

117TH CONGRESS
1ST SESSION

H. R. 4687

To amend the Internal Revenue Code of 1986 to provide tax incentives for the establishment of supermarkets in certain underserved areas.

IN THE HOUSE OF REPRESENTATIVES

JULY 26, 2021

Mr. COHEN (for himself and Mr. BUCK) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide tax incentives for the establishment of supermarkets in certain underserved areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Supermarket Tax
5 Credit for Underserved Areas Act”.

6 **SEC. 2. TAX INCENTIVES FOR ESTABLISHMENT OF SUPER-**
7 **MARKETS IN CERTAIN UNDERSERVED AREAS.**

8 (a) IN GENERAL.—Subchapter Y of chapter 1 of the
9 Internal Revenue Code of 1986 is amended by adding at
10 the end the following new part:

1 **“PART IV—TAX INCENTIVES FOR SUPERMARKETS**
2 **IN UNDERSERVED AREAS**

“Sec. 1400V-1. Increased rehabilitation credit.

“Sec. 1400V-2. Increased work opportunity tax credit.

“Sec. 1400V-3. Credit for sales of fresh fruits and vegetables.

“Sec. 1400V-4. Definitions.

3 **“SEC. 1400V-1. INCREASED REHABILITATION CREDIT.**

4 “(a) IN GENERAL.—In the case of a qualified reha-
5 bilitated building (as defined in section 47) which is an
6 underserved area supermarket, subsection (a) of section
7 47 shall be applied—

8 “(1) by substituting ‘12 percent’ for ‘10 per-
9 cent’ in paragraph (1), and

10 “(2) by substituting ‘24 percent’ for ‘20 per-
11 cent’ in paragraph (2).

12 “(b) UNDERSERVED AREA SUPERMARKET.—For
13 purposes of subsection (a), a qualified rehabilitated build-
14 ing shall be treated as meeting the requirements of sub-
15 paragraphs (A), (B), (C), and (D) of section 1400V-
16 4(a)(4) if it is reasonable to believe that such building will
17 meet such requirements as of the close of the taxable year
18 in which such building is placed in service.

19 “(c) TERMINATION.—Subsection (a) shall only apply
20 to buildings placed in service after December 31, 2021,
21 and before January 1, 2025.

1 **“SEC. 1400V-2. INCREASED WORK OPPORTUNITY TAX CRED-**
2 **IT.**

3 “(a) IN GENERAL.—In the case of an individual em-
4 ployed in the trade or business of operating a new under-
5 served area supermarket, the limitation otherwise in effect
6 under paragraph (3) of section 51(b) with respect to such
7 individual shall be increased by \$1,000.

8 “(b) TERMINATION.—Subsection (a) shall only apply
9 to wages paid in taxable years beginning after December
10 31, 2021, and before January 1, 2027.

11 **“SEC. 1400V-3. CREDIT FOR SALES OF FRESH FRUITS AND**
12 **VEGETABLES.**

13 “(a) IN GENERAL.—For purposes of section 38, the
14 underserved area supermarket fruit and vegetable credit
15 determined under this section for the taxable year is an
16 amount equal to 15 percent of the gross receipts of the
17 taxpayer from the retail sale of fresh fruits and vegetables
18 in the trade or business of operating a new underserved
19 area supermarket.

20 “(b) TERMINATION.—Subsection (a) shall only apply
21 to taxable years beginning after December 31, 2022, and
22 before January 1, 2027.

23 **“SEC. 1400V-4. DEFINITIONS.**

24 “For purposes of this part—

25 “(1) UNDERSERVED AREA SUPERMARKET.—

26 The term ‘underserved area supermarket’ means any

1 supermarket of the taxpayer located in an under-
2 served area.

3 “(2) NEW UNDERSERVED AREA SUPER-
4 MARKET.—The term ‘new underserved area super-
5 market’ means any underserved area supermarket
6 which—

7 “(A) is placed in service after December
8 31, 2021, and

9 “(B) was not a supermarket at any time
10 during the 3-year period ending on the date
11 such underserved area supermarket is placed in
12 service.

13 “(3) DURATION OF STATUS.—A supermarket
14 shall not fail to be treated as an underserved area
15 supermarket solely by reason of the area in which
16 such supermarket is located ceasing to be an under-
17 served area—

18 “(A) after December 31, 2021, or

19 “(B) in the case of a new underserved area
20 supermarket, on or after the date such super-
21 market is placed in service.

22 “(4) SUPERMARKET.—The term ‘supermarket’
23 means any building if—

1 “(A) not less than 12,000 square feet and
2 not more than 80,000 square feet of such build-
3 ing is used for selling items at retail,

4 “(B) at least 25 percent of the square feet
5 of such building which is used for selling items
6 at retail is used for selling produce, meat, fish,
7 deli, and dairy items,

8 “(C) gross sales of items sold at retail
9 from such building exceed \$2,000,000 annually,
10 and

11 “(D) at least 25 percent of such gross
12 sales are attributable to sales of produce, meat,
13 fish, deli, and dairy items.

14 “(5) UNDERSERVED AREA.—

15 “(A) IN GENERAL.—The term ‘under-
16 served area’ means any population census tract
17 in which—

18 “(i) not less than 500 people, or 33
19 percent of the population of such tract, re-
20 side—

21 “(I) in the case of a tract located
22 within a metropolitan area, more than
23 1 mile from a supermarket, or

24 “(II) in the case of a tract not lo-
25 cated within a metropolitan area,

1 more than 10 miles from a super-
2 market,

3 “(ii) the poverty rate for such tract is
4 at least 20 percent, or

5 “(iii)(I) in the case of a tract not lo-
6 cated within a metropolitan area, the me-
7 dian family income for such tract does not
8 exceed 80 percent of statewide median
9 family income, or

10 “(II) in the case of a tract located
11 within a metropolitan area, the median
12 family income for such tract does not ex-
13 ceed 80 percent of the greater of statewide
14 median family income or the metropolitan
15 area median family income.

16 “(B) AREAS NOT WITHIN CENSUS
17 TRACTS.—In the case of an area which is not
18 tracted for population census tracts, the equiva-
19 lent county divisions (as defined by the Bureau
20 of the Census) shall be used for purposes of de-
21 terminations of underserved areas under this
22 paragraph.

23 “(C) DETERMINATION OF UNDERSERVED
24 AREA.—For purposes of determining whether a
25 population census tract qualifies as an under-

1 served area for purposes of this section, the
2 Secretary shall make such determinations in co-
3 ordination with the Secretary of Agriculture in
4 such manner as is determined appropriate, in-
5 cluding use of the Food Access Research Atlas
6 established by the Department of Agriculture.

7 “(D) METROPOLITAN AREA.—The term
8 ‘metropolitan area’ has the same meaning given
9 the term ‘metropolitan statistical area’ under
10 section 143(k)(2)(B).”.

11 (b) CREDIT TO BE PART OF GENERAL BUSINESS
12 CREDIT.—Section 38(b) of such Code is amended by strik-
13 ing “plus” at the end of paragraph (32), by striking the
14 period at the end of paragraph (33) and inserting “, plus”,
15 and by adding at the end the following new paragraph:

16 “(34) the underserved area supermarket fruit
17 and vegetable credit determined under section
18 1400V–3.”.

19 (c) CLERICAL AMENDMENT.—The table of parts for
20 subchapter Y of chapter 1 of such Code is amended by
21 adding at the end the following new item:

“PART IV. TAX INCENTIVES FOR SUPERMARKETS IN UNDERSERVED AREAS”.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2021.