

Economic Impact of New or Expanded Retail Food Store Developments by Using PA 231 and Other Tools to Promote Healthy and Affordable Food Options in Michigan

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Many Michigan communities, particularly low and moderate-income urban and rural areas, have limited access to retail grocery stores that offer healthy and affordable food options such as meat and poultry, fresh fruits and vegetables, milk and dairy products. These areas are sometimes known as a “food deserts.” According to the Michigan Food Policy Council’s October 2006 Report of Recommendations, research has shown that these “food deserts” are linked to an above-average prevalence of chronic health issues and related deaths. Access to affordable, quality and healthy food promotes community health and reduces risk of obesity, diabetes, and heart disease. Food deserts typically are in low-income neighborhoods, areas with substandard housing, and/or communities in need of rehabilitation.

In order to promote community revitalization, create new jobs and increase access to fresh, healthy and affordable food that promotes community health and reduces risk of obesity, diabetes and heart disease, the Michigan State Legislature and Governor Granholm approved Public Act 231 of 2008 (Sen. Mark Jansen, sponsor) to provide commercial property tax incentives to encourage new or expanded “qualified retail food establishments” in “underserved areas.” A Michigan Department of Agriculture (MDA) and U.S. Department of Agriculture (USDA) National Agricultural Statistics Service analysis indicates that approximately 54% of all census tracts in Michigan (2,707 tracts) meet the criteria for an “underserved area” as defined in PA 231 with consistent statewide standards and criteria established by the Michigan Department of Agriculture. Nearly 59% of Michigan’s population (2000 Census) resides in these areas which have limited access to “qualified retail food establishments,” see attached Michigan map. The Michigan Department of Treasury administers the property tax exemptions included in the Commercial Rehabilitation Act that provides the tax incentive to a “qualified local governmental unit,” that could encourage development in a qualified “underserved area.” See the Michigan Department of Treasury Website at: www.michigan.gov/propertytaxexemptions for the forms and instructions. Additional information on the program is also available from the Michigan Department of Agriculture Website at: www.michigan.gov/mda .

Furthermore, it is estimated by MDA that the potential exists for a minimum of 20 new supermarkets to be built in these “underserved areas” of Michigan during the next 2-3 years through completion of investment, construction and start-up of new qualified retail food establishments, using PA 231 tax incentives and other state and local economic development assistance. The Michigan State University Product Center Marketing

Economist, Dr. Bill Knudson, indicated in his April 2009 paper, “*Economic Impact of a Supermarket*,” that for a single supermarket “the total economic impact is estimated to be \$42.6 million with a total employment increased by 151.” Multiplying those MSU figures by a total of 20 new supermarkets statewide yields the total economic impact to be \$852 million in sales with total employment increased by 3,020 jobs, most of whom are part-time jobs. Initial capital investment and short-term construction jobs were not included in these economic impact estimates, but should also be considered by state and local leaders.

Summary

In order to promote community revitalization, create new jobs and increase access to fresh, healthy and affordable food that promotes community health and reduces risk of obesity, diabetes and heart disease, the Michigan State Legislature and Governor Granholm approved Public Act 231 of 2008. The economic impact of new or expanded retail food store developments by using PA 231 and other tools to promote healthy and affordable food options in Michigan is potentially very significant. With the development of 20 new supermarkets, the total economic impact is estimated to be \$852 million in sales with total employment increased by 3,020 jobs in Michigan.