

**House File 2253 - Introduced**

HOUSE FILE 2253

BY KELLEY and STAED

**A BILL FOR**

1 An Act relating to the provision of food to persons in need,  
2 including the donation of food to be distributed by food  
3 banks and emergency feeding organizations, the establishment  
4 of prison gardens, and the exemption from the state sales  
5 and use tax of the purchase price of tangible personal  
6 property sold and services furnished to food banks, and  
7 providing for appropriations.

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

1 DIVISION I  
2 PROGRAMS ADMINISTERED BY DEPARTMENT OF HUMAN SERVICES AND IOWA  
3 DEPARTMENT OF CORRECTIONS

4 Section 1. Section 190B.101, Code 2016, is amended to read  
5 as follows:

6 **190B.101 Definitions.**

7 As used in [this chapter subchapter](#), unless the context  
8 otherwise requires:

- 9 1. *"Department"* means the department of revenue.
- 10 2. *"Tax credit"* means the from farm to food donation tax  
11 credit as established in [this chapter subchapter](#).

12 **Sec. 2. NEW SECTION. 190B.201 Definitions.**

13 As used in this subchapter, unless the context otherwise  
14 requires:

- 15 1. *"Department"* means the department of human services.
- 16 2. *"Eligible agricultural product"* or *"product"* means any  
17 commodity that is derived from an agricultural animal or crop,  
18 both as defined in section 717A.1, which is intended for human  
19 consumption as food in its raw or processed state.
- 20 3. *"Emergency feeding organization"* means an emergency  
21 feeding organization as defined in section 7 U.S.C. §7501 that  
22 operates at a congregate nutritional site.
- 23 4. *"Food"* means a substance which is used in whole or in  
24 part for human consumption in compliance with federal and state  
25 standards or requirements, including a donated food that meets  
26 the requirements of the federal emergency food assistance  
27 program, as provided in 7 C.F.R. pts. 250 and 251.
- 28 5. *"Food bank"* means a private nonprofit entity that meets  
29 all of the following requirements:
  - 30 a. The food bank is organized under chapter 504.
  - 31 b. The food bank qualifies under section 501(c)(3) of the  
32 Internal Revenue Code as an organization exempt from federal  
33 income tax under section 501(a) of the Internal Revenue Code.
  - 34 c. The food bank maintains an established operation  
35 involving the provision of food or edible commodities or the

1 products thereof on a regular basis to persons in need or to  
2 food pantries, soup kitchens, hunger relief centers, or other  
3 food or feeding centers that, as an integral part of their  
4 normal activities, provide meals or food on a regular basis to  
5 persons in need.

6 6. "*Iowa food bank association*" or "*association*" means  
7 a private nonprofit entity that meets all of the following  
8 requirements:

9 a. The association is organized under chapter 504.

10 b. The association qualifies under section 501(c)(3) of the  
11 Internal Revenue Code as an organization exempt from federal  
12 income tax under section 501(a) of the Internal Revenue Code.

13 c. The association's members include food banks, or  
14 affiliations of food banks, that together serve all counties  
15 in this state.

16 d. The association's principal office is located in this  
17 state.

18 Sec. 3. NEW SECTION. 190B.202 Administration — use of  
19 moneys and oversight.

20 1. This subchapter shall be administered by the department  
21 of human services. In adopting rules and administering the  
22 Iowa agricultural products clearance program established under  
23 section 190B.204, the department shall cooperate with the  
24 department of agriculture and land stewardship.

25 2. A program established in this subchapter shall be managed  
26 by an Iowa food bank association selected by the department.  
27 The association shall report to the department as required by  
28 the department.

29 3. A program established in this subchapter shall be carried  
30 out only to the extent that moneys are available to support  
31 the program, including moneys to support the association's  
32 management functions, including but not limited to necessary  
33 departmental staff support. The department may support a  
34 program from moneys appropriated by the general assembly  
35 for the program's purpose and any other moneys available to

1 and obtained or accepted by the department from the federal  
2 government or private sources.

3     **Sec. 4. NEW SECTION. 190B.203 Management of programs —**  
4 **Iowa food bank association.**

5     1. The department shall enter into a contract with an Iowa  
6 food bank association to manage programs established under this  
7 subchapter.

8     2. In managing a program, the association shall do all of  
9 the following:

10     *a.* Acquire eligible agricultural products, including by  
11 purchase.

12     *b.* Arrange for the processing and packaging of eligible  
13 agricultural products into food, when such processing is  
14 necessary to comply with federal and state food safety  
15 regulations.

16     *c.* Provide for the storage and transportation of eligible  
17 agricultural products.

18     *d.* Provide for the distribution of eligible agricultural  
19 products.

20     3. In managing a program, the association shall to every  
21 extent feasible create and expand significant economic benefits  
22 in local communities. The association shall purchase products  
23 and services from individuals and businesses located in this  
24 state whenever the price is reasonably competitive and the  
25 quality as intended.

26     **Sec. 5. NEW SECTION. 190B.204 Iowa agricultural products**  
27 **clearance program — establishment and purpose.**

28     1. The department shall establish an Iowa agricultural  
29 products clearance program to be managed by an Iowa food bank  
30 association selected by the department as provided in section  
31 190B.203.

32     2. The purpose of the program is to acquire surplus  
33 eligible agricultural products from agricultural producers and  
34 other persons in order to prevent unnecessary waste, reduce  
35 economic losses associated with paying for the processing

1 and transportation of such products that otherwise do not  
2 have profitable markets, and to provide nutritional food to  
3 low-income families and individuals who reside in this state  
4 and to unemployed families and individuals who reside in this  
5 state.

