

119TH CONGRESS
1ST SESSION

H. R. 701

To amend the Internal Revenue Code of 1986 to provide tax incentives for the establishment and operation of small food retail businesses in areas with high food retail concentration and low levels of competition.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 23, 2025

Ms. SHERRILL (for herself and Mrs. HAYES) 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 and operation of small food retail businesses in areas with high food retail concentration and low levels of competition.

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 “Restoring Establish-
5 ment Deductions and Uplifting Competition to Ease Food
6 Prices Act” or the “REDUCE Food Prices Act”.

1 **SEC. 2. INCREASED REHABILITATION TAX CREDIT FOR**
2 **QUALIFIED SMALL FOOD RETAIL BUSI-**
3 **NESSES.**

4 (a) IN GENERAL.—Section 47 of the Internal Rev-
5 enue Code of 1986 is amended by adding at the end the
6 following new subsection:

7 “(e) SPECIAL RULE FOR QUALIFIED SMALL FOOD
8 RETAIL BUSINESSES.—

9 “(1) IN GENERAL.—In the case of a qualified
10 rehabilitated building placed in service by a qualified
11 small food retail business, subsection (a)(2) shall be
12 applied by substituting ‘25 percent’ for ‘20 percent’.

13 “(2) QUALIFIED SMALL FOOD RETAIL BUSI-
14 NESS DEFINED.—

15 “(A) IN GENERAL.—For purposes of para-
16 graph (1), the term ‘qualified small food retail
17 business’ means a business—

18 “(i) which is described in section
19 38(c)(5) (determined by applying
20 ‘\$200,000,000’ for ‘\$50,000,000’ in such
21 section),

22 “(ii) at least 70 percent of the annual
23 average gross receipts of which are attrib-
24 utable to the retail sale of food or produce,
25 and

1 “(iii) which is located in a low-com-
 2 petition area.

3 “(B) LOW-COMPETITION AREA.—For pur-
 4 poses of subparagraph (A), the term ‘low-com-
 5 petition area’ means a county with respect to
 6 which the Herfindahl-Hirschman Index for the
 7 retail food sector, as measured by the Economic
 8 Research Service of the United States Depart-
 9 ment of Agriculture, is at or above a level of
 10 1,400.”.

11 (b) EFFECTIVE DATE.—The amendment made by
 12 this section shall apply to property placed in service after
 13 the date of the enactment of this Act.

14 **SEC. 3. INCREASED WORK OPPORTUNITY TAX CREDIT FOR**
 15 **QUALIFIED SMALL FOOD RETAIL BUSI-**
 16 **NESSES.**

17 (a) IN GENERAL.—Section 51(b)(3) of the Internal
 18 Revenue Code of 1986 is amended—

19 (1) by striking “The amount” and inserting

20 “(A) IN GENERAL.—The amount”, and

21 (2) by adding at the end the following new sub-
 22 paragraph:

23 “(B) INCREASED LIMITATION FOR QUALI-
 24 FIED SMALL FOOD RETAIL BUSINESSES.—In
 25 the case of wages paid by an employer that is

a qualified small food retail business (as defined in section 47(e)(2)(A)), subparagraph (A) shall be applied—

“(i) by substituting ‘\$8,000’ for ‘\$6,000’,

“(ii) by substituting ‘\$14,000’ for ‘\$12,000’,

“(iii) by substituting ‘\$16,000’ for ‘\$14,000’, and

“(iv) by substituting ‘\$26,000’ for ‘\$24,000’.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 4. INCREASED BONUS DEPRECIATION FOR QUALIFIED SMALL FOOD RETAIL BUSINESSES.

