

Senate File 439 - Introduced

SENATE FILE 439
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 437)
(SUCCESSOR TO SF 367)
(SUCCESSOR TO SSB 1177)

A BILL FOR

1 An Act relating to charitable food donations to food banks
2 and similar organizations, including by providing for
3 appropriations and a tax credit, and including applicability
4 provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 SUBCHAPTER I

2 GENERAL

3 Section 1. NEW SECTION. 190B.101 Purpose.

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

10 Sec. 2. NEW SECTION. 190B.102 Definitions.

11 As used in this chapter, unless the context otherwise
12 requires:

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

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

21 3. *"Food commodity"* means any commodity that is derived
22 from an agricultural animal or crop, both as defined in section
23 717A.1, that is produced on agricultural land as defined in
24 section 425A.2, and that is intended to be used as food in its
25 raw or processed state.

26 4. *"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.101 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 5. *"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.101.

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 6. "Iowa food bank association" or "association" means an
 11 organization that meets all of the following requirements:

12 a. It is organized as a nonprofit corporation under chapter
 13 504.

14 b. Its principal office is or has been located in this
 15 state.

16 c. It is an organization described in section 501(c)(3)
 17 of the Internal Revenue Code and exempt from taxation under
 18 section 501(a) of the Internal Revenue Code.

19 d. It receives contributions that are deductible under
 20 section 170 of the Internal Revenue Code.

21 e. Its members include Iowa food banks, or affiliations
 22 of Iowa food banks, that together serve all counties in this
 23 state.

24 SUBCHAPTER II

25 IOWA FOOD-LINK TO FOOD-BANK INITIATIVE

26 Sec. 3. NEW SECTION. 190B.201 Definition.

27 As used in this subchapter, "department" means the department
 28 of human services.

29 Sec. 4. NEW SECTION. 190B.202 Department of human services
 30 — cooperation with other agencies.

31 1. This subchapter shall be administered by the department
 32 of human services.

33 2. The department shall adopt all rules necessary to
 34 administer this subchapter.

35 3. Each fiscal year, the department shall award the

1 amount appropriated in section 190B.203, to an Iowa food bank
2 association selected by the department to manage programs
3 associated with an Iowa food-link to food-bank initiative. The
4 moneys appropriated in section 190B.203 shall be allocated on
5 a matching basis as provided in that section. The department
6 shall execute a contract with the association to provide
7 for the terms and conditions of the program's management.
8 A contract shall not obligate the state to pay moneys for
9 multiple fiscal years.

10 4. The department of agriculture and land stewardship,
11 the department of public health, and the department of
12 inspections and appeals shall cooperate with the department of
13 human services to administer the Iowa food-link to food-bank
14 initiative.

15 Sec. 5. NEW SECTION. 190B.203 Iowa food-link to food-bank
16 initiative — appropriation.

17 1. For the fiscal year beginning July 1, 2013, and ending
18 June 30, 2014, and for each subsequent fiscal year, there
19 is appropriated from the general fund of the state to the
20 department of human services the amount of two million dollars
21 to support an Iowa food-link to food-bank initiative to further
22 the purpose provided in section 190B.101.

23 2. The department of human services shall allocate up
24 to one million eight hundred thousand dollars of the amount
25 appropriated in subsection 1 to an Iowa food bank association
26 selected by the department as provided in section 190B.202 for
27 purposes of supporting the following programs:

28 a. An Iowa emergency food purchase program. The department
29 shall allocate up to one million seven hundred thousand dollars
30 to the association for the purchase of food on behalf of an
31 Iowa emergency feeding organization or for the distribution of
32 moneys to Iowa emergency feeding organizations for the purchase
33 of food.

34 (1) A preference shall be provided to the purchase of food
35 produced, processed, or packaged within this state whenever

1 reasonably practicable.

2 (2) The food shall be purchased in a manner that best
3 furthers a significant economic benefit to communities of this
4 state.

5 *b.* An Iowa emergency food nutritional education program.
6 The department shall allocate up to one hundred thousand
7 dollars to the association to distribute the moneys to one or
8 more Iowa emergency feeding organizations in order to provide
9 instruction regarding nutrition and promote a lifelong healthy
10 diet.

11 *c.* A transportation and storage program. The department
12 shall allocate up to two hundred thousand dollars of the amount
13 appropriated in subsection 1 to an association for the limited
14 purposes of paying costs directly associated with transporting
15 or storing donated food associated with the Iowa food-link to
16 food-bank initiative as provided in this subchapter.

17 3. The moneys appropriated in subsection 1 shall be
18 allocated as provided in subsection 2 only to the extent that
19 the allocated moneys are matched on a dollar-for-dollar basis
20 with moneys contributed by one or more sources, including but
21 not limited to an Iowa food bank, but not including the state.
22 The department shall establish procedures or other requirements
23 for making and tracking matching contributions.

24 SUBCHAPTER III

25 FROM FARM TO FOOD DONATION TAX CREDIT

26 Sec. 6. NEW SECTION. 190B.301 Definitions.

27 As used in this subchapter, unless the context otherwise
28 requires:

29 1. "*Department*" means the department of revenue.

30 2. "*Tax credit*" means the from farm to food donation tax
31 credit as established in this subchapter.

32 Sec. 7. NEW SECTION. 190B.302 Department of revenue —
33 cooperation with other departments.

34 1. This subchapter shall be administered by the department
35 of revenue.

