



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

ROBERT J. KLEINE
STATE TREASURER

September 3, 2009

FOR IMMEDIATE RELEASE

**Contact: Jennifer Holton, MDA, 517-241-2485
Kirsten Simmons, MFPC, 517-243-3987
Terry Stanton, Treasury, 517-335-2167**

***Grocery Store Tax Incentive Has Potential to Create More Than 3,000
Jobs and \$852 Million in Sales***

The Michigan departments of Agriculture (MDA) and Treasury today released information on Public Act 231, which amends the Commercial Rehabilitation Act, a new tool geared to support grocery store development and give citizens better access to fresh food through tax incentives. Under the program, certain retail food establishments that expand, improve, or open in underserved areas may request that those improvements not be taxed for up to 10 years. It is estimated PA 231 has the potential to generate economic growth that could lead to approximately \$852 million in sales and 3,020 additional jobs in Michigan.

Underserved areas can be found in both urban and rural communities. Under the statute, MDA is required to identify "Underserved Areas" using three criteria for Census Tracts in the definition: (1) low and moderate income, (2) below average density of grocery stores and (3) travel limitations to grocery stores.

These areas are characterized by limited access to food retail establishments that offer fresh and frozen food options such as meat and poultry, fruits & vegetables, and dairy products. Retail food establishments in underserved areas, especially in urban and rural settings, face unique operating challenges that can drive up operating costs. Tax incentives can reduce overhead costs, which can improve a business's cash flow and overall operation.

"This program provides another incentive to encourage businesses to grow here in Michigan," said State Treasurer Robert J. Kleine. "The program serves the dual purpose of creating jobs and broadening access to healthy food items families need."

"MDA is excited to be helping provide Michigan's underserved citizens with increased accessibility to healthy fresh food choices," said Don Koivisto, MDA Director. "Not only is this an economic development tool, it also offers the means to provide fresh food options for those whose previous grocery experiences were limited to convenience stores."

An analysis by MDA and the U.S. Department of Agriculture (USDA) indicates that approximately 54 percent 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 MDA.

A recent report by Michigan Food Policy Council recommended that tax incentives be considered as the state works to address underserved areas and increase the number of retail outlets with fresh food options. Many studies have documented increased rates of diet-related diseases, such as diabetes and obesity, in neighborhoods where citizens lack adequate access to fresh food options.

“Grocery store development in underserved areas has the potential to create a positive ripple effect in Michigan, including jobs and community economic development, while combating one potential factor in the diet-related disease rates we see today,” said Kirsten Simmons, executive director of the Michigan Food Policy Council.

Public Act 231, which was sponsored by Senator Mark Jansen, received support from the grocery industry, food system and health experts, local economic development organizations, and Healthy Kids, Healthy MI.

"As the author of this law, my goal was to give Michigan families better access to fresh food, to encourage partnerships with local growers, and to spur economic development," Jansen said. "I appreciate these agencies working with me to better serve families in communities across the state."

Forms and information on designated underserved areas are available online at the Michigan Department of Treasury’s website at www.michigan.gov/propertytaxexemptions.

###