The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Agriculture

BILL: SB 610

INTRODUCER: Senator Bullard

SUBJECT: Food Deserts

DATE: March 2, 2015 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Becker	Becker	AG	**Favorable**
2.			FT	
3.			AP	

I. Summary:

SB 610 provides an income tax credit for grocery businesses that sell nutrient-dense food items in areas designated as food deserts. It provides definitions, sets forth eligibility and application requirements, and establishes the amount of credit. The bill allows the Department of Revenue (DOR), in consultation with the Department of Agriculture and Consumer Services (DACS), to adopt rules to administer the program. It requires DOR and DACS to review the program after 3 years for the purpose of recommending to the legislature whether it be continued or eliminated. It provides criminal and administrative penalties for fraudulently claiming tax credits.

II. Present Situation:

Food deserts are defined as urban neighborhoods and rural towns without ready access to fresh, healthy, and affordable food. Instead of supermarkets and grocery stores, these communities may have no food access or are served only by fast food restaurants and convenience stores that offer few healthy, affordable food options. The lack of access contributes to a poor diet and can lead to higher levels of obesity and other diet-related diseases, such as diabetes and heart disease.[1]

USDA was at the forefront of identifying food deserts and working to eliminate them when the Department created its High Priority Performance Goals. A 10-mile marker is used by USDA to designate an area as a food desert in rural areas where the population is more sparsely distributed and where vehicle ownership is high whereas a one-mile marker is used for urban areas. USDA's Economic Research Service estimates that 23.5 million people live in food deserts. More than half of those people (13.5 million) are low-income.[2]

[1] United States Department of Agriculture, *Food Deserts*, http://apps.ams.usda.gov/fooddeserts/foodDeserts.aspx (last visited February 27, 2015).

[2] Ibid.

III. Effect of Proposed Changes:

Section 1 creates s. 220.197, F.S., to provide an income tax credit for grocery businesses operating in food deserts as follows:

- It provides the following definitions for these terms used in the bill:
  - “Food desert business” is a taxpayer that has sales less than $15 million annually, purchases 15 percent of its inventory from in-state companies, derives 20 percent of its revenue from sale of nutrient-dense foods, and operates in a food desert zone.
  - “Food desert zone” is a census tract identified by the USDA as one that has a poverty rate of 20 percent or greater, a median family income at or below 80 percent for the state, and at least 500 persons or 1/3rd of the population living more than 1 mile from a supermarket in an urban area or ten miles in a rural area.
  - “Nutrient-dense food” is a food that has high levels of nutrients in relationship to the number of calories the food contains.
  - “Supermarket” is a food store that has at least $2 million in annual sales and contains all the major food departments found in a large retail grocery store.
- The bill provides for a credit against the income tax liability of an eligible business in the amount of 20 percent of its annual sales, which credit shall be earned on the last day of each taxable year. The credit may not be sold or transferred but any unused amount may be carried forward for up to 2 years.
- The bill requires a business to submit an application and receive approval in order to claim the credit.
- The bill directs the Department of Revenue (DOR) and the Department of Agriculture and Consumer Services (DACS) to review the success of the program after 3 years and make a recommendation to the legislature to continue or eliminate the credit based on the program’s success.
- It provides criminal and administrative penalties for a taxpayer that fraudulently claims to be qualified for tax credits.
- The bill gives rule making authority for DOR, in consultation with DACS, to administer the program.
- It provides that the tax credit program applies to taxable years beginning on or after January 1, 2016.

Section 2 provides that this bill takes effect on July 1, 2015.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The bill potentially reduces revenue to the state by creating a credit against the corporate income tax liability of a business operating in a food desert zone. An estimate of the extent of revenue reduction will not be available until the Revenue Estimating Conference (REC) has analyzed the bill.

B. Private Sector Impact:

Private corporations would benefit by applying a credit against their income tax liability in an amount unknown until the REC has analyzed the bill.

C. Government Sector Impact:

The bill potentially reduces revenue to the state by creating a credit against the corporate income tax liability of a business operating in a food desert zone. An estimate of the extent of revenue reduction will not be available until the REC has analyzed the bill.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates the following sections of the Florida Statutes: 220.197.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.