1 2. The department shall adopt all rules necessary to
2 administer this subchapter.

3 3. The department of agriculture and land stewardship, the
4 department of public health, the department of human services,
5 and the department of inspections and appeals shall cooperate
6 with the department of revenue to administer this subchapter.

7 Sec. 8. NEW SECTION. 190B.303 From farm to food donation
8 tax credit.

9 A from farm to food donation tax credit is allowed against
10 the taxes imposed in chapter 422, divisions II and III, as
11 provided in this subchapter.

12 Sec. 9. NEW SECTION. 190B.304 From farm to food donation
13 tax credit — eligibility.

14 In order to qualify for a from farm to food donation tax
15 credit, all of the following must apply:

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

17 2. The taxpayer must transfer title to the donated food
18 commodity to an Iowa food bank, or an Iowa emergency feeding
19 organization, recognized by the department. The taxpayer shall
20 not receive remuneration for the transfer.

21 3. The donated food commodity cannot be damaged or
22 out-of-condition and declared to be unfit for human consumption
23 by a federal, state, or local health official. A food
24 commodity that meets the requirements for donated foods
25 pursuant to the federal emergency food assistance program
26 satisfies this requirement.

27 4. A taxpayer claiming the tax credit shall provide
28 documentation supporting the tax credit claim in a form and
29 manner prescribed by the department by rule.

30 Sec. 10. NEW SECTION. 190B.305 From farm to food donation
31 tax credit — claims filed by individuals who belong to business
32 entities.

33 An individual may claim a from farm to food donation
34 tax credit of a partnership, limited liability company,
35 S corporation, estate, or trust electing to have income

1 taxed directly to the individual. The amount claimed by the
2 individual shall be based upon the pro rata share of the
3 individual's earnings from the partnership, limited liability
4 company, S corporation, estate, or trust.

5 **Sec. 11. NEW SECTION. 190B.306 From farm to food donation**
6 **tax credit — limits on claims.**

7 A from farm to food donation tax credit is subject to all of
8 the following limitations:

9 1. The tax credit shall not exceed a qualifying amount for
10 the tax year that the tax credit is claimed. The qualifying
11 amount is the lesser of the following:

12 a. Fifteen percent of the value of the commodities donated
13 during the tax year for which the credit is claimed. The value
14 of the commodities shall be determined in the same manner as a
15 charitable contribution of food for federal tax purposes under
16 section 170(e)(3)(C) of the Internal Revenue Code.

17 b. Five thousand dollars.

18 2. A tax credit in excess of the taxpayer's liability for
19 the tax year is not refundable but may be credited to the tax
20 liability for the following five years or until depleted,
21 whichever is earlier.

22 3. If a tax credit is allowed, the amount of the
23 contribution for which the tax credit is claimed shall not
24 be deductible in determining taxable income for state tax
25 purposes.

26 4. A tax credit shall not be carried back to a tax year
27 prior to the tax year in which the taxpayer claims the tax
28 credit.

29 **Sec. 12. NEW SECTION. 422.11E From farm to food donation**
30 **tax credit.**

31 The taxes imposed under this division, less the credits
32 allowed under section 422.12, shall be reduced by a from farm
33 to food donation tax credit as allowed under chapter 190B,
34 subchapter III.

35 **Sec. 13. Section 422.33, Code 2013, is amended by adding the**

1 following new subsection:

2 NEW SUBSECTION. 30. The taxes imposed under this division
3 shall be reduced by a from farm to food donation tax credit as
4 allowed under chapter 190B, subchapter III.

5 Sec. 14. APPLICABILITY. The provisions of this Act
6 providing for a from farm to food donation tax credit applies
7 to tax years beginning on or after January 1, 2014.

8 EXPLANATION

9 GENERAL. This bill provides for charitable food donations
10 to food banks and other emergency feeding organizations that
11 relieve situations of emergency or distress experienced by
12 individuals or families in need who reside in this state.

13 APPROPRIATIONS. The bill creates an Iowa food-link to
14 food-bank initiative administered by the department of
15 human services. Each fiscal year, moneys from the general
16 fund are appropriated to the department in order to support
17 several programs managed by an association representing Iowa
18 food banks. The programs provide for the purchase of food
19 and instruction regarding nutrition and diet. Moneys are
20 also allocated to pay for transporting and storing donated
21 food. The appropriated moneys are to be allocated on a
22 dollar-for-dollar match from nonstate sources.

23 TAX CREDIT — GENERAL. The bill establishes a from farm
24 to food donation tax credit against individual or corporate
25 income taxes. The tax credit may be claimed by the taxpayer
26 who produces a food commodity. The tax credit is administered
27 by the department of revenue.

28 TAX CREDIT — TAXPAYERS. The bill provides that the taxpayer
29 may claim a tax credit for 15 percent of the value of donated
30 commodities up to \$5,000. The bill requires that the donated
31 food commodities cannot be damaged or out-of-condition and
32 declared unfit for human consumption. The bill provides that
33 the tax credit is not refundable but allows a taxpayer to carry
34 forward the tax credit for up to five years. An individual may
35 claim a tax credit of a partnership, limited liability company,

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1 S corporation, estate, or trust electing to have income taxed
2 directly to the individual.

3 TAX CREDIT — APPLICABILITY. The tax credit applies to tax
4 years beginning on or after January 1, 2014.