Farm to Family

Supporting farmers. Reducing food waste. Nourishing communities.

CALIFORNIA STATE TAX CREDIT

The California Association of Food Banks' Farm to Family program is a meaningful secondary market for food that may otherwise go unused. Producers, packers, and processors who donate may be eligible for the tax incentive.

Many California producers want to do their part to alleviate hunger in their communities, but fluctuating food prices and tight operating margins can make it difficult. Right now, California has state legislation that allow some growers to claim a 15 percent state tax credit on the qualified wholesale value of donated fruits, vegetables, proteins, starches, and other food items (see list of eligible items on right). This tax credit help enable producers to donate food products to California food banks and get nourishing food into the hands of individuals, children, and families.

California producers donating California-grown fruits, vegetables, or qualified proteins and pantry essentials to a California food bank may be eligible for the tax credit. The law defines an eligible grower as the person responsible for planting, managing, and harvesting the donated crop. The information contiained here does not constitute tax advice and donors are encouraged to seek advice from your accountant or tax attorney.

CALIFORNIA ASSOCIATION OF 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 836. The tax credit is set to expires on December 31, 2021. The California Association of Food Banks is committed extending this date, and welcomes collaboration with all stakeholders to achieve this.

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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