

**Senate File 2327 - Introduced**

SENATE FILE 2327

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 2323)

(SUCCESSOR TO SF 2291)

(SUCCESSOR TO SSB 3095)

**A BILL FOR**

1 An Act providing for charitable food donations to food banks  
2 and similar organizations, including by providing for a  
3 tax credit and including effective date and applicability  
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 190B.1 Purpose.

2 The purpose of this chapter is to effectively and  
3 efficiently utilize Iowa's abundant supplies of nutritional  
4 food to relieve situations of emergency or distress experienced  
5 by individuals or families in need who reside in this state,  
6 including low-income individuals or families and unemployed  
7 individuals or families.

8 Sec. 2. NEW SECTION. 190B.2 Definitions.

9 As used in this chapter, unless the context otherwise  
10 requires:

11 1. "*Agricultural land*" means the same as defined in section  
12 425A.2.

13 2. "*Department*" means the department of revenue.

14 3. "*Federal emergency food assistance program*" means the  
15 federal emergency food assistance program, as provided in 7  
16 C.F.R. pts. 250 and 251.

17 4. "*Food*" means a substance which is used in whole or in  
18 part for human consumption in compliance with federal and state  
19 standards or requirements including a donated food that meets  
20 the requirements of the federal emergency food assistance  
21 program.

22 5. "*Food commodity*" means any commodity that is derived  
23 from an agricultural animal or crop, both as defined in section  
24 717A.1, which was produced on agricultural land and which is  
25 intended to be used as food.

26 6. "*Iowa emergency feeding organization*" means a public or  
27 private nonprofit organization whose mission is compatible with  
28 the purpose of this chapter as provided in section 190B.1 and  
29 which includes an Iowa food bank or other organization that  
30 operates at a congregate nutritional site or that provides  
31 home-delivered meals in this state. An Iowa emergency feeding  
32 organization includes but is not limited to a food pantry,  
33 hunger relief center, or soup kitchen.

34 7. "*Iowa food bank*" means a private nonprofit organization  
35 which meets all of the following requirements:

1     *a.* It receives, holds, and directly or indirectly  
2 distributes food principally to Iowa emergency feeding  
3 organizations in a manner compatible with the purpose of this  
4 chapter as provided in section 190B.1.

5     *b.* It is an organization described in section 501(c)(3)  
6 of the Internal Revenue Code and exempt from taxation under  
7 section 501(a) of the Internal Revenue Code.

8     *c.* It receives contributions that are deductible under  
9 section 170 of the Internal Revenue Code.

10     8. "*Tax credit*" means the from farm to food donation tax  
11 credit as established in this chapter.

12     Sec. 3. NEW SECTION. 190B.3 Department of revenue —  
13 cooperation with other departments.

14     1. This chapter shall be administered by the department of  
15 revenue.

16     2. The department shall adopt all rules necessary to  
17 administer this chapter.

18     3. The department of agriculture and land stewardship, the  
19 department of public health, the department of human services,  
20 and the department of inspections and appeals shall cooperate  
21 with the department of revenue to administer this chapter.

22     Sec. 4. NEW SECTION. 190B.4 From farm to food donation tax  
23 credit.

24     The from farm to food donation tax credit is allowed against  
25 the taxes imposed in chapter 422, divisions II and III, as  
26 provided in this chapter.

27     Sec. 5. NEW SECTION. 190B.5 From farm to food donation tax  
28 credit — eligibility.

29     In order to qualify for the from farm to food donation tax  
30 credit, all of the following must apply:

31     1. The taxpayer must produce the donated food commodity.

32     2. The taxpayer must transfer title to the food commodity to  
33 an Iowa food bank, or an Iowa emergency feeding organization,  
34 recognized by the department. The taxpayer shall not receive  
35 remuneration for the transfer.

1 3. *a.* The food commodity must be intended for human  
2 consumption in its raw or processed state.

