shop" agency for assistance during site selection. This combination of outreach, facilitation and incentives has brought a number of new supermarkets to the City's low-income neighborhoods.

We believe that the property tax credit created by this legislation will be the first step in a series of incentives that will help improve nutrition and health in low-income areas. For these reasons, we hope that you will approve HB 1135 by giving it a favorable report.

Sincerely,

A handwritten signature in black ink, reading "Melvin R. Thompson", followed by a long horizontal flourish line extending to the right.

Melvin R. Thompson  
Senior Vice President  
Government Affairs and Public Policy