(a) IN GENERAL.—Section 168(k) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(10) SPECIAL RULE FOR QUALIFIED SMALL FOOD RETAIL BUSINESSES.—

“(A) INCREASED APPLICABLE PERCENTAGE FOR PROPERTY PLACED IN SERVICE BY QUALIFIED SMALL FOOD RETAIL BUSINESSES.—In the case of property placed in

1 service by a taxpayer that is a qualified small
2 food retail business (as defined in section
3 47(e)(2)(A)), paragraph (6) shall be applied—

4 “(i) in subparagraph (A)—

5 “(I) by substituting ‘70 percent’
6 for ‘60 percent’ each place it appears,

7 “(II) by substituting ‘50 percent’
8 for ‘40 percent’ each place it appears,
9 and

10 “(III) by substituting ‘30 per-
11 cent’ for ‘20 percent’ each place it ap-
12 pears, and

13 “(ii) in subparagraph (B)—

14 “(I) by substituting ‘70 percent’
15 for ‘60 percent’ each place it appears,

16 “(II) by substituting ‘50 percent’
17 for ‘40 percent’ each place it appears,
18 and

19 “(III) by substituting ‘30 per-
20 cent’ for ‘20 percent’ each place it ap-
21 pears.

22 “(B) INCREASED APPLICABLE PERCENT-
23 AGE FOR PLANTS BEARING FRUITS AND NUTS
24 PLANTED OR GRAFTED BY QUALIFIED SMALL
25 FOOD RETAIL BUSINESSES.—In the case of

plants bearing fruits and nuts planted or grafted by a taxpayer that is a qualified small food retail business (as defined in section 47(e)(2)(A)), paragraph (6)(C) shall be applied—

“(i) by substituting ‘70 percent’ for ‘60 percent’ each place it appears,

“(ii) by substituting ‘50 percent’ for ‘40 percent’ each place it appears, and

“(iii) by substituting ‘30 percent’ for ‘20 percent’ each place it appears.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service, or plants planted or grafted, after the date of the enactment of this Act.

SEC. 5. INCREASED QUALIFIED BUSINESS INCOME DEDUCTION FOR QUALIFIED SMALL FOOD RETAIL BUSINESSES.

(a) IN GENERAL.—Section 199A of the Internal Revenue Code of 1986 is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

“(i) SPECIAL RULE FOR QUALIFIED SMALL FOOD RETAIL BUSINESSES.—In the case of a qualified small food retail business (as defined in section 47(e)(2)(A)),

1 subsection (a)(2) shall be applied by substituting ‘25 per-
 2 cent’ for ‘20 percent’.”.

3 (b) EFFECTIVE DATE.—The amendments made by
 4 this section shall apply to taxable years beginning after
 5 the date of the enactment of this Act.

6 **SEC. 6. NEW FOOD RETAIL BUSINESS TAX CREDIT.**

7 (a) IN GENERAL.—Subpart D of part IV of sub-
 8 chapter A of chapter 1 of the Internal Revenue Code of
 9 1986 is amended by adding at the end the following new
 10 section:

11 **“SEC. 45BB. NEW FOOD RETAIL BUSINESS CREDIT.**

12 “(a) IN GENERAL.—For purposes of section 38, in
 13 the case of a new small food retail business, the new food
 14 retail business credit under this section for the taxable
 15 year is an amount equal to 15 percent of qualified invest-
 16 ment amounts paid or incurred during the taxable year.

17 “(b) DEFINITIONS.—For purposes of this section—

18 “(1) NEW FOOD RETAIL BUSINESS.—The term
 19 ‘new food retail business’ means a qualified small
 20 food retail business (as defined in section
 21 47(e)(2)(A)) which began operations during the pre-
 22 vious three taxable years.

23 “(2) QUALIFIED INVESTMENT AMOUNTS.—The
 24 term ‘qualified investment amounts’ means amounts
 25 paid for capital investment in the property, facilities,

1 or equipment of a business premises used for retail
 2 sales of the new food retail business.”.

3 (b) CREDIT PART OF GENERAL BUSINESS CREDIT.—
 4 Section 38(b) of the Internal Revenue Code of 1986 is
 5 amended by striking “plus” at the end of paragraph (40),
 6 by striking the period at the end of paragraph (41) and
 7 inserting “, plus”, and by adding at the end the following
 8 new paragraph:

9 “(42) the new food retail business credit deter-
 10 mined under section 45BB(a).”.

11 (c) CLERICAL AMENDMENT.—The table of sections
 12 for subpart D of part IV of subchapter A of chapter 1
 13 of the Internal Revenue Code of 1986 is amended by add-
 14 ing at the end the following new item:

“Sec. 45BB. New food retail business credit.”.

15 (d) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to taxable years beginning after
 17 the date of the enactment of this Act.

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