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SB 603

March 4, 2022

TO: Members of the Senate Education, Health, & Environmental Affairs Committee

FROM: Natasha Mehu, Director, Office of Government Relations

RE: Senate Bill 603 – Constitutional Amendment – Beer & Wine Licenses – Retail Grocery Establishments

POSITION: SUPPORT

Chair Pinsky, Vice Chair Kagan, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 603.

SB 603 will place a constitutional amendment on the ballot in the 2022 General Election. If Maryland voters adopt the amendment, grocery retail establishments will have the ability to apply for licenses to sell beer and wine to individuals 21 and over. The General Assembly will design the regulations and policies that will govern the issuance of these licenses to grocery stores. In the issuance of licenses, the General Assembly will prioritize grocery establishments located in areas that suffer from a shortage of affordable healthy food options.

Residents of large swaths of Baltimore City lack easy access to vendors selling healthy food. A study published in 2018 by the Johns Hopkins Center for a Livable Future and Baltimore City's Planning Department found that 23% of Baltimoreans, including more than 30,000 children, were experiencing food insecurity.¹ 31% of the City's Black residents live in Healthy Food Priority Areas (hereafter "Priority Areas"), characterized by an undersupply of healthy foods, low household income, and low vehicle availability.²

By definition, a Priority Area lacks a supermarket. Between 2015 and 2018, the opening of a new supermarket in East Baltimore meant that 5,000 more Baltimoreans could easily access

¹ Miasaszek, Caitlin; Sarah Buzogany; & Holly Freishtat (Jan. 2018). "Baltimore City's Food Environment: 2018 Report." *Johns Hopkins Center for a Livable Future / Baltimore City Department of Planning*. Retrieved 14 Feb. 2022 from: <https://clf.jhsph.edu/sites/default/files/2019-01/baltimore-city-food-environment-2018-report.pdf>.

² Ibid.

healthy foods.³ The City aims to attract new grocery stores that will eliminate Priority Areas and retain existing stores that prevent neighborhoods from falling onto the Priority Area list.

Supermarkets operate with notoriously low profit margins.⁴ This has historically made supermarket chains reluctant to locate in areas less likely to generate profits. In 2015, at the recommendation of the Baltimore Food Policy Initiative, the City instituted a personal property tax credit to grocery stores locating or making significant renovations within targeted areas of the City.⁵ This program incentivizes grocery establishments to open locations in low income census tracts. We believe that SB 603 and the associated constitutional amendment will complement those efforts because beer and wine licenses will make grocery retailers more economically viable.

The State will make it easier for grocery stores to locate in urban areas, reducing the distance that residents have to travel to access healthy foods. The passage of this bill and the approval of the associated amendment will increase health equity in the City and the State by making healthy foods more accessible to residents of Priority Areas. To the extent that this legislation will adversely impact existing beer, wine, and liquor retailers, the BCA will direct the relevant City agencies to provide assistance.

We respectfully request a **favorable** report on SB 603.

³ Ibid.

⁴ Bean-Mellinger, Barbara (14 Nov. 2018). "What Is the Profit Margin for a Supermarket?" *The Houston Chronicle Online*. Retrieved 14 Feb. 2022 from: <https://smallbusiness.chron.com/profit-margin-supermarket-22467.html>.

⁵ N.A. (n.d.). "Grocery Store Tax Credit." *Baltimore Development Corporation*. Accessed 15 Feb. 2022 from: <http://baltimoredevelopment.com/incentives/tax-credits/grocery-store-tax-credit>.