



STATE OF CALIFORNIA
Franchise Tax Board

Donated Fresh Fruits or Vegetables Credit Report

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:
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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 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 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 became effective January 1, 2020, and is operable for tax years 2020 through 2021.

As part of the current statute (Chapter 431 of the Statutes of 2019), 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 qualified donation items
- County in which the donated items 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 following report meets the FTB's requirement for the report due December 1, 2020. The information presented is based on return data processed as of October 19, 2020.

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 2019. The data is based on taxpayer's self-reported tax return information. To date, 216 taxpayers generated approximately \$4.5 million in Donated Fresh Fruit or Vegetable Credits and nearly \$2.3 million in credits were claimed on 318 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 51 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 ^{b\}	Total Credits Available	Number of Taxpayers Claiming Credit	Total Credits Claimed	Percentage Claimed of Total Generated
2017	66	\$2,241,587	\$1,602,611	\$3,844,198	104	\$740,126	46.18%
2018	69	3,104,072	1,425,860	4,529,932	85	581,435	40.78%
2019 ^{c\}	81	3,948,497	1,457,072	5,405,568	129	965,699	66.28%
Total	216		4,485,542		318	2,287,260	50.99%

Months and Value of Donations

Data from *Tables 2 through 4* present the value of donated fresh fruit and vegetables by month of donation during calendar years 2017 through 2019. Nearly \$8.8 million in donations were made during the 2017 calendar year, \$8.0 million during 2018, and approximately \$8.3 million during 2019. Of the total dollar value of donations in 2017, 32 percent were made by taxpayers who donated during multiple months in the year. In 2018, the share of donations made in multiple months decreased slightly to 29 percent, followed by a larger decrease to 2 percent in 2019.

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

Month	Donation Value	Percent of Total ^{e\}
January	\$25,808	f\
February	44,093	1%
March	37,902	f\
April	84	f\
May	17,956	f\
June	194,712	2%
July	54,593	1%
August	109,124	1%
September	229,341	3%
October	127,863	1%
November	114,590	1%
December	4,977,123	57%
Multiple Months	2,841,200	32%
Total Value	\$8,774,388	100%

^{a\} Due to programming issues, changes reflected from the prior report are a result of correcting an error in the carryover calculation.

^{b\} 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.

^{c\} Not all timely 2019 tax year returns have been processed as of this writing.

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

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

^{f\} Amount is less than one percent of total donations.

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

Month	Donation Value	Percent of Total ^{e\}
January	\$203,065	3%
February	56,832	1%
March	56,083	1%
April	56,294	1%
May	215,947	3%
June	370,427	5%
July	141,156	2%
August	138,794	2%
September	287,724	4%
October	164,093	2%
November	204,333	3%
December	3,780,056	47%
Multiple Months	2,351,918	29%
Total Value	\$8,026,720	100%

Table 4: Calendar Year 2019 Donation Values By Month ^{d\}

Month	Donation Value	Percent of Total ^{e\}
January	\$213,967	3%
February	436,679	5%
March	564,653	7%
April	609,096	7%
May	370,772	4%
June	422,922	5%
July	297,669	4%
August	392,603	5%
September	821,976	10%
October	535,576	6%
November	844,919	10%
December	2,672,343	32%
Multiple Months	134,999	2%
Total Value	\$8,318,174	100%

Origination of Donations

Table 5 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. In 2019, only Fresno County had at least twenty taxpayers claim this credit, at a total estimated donation value of approximately \$600,000. No other counties had at least twenty taxpayers claim this credit in any given tax year.

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

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

Table 5: County Origin of Donations

2017 Origin:	2018 Origin:	2019 Origin:
Alameda	Alameda	Alameda
		Butte
Contra Costa		Contra Costa
Fresno	Fresno	Fresno
Humboldt	Humboldt	
Imperial	Imperial	Imperial
Kern	Kern	Kern
	Lake	Lake
Los Angeles	Los Angeles	Los Angeles
Merced	Merced	Merced
Monterey	Monterey	Monterey
	Nevada	Nevada
Orange	Orange	Orange
Placer	Placer	Placer
Riverside	Riverside	Riverside
Sacramento	Sacramento	Sacramento
		San Bernardino
San Diego	San Diego	San Diego
San Francisco		San Francisco
San Joaquin	San Joaquin	San Joaquin
	San Jose	
San Luis Obispo	San Luis Obispo	San Luis Obispo
		San Mateo
Santa Barbara	Santa Barbara	Santa Barbara
Santa Clara	Santa Clara	Santa Clara
Santa Cruz	Santa Cruz	Santa Cruz
Shasta		
Sonoma	Sonoma	Sonoma
Stanislaus	Stanislaus	Stanislaus
	Tulare	Tulare
Ventura	Ventura	Ventura
Yolo	Yolo	