

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 541

(Senator McFadden)(By Request - Baltimore City
Administration)

Budget and Taxation

Ways and Means

Baltimore City - Property Tax Credit - Supermarkets

This bill authorizes Baltimore City to grant, by law, a property tax credit for personal property owned by a supermarket that completes eligible construction and is located in a food desert retail incentive area. Baltimore City must, by law, designate what constitutes a food desert retail incentive area for purposes of the tax credit. The property tax credit for a taxable year may not exceed the amount of property tax imposed on the personal property of a supermarket in that year.

Baltimore City may establish, by law, limits on the cumulative amount of property tax credits granted; additional limitations on the amount of the credit; additional eligibility requirements for supermarkets to qualify for the tax credit; additional criteria for what constitutes eligible construction that may qualify a supermarket for the tax credit; and any other provisions necessary.

The bill takes effect July 1, 2015, and applies to taxable years beginning after December 31, 2015.

Fiscal Summary

State Effect: None.

Local Effect: Baltimore City personal property tax revenues decrease beginning in FY 2017, to the extent the property tax credit is granted. The amount of the decrease depends on the number of supermarkets that meet the qualifications established by the city, the value of personal property owned by these supermarkets, and the amount of the property tax credit provided. Baltimore City expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill defines eligible construction as construction of a new supermarket or any substantial renovation of an existing supermarket. A supermarket is a grocery store that has (1) all major food departments, including produce, meat, seafood, dairy, and canned and packaged goods; (2) more than 50% of total sales derived from food sales; and (3) more than 50% of total floor space dedicated to food sales.

Current Law: Chapter 724 of 2010 authorized local governments to grant a property tax credit for real property that is used for a grocery store located in a low-income area. Local governments may provide for the amount and duration of the property tax credit, additional eligibility criteria, regulations and procedures for the application and uniform processing of requests for the tax credit, and any other provision necessary. A grocery store is defined as an establishment whose primary business is selling food at retail to the general public for off-premises consumption and at least 20% of the gross receipts of which are derived from the retail sale of fresh produce, meats, and dairy products. A low-income area must be designated by each local government for the purposes of the property tax credit.

Baltimore City has not enacted this property tax credit for grocery stores located in low-income areas.

Local Fiscal Effect: Baltimore City personal property tax revenues decrease beginning in fiscal 2017, to the extent the property tax credit is granted. The amount of the decrease depends on the number of supermarkets that meet the qualifications established by the city, the value of personal property owned by these supermarkets, and the amount of the property tax credit provided. As a point of reference, Baltimore City's personal property tax rate is \$5.62 per \$100 of assessment. In fiscal 2014, Baltimore City collected \$98.0 million in personal property tax revenues and the city is expected to collect \$104.2 million in fiscal 2015.

Additional Information

Prior Introductions: None.

Cross File: HB 507 (Delegate Anderson, *et al.*) (By Request - Baltimore City Administration) - Ways and Means.

Information Source(s): Baltimore City, State Department of Assessments and Taxation,
Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2015
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