

# **FOOD DESERT RETAIL INCENTIVE AREA – PERSONAL PROPERTY TAX CREDIT RULES AND REGULATIONS**

## **1.0. Background**

These rules and regulations are issued pursuant to the authority granted to the Director of Finance by Ordinance 15-434, effective January 11, 2016, and codified in Section 10-30 of Article 28 of the City Code, providing for a credit against the City personal property tax imposed on qualified supermarkets; as authorized by Section 9-304 of the Tax-Property Article of the Maryland Code.

## **2.0. Goal**

The goals of this tax credit are to encourage both the construction and creation of new supermarkets in existing Food Deserts within the City of Baltimore and the continued reinvestment in existing supermarkets located in areas that would be Food Deserts except for those supermarkets' presence.

## **3.0. Definitions**

The terms defined in Ordinance 15-434 have the definitions set forth in that ordinance and nothing contained herein shall be interpreted to alter those definitions.

## **4.0. Applications**

For All Applications:

The application requirements set forth below include specific deadlines relative to the submission of certain documents and the completion of certain steps in the application process. These deadlines are binding upon all applicants and will not be altered for any individual applicant. Failure to meet any of the deadlines outlined below shall result in the cancellation of the applicant's application. By applying for this credit, applicant acknowledges these requirements and agrees to be bound by the deadlines set forth below.

No applications or required documents shall be accepted in paper form. The City of Baltimore shall not be responsible for any connectivity issues experienced by the applicant and no extensions shall be granted regarding any of the time requirements outlined below due to issues beyond the control of the City of Baltimore.

### **4.1 Pre-Qualification Requirements**

Prior to applying for this credit, a qualifying supermarket, whether existing or planned, must pre-qualify with the Baltimore Development Corporation (BDC).

Pre-qualification forms are available from the BDC and can be found on the BDC website at:

[www.baltimoredevelopment.com/food-desert-credit](http://www.baltimoredevelopment.com/food-desert-credit)

The pre-qualification form must be completed in its entirety and submitted electronically to the BDC at the following email address:

[info@baltimoredevelopment.com](mailto:info@baltimoredevelopment.com)

BDC shall be responsible for the review and approval or denial of all pre-qualification forms submitted and shall forward all approved pre-qualification forms to the Department of Finance upon approval. Approved pre-qualifications shall be valid for a period of 24 months for planned new construction in an existing food desert. All other approved pre-qualifications shall expire 180 days from the date of issue.

#### 4.2 Application Part I – Initial Application

The application for this credit, accepted only from those applicants that have received pre-qualification approval from BDC, is available from the BDC and can be found on the BDC website at:

[www.baltimoredevelopment.com/food-desert-credit](http://www.baltimoredevelopment.com/food-desert-credit)

The application should be completed in its entirety, signed and submitted electronically with any additionally required documentation to the Baltimore City Department of Finance at the following email address:

[Tax.Credits@baltimorecity.gov](mailto:Tax.Credits@baltimorecity.gov)

Applications must be received by October 1<sup>st</sup> in order to be considered for the credit in the tax year that begins on January 1<sup>st</sup> of the next calendar year. No partial year credits will be granted and all applicants submitting applications after October 1<sup>st</sup> of a given year will not be considered eligible for a credit until the second January 1<sup>st</sup> following the submission.

#### 4.3 Application Part II – Continuing Eligibility

Once a credit has been initially granted, the applicant is responsible for annually submitting any and all documentation required by the BDC to support the applicant's continued eligibility for the credit. Failure to submit any required documentation within 30 days of the information being requested shall lead to the revocation of the tax credit.

## 5.0. Eligibility

### 5.1 Initial Eligibility:

Pre-qualification for the tax credit is based upon physical location, location relative to existing food desert retail incentive areas, meeting the legal designation of supermarket, meeting the requirements for a supermarket included in the credit, and making the necessary capital expenditures required by the credit.

The supermarket **must** be located in a Food Desert Retail Incentive Area as that term is defined in Section 10-30 (a)(4) of Article 28 of the City Code.

A food desert retail incentive area is any area that is: 1) within a food desert, 2) within a ¼ mile of a food desert, or 3) that would be a food desert but for the presence of a qualified supermarket.

The official food desert retail incentive area designation is made by the City of Baltimore's Planning Department. The GIS layer designating the incentive area is updated as follows:

- Immediately as a supermarket opens or closes
- Yearly as American Community Survey data are released on income
- Yearly as American Community Survey access to transportation data are released
- Biennially as updated Healthy Food Availability Score (HFAI) data generated by The Johns Hopkins Center for a Livable Future are released

To meet the designation of a "supermarket," the applicant must be a grocery store that has all major food departments including produce, meat, seafood, dairy and canned and packaged goods; more than 50% of total sales derived from food sales; and more than 50% of total floor space dedicated to food sales.

Additionally, to qualify for the credit, said supermarket must have at least 500 square feet of total floor space dedicated to the sale of fruits and vegetables and have at least 500 square feet of total floor space dedicated to the sale of other perishable goods, including meat, seafood, and dairy products.

Additionally, the applicant must have expended on new personal property an amount equal to the greater of \$150,000 or \$25 per square foot of total floor space.

### 5.2 Determination of Final Eligibility:

The applicant must follow the procedures outlined in Section 4 of these rules and regulations, meet the necessary eligibility criteria specified throughout these rules and regulations, and apply during the specified application period. If all of these conditions and eligibility requirements are met, BDC will have the sole responsibility for making determinations of final eligibility for the credit.

### 5.3 Continuing Eligibility:

To continue to receive the credit the applicant shall:

- Ensure that the property for which the credit is granted continues to qualify as a supermarket;
- Submit all annually required documentation to the BDC in a timely manner;
- Ensure that the property for which the credit is granted continues to comply with all the requirements of the Baltimore City Health Article;
- Ensure that the property for which the credit is granted continues to comply with all the requirements of the Baltimore City Building, Fire, and Related Codes Article; and
- Ensure that the property remains current with respect to all other taxes and fees owed to the City of Baltimore.

Failure to comply with any of these requirements shall result in the immediate suspension of the tax credit herein provided. Failure to cure any noncompliance within a period of 90 days shall result in the revocation of the credit.

### 5.4 Transferability of Credit

The credit is non-transferable.

## 6.0 Term of Credit and Commencement of Credit Term

The credit is for a fixed period of 10 years. The 10-year period commences with the first calendar tax year beginning after the approval of a timely submitted application. No partial year credits shall be provided. All taxes due prior to the commencement of the credit are the sole responsibility of the applicant and failure to pay said taxes shall result in the suspension of the credit and may result in the permanent revocation of the credit.

## 7.0 Calculation of Amount of Credit

The credit is applied to City personal property taxes only. The tax credit is equal to the amount of personal property tax that would otherwise be due in the current tax year of the qualifying supermarket's personal property, less the amount of any other credit to the personal property tax applicable in the current tax year, multiplied by 80%.

These rules and regulations become effective 3/31/17 and have been filed with the City of Baltimore Department of Legislative Reference.

Issued and Approved:

  
Henry Raymond, Director  
Department of Finance

3/31/17  
Date

  
Hilary Ruley, Chief Solicitor  
Law Department

3/24/17  
Date

  
Avery Aisenstark, Director  
Legislative Reference

3/31/17  
Date

