



SB 240 (EGG MAN)

Support farmers. Reduce food waste. Nourish communities.

EXTEND THE HEALTHY FOOD DONATION TAX CREDIT

The economic fallout from COVID-19 has had its greatest impact on farmers, and the low-income communities that food banks serve. Farmers lost many of their traditional markets, having to dump their products or slaughter animals, while hunger has risen to record levels.

That is why it's critical California does not let the healthy food donation tax credit expire: now, more than ever, we need to support farmers and families in need.

Right now, California allows donors to claim a 15 percent state tax credit on the qualified wholesale value of healthy California grown foods (see list of eligible items on right). This tax credit helps enable producers offset their picking, pack-out, and cold storage costs to donate to California food banks who can get nourishing food into the hands of individuals, children, and families.

SB 240 (Eggman) is a common-sense solution. Even better — this is a triple-win, preventing food from going waste and helping the state to meet its climate goals while providing certainty to farmers and supporting food banks.

Extend this critical policy for five years.



**CALIFORNIA
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FOOD BANKS**

Eligible Items:

fresh, dried, frozen, canned, or juiced (100%):

Fruits

Vegetables

Nuts

Meats

Canned meats

Poultry

Eggs

Fish

Canned seafood

Rice

Beans

Pasta

Milk

Dehydrated milk

Yogurt

Cheese

Butter

Infant formula

Vegetable oil

Olive oil

Soup

Pasta sauce

Salsa

Bread

HOW THE TAX CREDIT WORKS

Certificate

The food bank receiving a donation provides a certificate to the producers that includes the type and amount of food donated. Growers can file the certificate with their state tax returns to claim the credit. Qualifying producers claiming the credit will receive a credit against their state tax liability equal to 15 percent of the inventory value of the donated crops.

Claiming

The credit must be filed in the year of the donation, even if the donor cannot claim the credit in that year. If the credit allowed is greater than the amount of taxes owed in a given year, the excess can be carried over to reduce taxes owed for the following year. The credit can be carried over for up to seven years or until exhausted.

Credit vs. Deduction

A tax credit is different than a tax deduction and can result in greater savings to the taxpayer. A deduction allows taxpayers to subtract the value of the donated good from their income; a credit subtracts the value of the donated good directly from the amount of taxes owed. The crop donation tax credit is separate from the deduction already allowed to taxpayers on their federal returns for general donations to a charitable organization.

The bills that enacted this tax credit are Assembly Bills 152 and 614. The tax credit is set to expire on December 31, 2021, SB 240 will extend it until 2027.

Since 2005, Farm to Family moves fresh produce and proteins from fields and farms to food banks throughout the California. Each year, the Farm to Family program delivers about 160M pounds of produce and 10M pounds of proteins and other essential pantry items, to keep food banks stocked and nourish our communities.

Learn more about Farm to Family: <http://cafoodbanks.org/farm-family>



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