Legislative Services Agency
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Fiscal Services Division

Fiscal Topic

Tax Credit: Farm to Food Donation Tax Credit

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Purpose

The Farm to Food Donation (FFD) Tax Credit is available to taxpayers who produce a food commodity and donate it to a registered Iowa food bank or emergency feeding organization. The FFD Tax Credit applies to corporate and individual income taxes and is equal to 15.0% of the value of the food commodities donated, or $5,000, whichever is less. The value of the commodities for which the tax credit is claimed is determined in the same manner as a charitable contribution of food for federal tax purposes under section 170(e)(3)(C) of the Internal Revenue Code. If a tax credit is claimed for the contribution, it cannot be included as a charitable contribution on an Iowa tax return. The donated food cannot be damaged, out of condition, or unfit for human consumption.

Tax Credit Background

- Enacting Legislation: 2013 Iowa Acts, chapter 140 (State and Local Government Financial and Regulatory Matters — Appropriations and Miscellaneous Changes Act)
- Iowa Code Citations:
  - Chapter 190B — Program Description
  - Section 422.11R — Individual Income Tax
  - Section 422.33(30) — Corporate Income Tax
- Administrative State Agency: Iowa Department of Revenue (IDR)
- Sunset Date: None
- Transferable: No
- Refundable: No
- Carryforward: Any credit in excess of the tax liability may be carried forward for up to five years.
- Tax Review Committee Review Year: None

Legislative History

The FFD Tax Credit became effective for tax years beginning on or after January 1, 2014.

Tax Credit Review, Usage, and Future Liability

The following is based on an IDR Tax Credit brief released May 2022 based on tax year 2021:

- 14 of 62 registered food organizations reported Farm to Food donations.
- 48.1% of eligible donors applied for the tax credit.
- 89.2% of donations were produce, 9.4% were dairy, 0.9% were eggs, and 0.5% were meat.

The IDR reports on the annual credit usage for the FFD Tax Credit in its Contingent Liabilities Report. Based on Table 8 of the report, the following figures provide credit redemption history and projections

for the FFD Tax Credit on a fiscal year basis. The blue bars of **Figure 2** indicate the actual credit redemptions, while the red bars are the IDR projections of future redemptions.

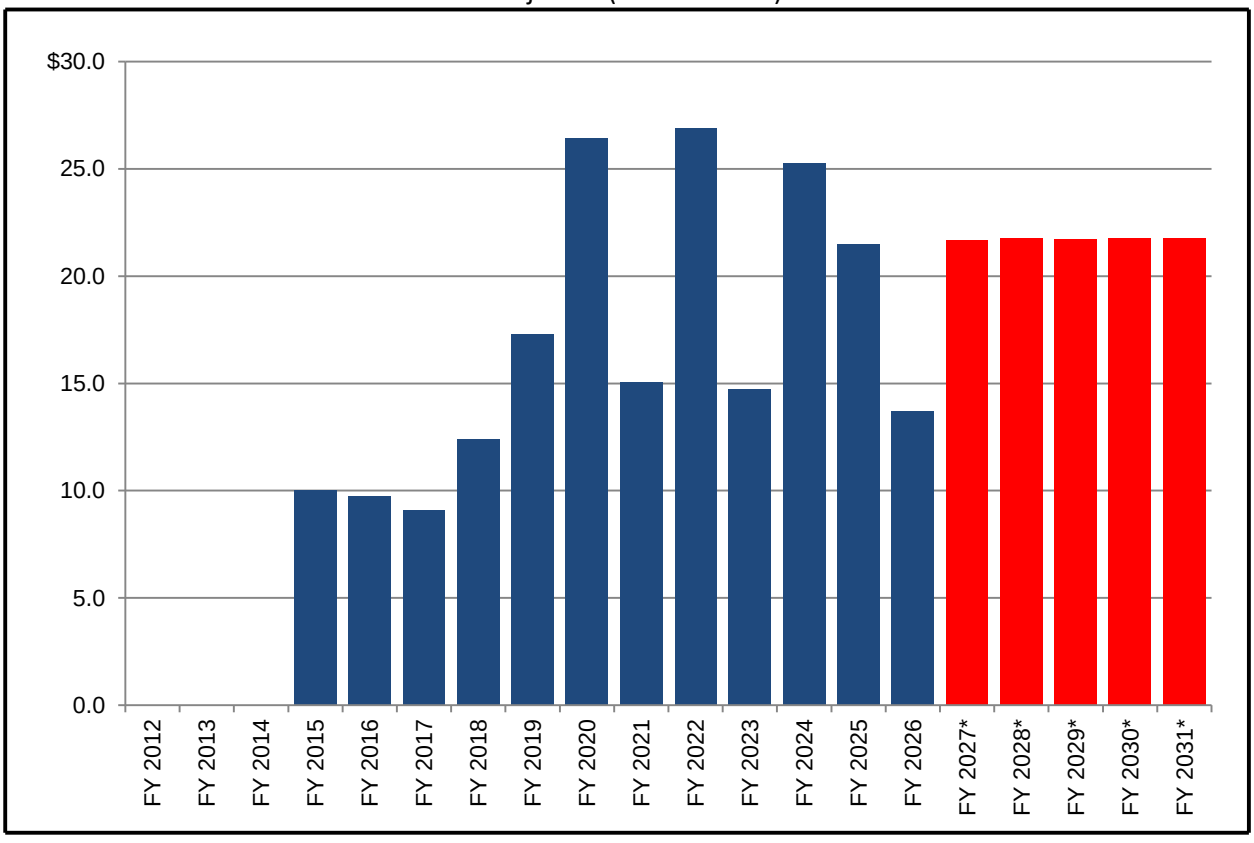
Figure 1 — Farm to Food Tax Credit History

*Projected

Fiscal Year	Tax Credit Redemptions	Fiscal Year	Tax Credit Redemptions
FY 2012	$ 0	FY 2022	$ 26,878
FY 2013	0	FY 2023	14,732
FY 2014	0	FY 2024	25,267
FY 2015	10,009	FY 2025	21,490
FY 2016	9,732	FY 2026	13,692
FY 2017	9,079	FY 2027*	21,649
FY 2018	12,388	FY 2028*	21,752
FY 2019	17,284	FY 2029*	21,730
FY 2020	26,439	FY 2030*	21,731
FY 2021	15,058	FY 2031*	21,732

Figure 2 — Farm to Food Tax Credit Redemptions

*Projected (in Thousands)



Additional Information

For additional information, visit:

- Iowa Department of Revenue Contingent Liabilities Report
- Iowa Department of Revenue Tax Credit Factsheet
- Iowa Department of Revenue Tax Credit Users' Manual
- Legislative Services Agency Individual Income Tax Guide

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