

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 680

(Baltimore County Delegation)

Ways and Means

Budget and Taxation

Baltimore County - Property Tax Credit - Supermarkets

This bill authorizes Baltimore County to grant 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 County must 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. **The bill takes effect June 1, 2022, and applies to taxable years beginning after June 30, 2022.**

Fiscal Summary

State Effect: None.

Local Effect: Baltimore County personal property tax revenues decrease beginning in FY 2023 to the extent the tax credit is granted. The amount of the decrease depends on the number of supermarkets that meet the qualifications established by the county, the value of personal property owned by these supermarkets, and the amount of the property tax credit provided. Baltimore County expenditures are not significantly affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Baltimore County may establish limits on the cumulative amount of property tax credits granted, additional limitations on the amount of the tax 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.

Eligible construction is defined 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: Several provisions establishing property tax credits for grocery stores have been passed by the General Assembly in recent years. These provisions affected Prince George's County and Baltimore City, as well as a statewide provision for low-income areas.

Prince George's County

Chapter 158 of 2019 authorized Prince George's County to grant a property tax credit for personal property owned by a grocery store that completes eligible construction and is located in a healthy food priority area. Prince George's County must designate what constitutes a healthy food priority area for purposes of the tax credit, based on specified factors. The property tax credit for a taxable year may not exceed the amount of property tax imposed on the personal property of a grocery store in that year.

Prince George's County may establish limits on the cumulative amount of property tax credits granted, additional limitations on the amount of the tax credit, additional eligibility requirements for grocery stores to qualify for the tax credit, additional criteria for what constitutes eligible construction that may qualify a grocery store for the tax credit, and any other provisions necessary.

Eligible construction is defined as construction of a new grocery store or any substantial renovation of an existing grocery store. A grocery store is a 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.

Baltimore City

Chapter 38 of 2015 authorized Baltimore City to grant 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 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 enacted the tax credit in January 2016.

Low-income Area

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.

Local Fiscal Effect: Baltimore County personal property tax revenues decrease beginning in fiscal 2023 to the extent the tax credit is granted. The amount of the decrease depends on the number of supermarkets that meet the qualifications established by the county, the value of personal property owned by these supermarkets, and the amount of the property tax credit provided.

As a point of reference, Baltimore County advises that in fiscal 2021, one supermarket chain paid approximately \$157,700 in personal property taxes for six locations in the county. In fiscal 2022, the personal property tax rate in Baltimore County is \$2.75 per \$100 of assessment.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Baltimore County; State Department of Assessments and Taxation; Department of Legislative Services

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