3 *b.* The food commodity cannot be damaged or out-of-condition  
4 and declared to be unfit for human consumption by a federal,  
5 state, or local health official. A food commodity that meets  
6 the requirements for donated foods pursuant to the federal  
7 emergency food assistance program satisfies this requirement.

8 4. The taxpayer shall provide documentation supporting  
9 the tax credit claim in a form and manner prescribed by the  
10 department by rule.

11 **Sec. 6. NEW SECTION. 190B.6 From farm to food donation**  
12 **tax credit — claims filed by individuals who belong to business**  
13 **entities.**

14 An individual may claim a from farm to food donation  
15 tax credit of a partnership, limited liability company,  
16 S corporation, estate, or trust electing to have income  
17 taxed directly to the individual. The amount claimed by the  
18 individual shall be based upon the pro rata share of the  
19 individual's earnings from the partnership, limited liability  
20 company, S corporation, estate, or trust.

21 **Sec. 7. NEW SECTION. 190B.7 From farm to food donation tax**  
22 **credit — limits on claims.**

23 The from farm to food donation tax credit is subject to all  
24 of the following limitations:

25 1. The tax credit shall not exceed a qualifying amount for  
26 the tax year that the tax credit is claimed. The qualifying  
27 amount is the lesser of the following:

28 *a.* Ten percent of the value of the commodities donated  
29 during the tax year for which the credit is claimed. The value  
30 of the commodities shall be determined in the same manner as a  
31 charitable contribution of food for federal tax purposes under  
32 section 170(e)(3)(C) of the Internal Revenue Code.

33 *b.* Five thousand dollars.

34 2. The tax credit in excess of the taxpayer's liability  
35 for the tax year is not refundable but may be credited to the

1 tax liability for the following five years or until depleted,  
2 whichever is earlier.

3 3. The amount of the contribution for which the tax credit  
4 is claimed shall not be deductible in determining taxable  
5 income for state tax purposes.

6 4. The tax credit shall not be carried back to a tax year  
7 prior to the tax year in which the taxpayer claims the tax  
8 credit.

9 Sec. 8. NEW SECTION. 422.11L From farm to food donation tax  
10 credit.

11 The taxes imposed under this division, less the credits  
12 allowed under section 422.12, shall be reduced by a from farm  
13 to food donation tax credit as allowed under chapter 190B.

14 Sec. 9. Section 422.33, Code Supplement 2011, is amended by  
15 adding the following new subsection:

16 NEW SUBSECTION. 29. The taxes imposed under this division  
17 shall be reduced by a from farm to food donation tax credit as  
18 allowed under chapter 190B.

19 Sec. 10. EFFECTIVE DATE. This Act takes effect January 1,  
20 2013.

21 Sec. 11. APPLICABILITY. This Act applies to tax years  
22 beginning on or after January 1, 2013.

23 EXPLANATION

24 PURPOSE. The stated purpose of this bill is to provide for  
25 charitable food donations to food banks and other emergency  
26 feeding organizations that relieve situations of emergency or  
27 distress experienced by individuals or families in need who  
28 reside in this state.

29 TAX CREDIT. The bill establishes a from farm to food  
30 donation tax credit against individual or corporate income  
31 taxes. The tax credit may be claimed by the taxpayer who  
32 produces the food. The tax credit is administered by the  
33 department of revenue. The bill provides that the taxpayer  
34 may claim a tax credit for 10 percent of the value of  
35 donated commodities up to \$5,000. The bill requires that

1 the commodities be suitable for human consumption. The bill  
2 provides that if the tax credit is claimed by the taxpayer  
3 the amount of the contribution is not deductible for state  
4 income tax purposes. The bill provides that the tax credit  
5 is not refundable but allows a taxpayer to carry forward the  
6 tax credit for up to five years. An individual may claim a  
7 tax credit of a partnership, limited liability company, S  
8 corporation, estate, or trust electing to have income taxed  
9 directly to the individual.

10 EFFECTIVE AND APPLICABILITY DATES. The tax credit is  
11 effective on January 1, 2013, and applies to tax years  
12 beginning on or after that date.