

Farm to Food Bank Bill: Approved in 2017-18 State Budget



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TAX CREDIT HELPS FARMERS DONATE MORE FOOD

The “Farm to Food Bank” bill was approved as part of the New York State Budget for Fiscal Year 2017-18 and signed into law by the Governor on April 10, 2017. This bill would increase access to fresh and nutritious New York-grown foods for low-income New Yorkers served by New York food banks and other emergency food programs. It would do so by offering New York farmers a tax credit for donated food in the amount of 25% of the fair market value of the donation, up to a maximum of \$5,000 annually.

New York’s farmers are already generously donating what they grow, providing a record amount of 13 million pounds of donated food to New York’s food bank system in 2016. However, more food that is ripe for donation goes unharvested or undelivered each year. This can be due to the cost of labor to harvest the product, the packaging to place it in and the transportation expenses to deliver it, which might be necessary to actually provide the donation. This tax credit will help remove these cost barriers for farmers who are willing to give even more by helping them recoup some of these out-of-pocket expenses for a donation.

Many families that need the assistance of emergency feeding programs also lack access to healthy, fresh produce and other farm products, even though it may be grown just miles away. This places them at greater risk for obesity and chronic diseases that undermine their quality of life and life expectancy. By helping to overcome the barriers that farmers face to greater food donations, low-income New Yorkers will have greater access to the fresh, local produce that can provide positive long-term health benefits.

THE DETAILS

This refundable tax credit will go into effect for the 2018 tax year. The amount of the credit will be 25 percent of the fair market value of the eligible farmer’s qualified donations made to any eligible food pantry, in an amount up to \$5,000 per year. Food pantry is the general term used in the law for an eligible donation entity.

- **Eligible farmer**—A taxpayer whose federal gross income from farming for the taxable year is at least two-thirds of excess federal gross income.
- **Qualified donation**—A donation of any apparently wholesome food, grown or produced within New York, by an eligible farmer to an eligible food pantry. The term “apparently wholesome food” means food that meets all quality and labeling standards imposed by Federal, State, and local laws and regulations even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other conditions, as defined in IRS code.
- **Eligible food pantry**—Any food pantry, food bank, or other emergency food program operating within New York that has qualified for tax exemption under section 501(c)(3) of the internal revenue code.
- **Determination of fair market value**—To determine the fair market value of apparently wholesome food donated to an eligible food pantry, the farmer should determine it by the standards set forth in IRS code, which include taking into account the price at which the same or substantially the same food items are sold by the taxpayer at the time of the contribution or in the recent past.
- **Record of donation**—To claim a credit, the farmer must get and keep a receipt from the eligible food pantry showing: the name of the eligible food pantry; the date and location of the donation; and a reasonably detailed description of the donation.
- The New York State Department of Tax and Finance may provide additional guidance on this tax credit that farmers and their tax professionals should consult.