6 3. The Iowa food bank association managing the program  
7 shall only distribute eligible agricultural products under the  
8 program to Iowa food banks in this state and emergency feeding  
9 organizations in this state.

10 Sec. 6. NEW SECTION. 190B.205 Iowa emergency food purchase  
11 program — establishment and purpose.

12 1. The department shall establish an Iowa emergency food  
13 purchase program to be managed by an Iowa food bank association  
14 selected by the department as provided in section 190B.203.

15 2. The purpose of the program is to relieve situations of  
16 emergency experienced by families or individuals who reside in  
17 this state, including low-income families and individuals and  
18 unemployed families and individuals, by distributing food to  
19 those persons.

20 3. The Iowa food bank association managing the program shall  
21 only distribute food under the program to emergency feeding  
22 organizations in this state.

23 Sec. 7. NEW SECTION. 904.302A Gardening program.

24 The director shall establish a gardening program for growing  
25 and harvesting produce, including edible vegetables, at each  
26 correctional facility operated by the department, to the  
27 extent that the director determines that security and space  
28 requirements allow for the garden's creation and operation.  
29 The director may appoint the farm operations administrator to  
30 oversee the program. A garden established pursuant to the  
31 program shall be tended by inmates of the correctional facility  
32 as determined by the director. The produce harvested from  
33 the garden may be used to feed the correctional facility's  
34 population or may be donated to a food bank as defined  
35 in section 190B.201 designated by the director. The food

1 bank must be located in this state and in proximity to the  
2 correctional facility where the garden is situated. Any excess  
3 produce that is not used to feed the correctional facility's  
4 inmate population shall be donated to the designated food bank.

5 Sec. 8. APPROPRIATIONS. There is appropriated from the  
6 general fund of the state to the department of human services  
7 for the fiscal year beginning July 1, 2016, and ending June  
8 30, 2017, the following amounts, or so much thereof as is  
9 necessary, to be used for the purposes designated:

10 1. For purposes of supporting the Iowa agricultural  
11 products clearance program provided in chapter 190B, subchapter  
12 II, as enacted in this Act:

13 ..... \$ 650,000

14 a. Of the amount appropriated in this subsection, up to  
15 \$500,000 shall be allocated for purposes of purchasing eligible  
16 agricultural products for use as food, processing eligible  
17 agricultural products into food, and packaging such processed  
18 eligible agricultural products.

19 b. Of the amount appropriated in this subsection, up to  
20 \$100,000 shall be allocated for purposes of providing for the  
21 storage and transportation of eligible agricultural products.

22 c. Of the amount appropriated in this subsection, up  
23 to \$50,000 shall be allocated for purposes of paying for  
24 administrative functions performed by an Iowa food bank  
25 association selected by the department to manage the program,  
26 including salaries, support, maintenance, and miscellaneous  
27 purposes.

28 2. For purposes of supporting the Iowa emergency food  
29 purchase program provided in chapter 190B, subchapter II, as  
30 enacted in this Act:

31 ..... \$ 250,000

32 DIVISION II

33 SALES TAX EXEMPTION FOR FOOD BANKS

34 Sec. 9. Section 423.3, Code 2016, is amended by adding the  
35 following new subsection:

1     NEW SUBSECTION. 103. The sales price from the sale or  
2 rental of tangible personal property, or services furnished,  
3 to a food bank as defined in section 190B.201, which tangible  
4 personal property or services are to be used by the food bank  
5 for a charitable purpose.

6                                 EXPLANATION

7                     The inclusion of this explanation does not constitute agreement with  
8                     the explanation's substance by the members of the general assembly.

9     GENERAL. This bill provides for the distribution of raw  
10 and processed food to two types of nonprofit organizations:  
11 food banks and emergency feeding organizations, both of which  
12 are involved in distributing food to low-income families and  
13 individuals and unemployed families and individuals in this  
14 state. The bill establishes three distribution programs,  
15 two within the department of human services and including  
16 appropriations, and one within the Iowa department of  
17 corrections; and provides for a sales and use tax exemption.

18     PROGRAMS AND APPROPRIATIONS. An Iowa food bank association  
19 which is an organization with its principal place of business  
20 located in this state and comprised of food bank members, is  
21 to manage two programs under a contract entered into with  
22 the department of human services, which must oversee the  
23 programs. The programs allow the association to purchase  
24 or otherwise acquire: eligible agricultural products which  
25 include both (1) food and (2) agricultural commodities that  
26 can be processed into food. The program also provides for the  
27 packaging, storing, and transporting of eligible agricultural  
28 products to nonprofit organizations for distribution. The  
29 Iowa agricultural products clearance program is established to  
30 distribute eligible agricultural products to both food banks  
31 and emergency feeding organizations. The Iowa emergency food  
32 purchase program is established to distribute food only to  
33 Iowa emergency feeding organizations. The bill appropriates  
34 moneys from the general fund to the department to support  
35 administration of the two programs and the contract.

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1 A prison gardening program is to be established by the  
2 director of the Iowa department of corrections. Under this  
3 program, the director is to establish gardens subject to  
4 security and space requirements at each correctional facility.  
5 Any garden produce must be either consumed within the prison or  
6 donated to a nonprofit corporation.

7 SALES TAX EXEMPTION. The bill exempts from the sales tax  
8 the purchase price from the sale or rental of tangible personal  
9 property, or services furnished, to a food bank if the property  
10 or services are to be used by the food bank for a charitable  
11 purpose. By operation of Code section 423.6, an item exempt  
12 from the imposition of the sales tax is also exempt from the  
13 use tax imposed in Code section 423.5.