



STATE OF CALIFORNIA
Franchise Tax Board

Economic and Statistical Research Bureau

Donated Fresh Fruits or Vegetables Report

This report is intended to fulfill the Franchise Tax Board's obligation under the Revenue & Taxation Code sections 17053.88.5 and 23688.5 to annually report by December 1, to the Legislature, under these sections for the most recent tax year, the utilization of the credit, the month the donations were made, the estimated value of the fresh fruits and vegetables donated, and the county in which the donated products originated.

Prepared by the Staff of the
Franchise Tax Board
STATE OF CALIFORNIA

Members of the Board:
Betty T. Yee, Chair
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Donated Fresh Fruits or Vegetables Credit

Background

Chapter 503 of the Statutes of 2011 (AB 152) established an income tax credit, under Section 17053.88 of the Personal Income Tax Law and Section 23688 of the Corporation Tax Law, equal to 10 percent of the cost of the donation for fresh fruits or fresh vegetables to a California food bank. This credit was effective January 1, 2012, and was operable for tax years 2012 through 2016.

Chapter 32 of the Statutes of 2016 (SB 837) authorized a New Donated Fresh Fruit or Vegetables Credit, under Section 17053.88.5 of the Personal Income Tax Law and Section 23688.5 of the Corporation Tax Law, equal to 15 percent of the wholesale value of the donation for fresh fruits or fresh vegetables to a California food bank. The new credit was effective January 1, 2017, and is operable for tax years 2017 through 2021. The New Donated Fresh Fruit or Vegetables Credit was amended under Chapter 431 of the Statutes of 2019 (AB 614), expanding the definition of a qualified donation to include additional raw agricultural products and processed foods. The expanded New Donated Fresh Fruit or Vegetables Credit is not operative until January 1, 2020, and the additional qualified donation items are not included in this year's report

As part of the current statute (Chapter 32 of the Statutes of 2016), the Franchise Tax Board (FTB) is required to provide an annual report to the Legislature which includes the following:

- Utilization of the credit
- Month the donations were made
- Estimated value of the fresh fruits and fresh vegetables donated
- County in which the donated products originated

Two annual reports from the FTB to the Legislature are required by statute. The first is due to the Legislature on or before December 1, 2019. The second and final report is due by December 1, 2020. The second report will include the credit expansion under Chapter 431 of the Statutes of 2019.

The following report meets the FTB's requirement for the report due December 1, 2019. The information presented is based on return data processed as of November 18, 2019.

Utilization of Credits

Table 1 presents data on Donated Fresh Fruits or Vegetables Credits generated and claimed on tax returns for tax years 2017 through 2018. The data is based on taxpayer's self-reported tax return information. To date, 126 taxpayers generated over \$2.7 million in Donated Fresh Fruit or Vegetable Credits and nearly \$1.2 million in credits were claimed on 178 tax returns. The number of taxpayers claiming credits is greater than the number generating them because credits generated by a single pass through entities (S-Corporation, partnership, or LLC) may be claimed by multiple owners. For all years, credits claimed represent 43 percent of the aggregate amount of credits generated. The remaining unclaimed credits may be carried over to offset tax liability in future tax years.

Table 1: Total Credit Information by Tax Year ^{a\}

Tax Year	Number of Taxpayers Generating Credit	Carryover Credits from Prior Year	Credits Generated During Year	Total Credits Available	Number of Taxpayers Claiming Credit	Total Credits Claimed	Percentage Claimed of Total Generated
2017	66	\$1,569,996	\$1,626,012	\$3,196,008	104	\$740,126	45.52%
2018 ^{b\}	60	885,886	1,108,979	1,994,865	74	437,540	39.45%
Total	126		2,734,990		178	1,177,666	43.06%

Months and Value of Donations

Table 2 and Table 3 data present the value of donated fresh fruit and vegetables by month of donation during calendar years 2017 and 2018. Nearly \$8.7 million in donations were made during the 2017 calendar year and about \$6.0 million were made during 2018. Of the total dollar value of donations in 2017, 31 percent were made by taxpayers who donated during multiple months in the year. In 2018, the share of donations made in multiple months decreases to 21 percent.

Table 2: Calendar Year 2017 Donation Values By Month ^{c\}

Month	Donation Value	Percent of Total ^{d\}
January	\$27,409	^{e\}
February	44,093	1%
March	37,902	^{e\}
April	84	^{e\}
May	17,956	^{e\}
June	194,712	2%
July	54,593	1%
August	109,124	1%
September	229,650	3%
October	127,863	1%
November	116,390	1%
December	4,991,242	57%
Multiple Months	2,736,534	31%
Total Value	\$8,687,551	100%

^{a\} Some taxpayers claimed a credit on their return without filing all the appropriate tax forms. In these instances, the amount generated was determined based upon the amount claimed or other reported information.

^{b\} Not all timely 2018 tax year returns have been processed as of this writing.

^{c\} Totals do not include donations on returns where sufficient detail was not provided by taxpayers.

^{d\} Due to rounding the total may not equal the detail.

^{e\} Amount is less than one percent to total donations.

Table 3: Calendar Year 2018 Donation Values By Month ^{c\}

Month	Donation Value	Percent of Total ^{d\}
January	\$49,080	1%
February	49,992	1%
March	43,808	1%
April	46,443	1%
May	68,905	1%
June	70,419	1%
July	130,458	2%
August	104,520	2%
September	224,704	4%
October	55,792	1%
November	132,726	2%
December	3,775,186	63%
Multiple Months	1,259,041	21%
Total Value	\$6,011,072	100%

Origination of Donations

Table 4 is the county of origination for donated fruits and vegetables, as specified by the taxpayer. FTB rules on disclosure of confidential data do not allow the reporting of the number and/or value of donations at the county level if a county has fewer than 20 affected taxpayers. There were no counties that had at least twenty taxpayers claim this credit in any given tax year.

Table 4: County Origin of Donations

2017 Origin:	2018 Origin:
Alameda	Alameda
Contra Costa	
Fresno	Fresno
Humboldt	Humboldt
Imperial	
Kern	Kern
	Lake
Los Angeles	Los Angeles
Mariposa	
Merced	Merced
Monterey	Monterey
	Nevada
Orange	Orange
Placer	Placer
Riverside	Riverside
Sacramento	Sacramento
San Diego	San Diego
San Francisco	
San Joaquin	San Joaquin

^{c\} Totals do not include donations on returns where sufficient detail was not provided by taxpayers.

^{d\} Due to rounding the total may not equal the detail.

2017 Origin:	2018 Origin:
San Luis Obispo	
Santa Barbara	Santa Barbara
Santa Clara	Santa Clara
Santa Cruz	Santa Cruz
Shasta	
Sonoma	Sonoma
Stanislaus	
Ventura	Ventura
Yolo	Yolo