HB119

ULY4GGD-1

By Representative Robbins

RFD: Ways and Means Education

First Read: 06-Feb-24

SYNOPSIS:

This bill would allow farmers to claim an income tax credit for a donation of edible farm products to a qualifying food bank.

A BILL

TO BE ENTITLED

AN ACT

To allow a farmer to claim an income tax credit for donations of edible farm products to a qualifying food bank.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) As used in this article, the following terms have the following meanings:

(1) DEPARTMENT. Department of Agriculture and Industries.

(2) EDIBLE FARM PRODUCT. Plants and animals useful to humans and includes, but is not limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products, poultry and poultry products, livestock, fruits, and vegetables. May not be damaged, out-of-condition, or declared unfit for human consumption by a federal, state, or local health official.

(3) FARMER. An Alabama taxpayer that meets either of

the following qualifications:

a. Is responsible for, and derives income of at least one thousand ($1,000) from, growing fruits, vegetables, or other edible farm products or from raising beef, poultry, pork, fish, or other edible agriculture products.

b. Has filed an acreage report with the U.S. Department of Agriculture.

(4) QUALIFYING FOOD BANK. A food bank as defined in Section 40-9-25.16, Code of Alabama 1975.

(b) An Alabama income tax credit is established for farmers who donate eligible farm products to a food bank. The tax credit shall equal the lesser of:

(1) Fifteen percent of the value of the commodities donated during the tax year for which the credit is claimed. The value of the commodities shall be determined in the same manner as a charitable contribution of food for federal tax purposes under Section 170(e)(3)(c) of the Internal Revenue Code.

(2) Five thousand dollars ($5,000).

(c) The taxpayer claiming a tax credit under this act shall not receive remuneration for the donation. The tax credit must be taken in the tax year in which the taxpayer was issued a tax credit certificate under subsection (f). The tax credit issued under this article may not decrease a taxpayer's liability to less than zero. If the tax liability of the taxpayer is less than the tax credit issued under this article, the taxpayer may only utilize the amount of the credit that reduces the taxpayer's liability to zero. The tax

credit is not refundable nor transferable and may not be carried forward. A taxpayer applying for the tax credit shall only apply for the tax credit for the year in which the edible farm product was donated to a qualifying food bank, regardless of the tax liability of the taxpayer.

(d) The Department of Revenue shall grant the tax credit against the state income tax that is due by the taxpayer holding the tax credit certificate issued under subsection (f) in the amount stated on the tax credit certificate, subject to the limitations of subsection (c). The department may audit and reassess any credit improperly obtained by the taxpayer in accordance with the Alabama Taxpayers' Bill of Rights and Uniform Revenue Procedures Act under Chapter 2A.

(e) The tax credit authorized by this act is limited to an aggregate amount for all taxpayers of two million dollars ($2,000,000) annually.

(f) Prior to claiming the income tax credit authorized under subsection (b), the taxpayer shall file an annual informational report in a manner prescribed by the department, which includes information of edible farm products donated, along with additional information as required by the department. Following the receipt of all information required by this subsection, the department shall issue a tax credit certificate to the taxpayer seeking the credit. Tax credit certificates shall be issued on a first come, first served basis until the annual cap provided by subsection (e) is met. In the event the reservations of tax credits equal the total

amount available for reservations during the tax year, all eligible taxpayers with applications then awaiting approval or thereafter submitted, shall be notified in a manner as prescribed by the department that no additional tax credits shall be granted during that tax year and, notwithstanding subsection (b), shall be allowed to seek a tax credit certificate in the next tax year, subject to the limitations of subsection (c).

(g) The department shall prepare a report detailing the edible farm product donated by farmers, and the amount of tax credits claimed under this article. The information on the report shall be consistent with the information required under Section 40-1-50, Code of Alabama 1975, and rules adopted by the Department of Revenue. Information provided under this section is exempt from the confidentiality provisions of Section 40-2A-10, Code of Alabama 1975, and shall be provided by the department to the Legislature in accordance with Section 40-1-50, Code of Alabama 1975, and rules adopted by the Department of Revenue.

(h) The department and the Department of Revenue may adopt rules to implement and administer this article.

(i) The tax credit allowed under this section shall be effective January 1, 2025, for the 2025 tax year and shall continue through the 2032 tax year, unless extended by an act of the Legislature.

Section 2. This act shall become effective on October 1, 2024.