



STATE OF CALIFORNIA
Franchise Tax Board

Donated Fresh Fruits or Vegetables Credit Report

Economic and Statistical Research Bureau

Published December 2021



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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
Antonio Vazquez, Member
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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 was effective January 1, 2020, and operable for tax years 2020 through 2021. Chapter 82 of the Statutes of 2021 (AB 150) further extended the credit through tax year 2026.

As part of the current statute (Chapter 82 of the Statutes of 2021), 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

Five annual reports from the FTB to the Legislature are required by statute. The first is due to the Legislature on or before December 1, 2021. The final report is due by December 1, 2025.

The following report meets the FTB's requirement for the report due December 1, 2021. The information presented is based on 2018, 2019, and 2020 tax return data processed as of October 25, 2021. For information on credit data for tax years 2017 and prior, please see the December 1, 2020 Donated Fresh Fruits or Vegetables Credit Report.

Utilization of Credits

Table 1 presents data on Donated Fresh Fruits or Vegetables Credits generated and claimed on tax returns for tax years 2018 through 2020. The data is based on taxpayer's self-reported tax return information. During this period, \$4.2 million in Donated Fresh Fruit or Vegetable Credits were generated on 279 tax returns and approximately \$3.2 million in credits were claimed on 511 tax returns. The number of taxpayers claiming credits may be greater than the number generating them because credits generated by a single pass through entity (S-Corporation, partnership, or

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LLC) may be claimed by multiple owners. For all years, credits claimed represent 77 percent of the aggregate amount of credits generated. The remaining unclaimed credits may be carried over to offset tax liability in future tax years. Therefore, in any given tax year more credits may be claimed on returns than were generated in that same tax year.

Table 1: Total Credit Information by Tax Year

Tax Year	Number of Returns Reporting Credits Generated	Carryover Credits from Prior Year	Credits Generated During Year ^{a\}	Total Credits Available	Number of Returns Reporting Credits Claimed	Total Credits Claimed	Percentage Claimed of Total Generated
2018	69	3,103,972	1,425,860	4,529,832	87	581,511	40.78%
2019	97	3,950,340	1,734,063	5,684,402	170	1,256,635	72.47%
2020 ^{b\}	113	4,433,960	1,035,267	5,469,227	254	1,393,750	134.63%
Total	279		4,195,189		511	3,231,896	77.04%

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 2018 through 2020. Approximately \$8.1 million in donations were made during 2018, \$10.2 million during 2019, and \$6.3 million during 2019. Of the total dollar value of donations in 2018, 30 percent were made by taxpayers who donated during multiple months in the year. In 2019, the share of donations made in multiple months decreased to seven percent, followed by a larger decrease to less than one percent in 2020.

Table 2: Calendar Year 2018 Donation Values By Month ^{c\}

Month	Donation Value	Percent of Total ^{d\}
January	\$204,371	3%
February	\$56,832	1%
March	\$56,083	1%
April	\$56,294	1%
May	\$214,627	3%
June	\$370,427	5%
July	\$141,557	2%
August	\$138,794	2%
September	\$287,724	4%
October	\$164,093	2%
November	\$205,760	3%
December	\$3,778,316	46%
Multiple Months	\$2,448,732	30%
Total Value	\$8,123,608	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 2020 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.



Table 3: Calendar Year 2019 Donation Values By Month ^{c\}

Month	Donation Value	Percent of Total ^{d\}
January	\$57,163	1%
February	284,538	3%
March	309,476	3%
April	247,739	2%
May	160,546	2%
June	479,948	5%
July	197,790	2%
August	377,986	4%
September	711,994	7%
October	69,962	1%
November	412,586	4%
December	6,201,234	60%
Multiple Months	741,206	7%
Total Value	\$10,252,170	100%

Table 4: Calendar Year 2020 Donation Values By Month ^{c\}

Month	Donation Value	Percent of Total ^{d\}
January	\$75,830	1%
February	26,160	^{e\}
March	66,904	1%
April	261,014	4%
May	718,499	11%
June	253,419	4%
July	136,778	2%
August	301,081	5%
September	274,799	4%
October	82,288	1%
November	282,668	4%
December	3,819,508	61%
Multiple Months	10,138	^{e\}
Total Value	\$6,309,085	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 and 2020, only Fresno County had at least twenty taxpayers claim this credit, at a total estimated

^{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 of total donations.



donation value of approximately \$900,000 and \$550,000, respectively. No other counties had at least twenty taxpayers claim this credit in any given tax year.

Table 5: County Origin of Donations

2018 Origin:	2019 Origin:	2020 Origin:
Alameda	Alameda	Alameda
	Butte	Butte
	Contra Costa	Contra Costa
Fresno	Fresno	Fresno
Humboldt		Humboldt
Imperial	Imperial	Imperial
Kern	Kern	Kern
Lake	Lake	
Los Angeles	Los Angeles	Los Angeles
		Marin
Merced	Merced	Merced
Monterey	Monterey	
		Napa
Nevada	Nevada	Nevada
Orange	Orange	Orange
Placer	Placer	Placer
Riverside	Riverside	Riverside
Sacramento	Sacramento	Sacramento
	San Bernardino	San Bernardino
San Diego	San Diego	San Diego
	San Francisco	San Francisco
San Joaquin	San Joaquin	San Joaquin
	San Luis Obispo	San Luis Obispo
	San Mateo	San Mateo
Santa Barbara	Santa Barbara	Santa Barbara
Santa Clara	Santa Clara	Santa Clara
Santa Cruz	Santa Cruz	Santa Cruz
		Solano
Sonoma	Sonoma	
Stanislaus	Stanislaus	Stanislaus
		Sutter
Tulare	Tulare	
Ventura	Ventura	Ventura
Yolo	Yolo	