

Frequently Asked Questions AB 152 (Fuentes) - Healthy Food Access

California Association of Food Banks

Fiscal Impact

What will the bill cost the state?

The California Franchise Tax Board has estimated the cost of the bill at \$300,000 in fiscal year 2011-12 and \$800,000 thereafter. When California actually enacted a much broader version of the tax credit from 1989 to 1993 the costs were similar, with the state never spending more than around \$1 million in a single year.

Isn't this a bad time for the state to spend new money?

This is precisely the time when the state should invest in the basic food needs of its most vulnerable people because:

- Nearly 20 percent of Californians (over 7 million) report that they are unable to afford the food they need.
- Many states have made investments in emergency food in the last two years precisely because they know the need is so dire.
- The bill is structured so that it produces maximum leverage for each state dollar. The bill would leverage approximately 15-20 pounds of fresh and healthy food for every dollar the state invests.
- This bill helps food banks and the people they serve while also supporting California growers. It keeps the money and incentive in the state of California and helps to build positive connections between low-income Californians, food banks and California growers.

Is this bill realistic in the current fiscal environment?

This is exactly what's necessary because the slow economy and current fiscal environment have created great need for food assistance:

- Food banks across the state have experienced an unprecedented increase in requests -- a need beyond anything seen in a generation. Statewide, most food banks have reported a 30-50 percent increase in requests for assistance.
- Food banks are struggling to meet the demand created from the combination of the recession, multiple budget cuts impacting the people they serve and low CalFresh participation in the state.
- Many fresh, healthy foods remain out of reach to low-income Californians because they are too expensive or inaccessible to purchase where they live. This is an investment in healthy food, which will prevent the state having to pay for medical and educational costs in the future.

Tax Credit

Why a tax credit for growers?

A tax credit will leverage a relatively minor investment into the donation of large quantities of fresh produce from California growers to California food banks, and then into the hands of low-income people. The credit would leverage approximately 10-20 pounds of fresh and healthy food for every dollar the state invests.

- Programs that provide tax incentives for crop donations have been implemented successfully in Oregon, Arizona, Colorado and North Carolina.
- Oregon has implemented a similar credit. Just as in California, Oregon food banks are competing against other ways for growers to dispose of excess crops and the tax credit tips the market on excess crops towards donations.
 - ⇒ Upon evaluation from the Oregon Dept. of Agriculture the state deemed the credit achieved its purpose of providing "an incentive for farmers to donate crops...without

the incentive a few donations would still occur, but not at the same level as with the incentive.”

- This is not a boon for growers. It’s a small incentive that will give growers money to cover some of their costs and therefore be able to donate.

Will the tax credit incentivize new giving or just reward growers who are already giving?

The bill will provide enough incentive to encourage new growers to give, and to get growers who already donate produce to give more because:

- Oregon has implemented a similar credit and upon evaluation from the Oregon Dept. of Agriculture, the state deemed the credit achieved its purpose of providing “an incentive for farmers to donate crops,” and went on to say that “without the incentive a few donations would still occur, but not at the same level as with the incentive.”
- It will allow growers to provide access to fruits and vegetables that might otherwise have been left in the field or thrown away.

Why limit the tax credit to fresh fruits and vegetables?

- The bill is meant to help low-income Californians gain access to healthy food that is often too expensive or inaccessible to purchase where they live. Fresh fruits and vegetables fit into all of these categories.
- Limiting the credit helps to control the overall cost of the bill to taxpayers.

Emergency Food Assistance Program

Why wasn’t the state emergency food assistance program funded?

The state is in a very tough fiscal environment and it is important to limit costs in every conceivable way.

- The tax credit will leverage a great deal of fresh produce and assist growers, so this was made the first priority.
- The emergency food assistance program is set up to access federal dollars, if they come available.

While not funded this year, doesn’t the program put cost pressures on the state budget in future years?

The program can also access federal dollars if they come available, so does not rely exclusively on state general fund dollars. Furthermore, having the program in place helps to ensure California does not miss out on any future federal funds for emergency food assistance.



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**The California Association of Food Banks (CAFB) represents 41
community food banks working to build a well-nourished California.**