



Analysis of Amended Bill

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Bill Number: AB 279

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Amended: March 20, 2019

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Related Bills: See Legislative
History

Subject: Tax Credit for Donated Fresh Fruits and Vegetables to a Food Bank

Summary

This bill would, under the Personal Income Tax Law (PITL), modify the dates the Franchise Tax Board (FTB) is to report to the Legislature on the use of the Donated Fresh Fruits or Vegetables Credit.

Recommendation – No position.

Summary of Amendments

The March 20, 2019, amendments removed provisions of the bill relating to a nonsubstantive technical change to the PITL, and replaced it with the provisions discussed in this analysis.

This is the department's first analysis of the bill.

Reason for the Bill

The reason for the bill is to change the due date for the mandated report on the use of the Donated Fresh Fruits or Vegetables Credit.

Effective/Operative Date

This bill would become effective and operative January 1, 2020.

State Law

Current state law allows a credit to a qualified taxpayer who donates fresh fruits or vegetables to a food bank located in California.¹ The credit allowed is equal to 15 percent of the qualified value of the donated fresh fruits or vegetables.

A qualified taxpayer is the person responsible for planting a crop, managing the crop, and harvesting the crop from the land. The qualified value is calculated by using the weighted average wholesale price based on the qualified taxpayer's total like grade wholesale sales of the donated item, or if not available, the nearest regional wholesale market price, based upon the same grade products.

The taxpayer is required to provide specified information to the nonprofit organization upon donation, and the nonprofit organization is required to provide a certificate upon receiving the donation.

Using the information available to the FTB from the required certificates, the FTB is required to report to the Legislature on or before December 1, 2019, and each December 1 thereafter, until December 1, 2022, regarding the utilization of the credit. The report must be in compliance with the Government Code, and include the qualified value of the fresh fruits and fresh vegetables donated, the county in which the products originated, and the month the donation was made.

This Bill

This bill would, under the PITL, replace the FTB's mandated annual reporting requirement on the utilization of the credit for donated fresh fruits or vegetables to instead be two reports, the first due on or before December 1, 2019, and the second due on or before July 1, 2020.

Implementation Considerations

Implementing this bill would occur during the department's normal annual update.

Legislative History

AB 614 (Eggman, et al., 2019/2020) would, under the PITL and Corporation Tax Law (CTL), recast the Donated Fresh Fruits or Vegetables Credit as a credit for donating qualified items, including raw agricultural products or processed foods, to a food bank. AB 614 is pending before the Senate.

¹ Under Chapter 5 (commencing with Section 58501) of Part 1 of Division 21 of the Food and Agricultural Code.

AB 515 (Eggman, et al., 2015/2016), would have recast the Donated Fresh Fruits or Vegetables Credit as the Agriculture Product Donation to Food Bank Credit. AB 515 was vetoed by the Governor, along with other tax credit bills, due to concerns related to the state's budget.

SB 837 (Committee on Budget and Fiscal Review, Chapter 32, Statutes of 2016) allowed, under the PITL and CTL, the Donated Fresh Fruits or Vegetables Credit.

AB 152 (Fuentes, et al. Chapter 503, Statutes of 2011) allowed, under the PITL and CTL, the Donated Fresh Fruits or Vegetables Credit. The credit was repealed on December 1, 2017.

Other States' Information

Because this bill would change the reporting requirement regarding utilization of the Donated Fresh Fruits or Vegetables Credit, a review of other states' tax information would not be relevant.

Fiscal Impact

This bill would not impact the department's costs.

Economic Impact

Revenue Estimate

This bill as amended March 20, 2019, would not impact state income or franchise tax revenue. This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

Revenue Discussion

This bill would reduce the number and frequency of a mandated report from the FTB to the Legislature on the utilization of the credit for donations of fresh fruits or vegetables, thus bill as amended March 20, 2019, would not impact state income or franchise tax revenue.

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