



SB 1541: HELP FIGHT HUNGER WITH FRESH FOOD Reinstating tax credit reduces crop donation costs

*Fresh foods are critical to a healthy diet. Many farmers and producers want to donate crops to charitable organizations that serve Oregonians in need. The cost of harvesting, transportation, and storage can make a donation prohibitive. Donations come as a loss to farmers. Some can't afford to. A tax credit for donating crops can be the difference between donating more and donating at all. **Your support in getting a tax credit passed in Oregon Legislature will increase the amount of fresh nutritious food going to families experiencing hunger in Oregon!***

Donating crops and livestock to charities is not free...

It costs just about the same to harvest crops for donations as it does for wholesale. The same inputs are required. Harvesting and transporting large quantities of food, whether its line crops or tree fruit, requires labor, equipment, processing such as cleaning, cold storage, and fuel. The state tax credit for donating crops, created in 1977, expired in 2011.

Currently, a farmer who donates 10,000 pounds of apples does not receive a state tax benefit, while an individual who donates \$10 does. A reinstated and improved tax credit would help Oregon producers partially cover the cost of donating crops and livestock, enabling some to donate more and others to donate for the first time.

Key details of SB 1541

- Oregon farmers and producers would be able to receive a tax credit valued at 15 percent of the wholesale price of the food product to help cover some of the cost of donation.
- Cap: total credit claimed can not exceed total liability and is non-refundable.
- An unused tax credit can be carried forward up to three years.

"Crop" is defined "but is not limited to, bedding plants that produce food, orchard stock intended for the production of food and livestock that may be processed into food for human consumption." (ORS 315-154)

A sample calculation: a farmer donates 5 tons of potatoes (10,000lbs.). If the market price is \$6.50/100 lbs. or \$0.065/lb., then 15 percent of the price of these potatoes is \$0.00975/lb. x 10,000 lbs or \$97.50 in tax credit from a wholesale value of \$650.

"This (tax) expenditure achieves its purpose...(A ten percent credit) is not enough to pay the cost of fuel to harvest or haul the potatoes...The Dept. of Agriculture proposes the credit be increased to 50 percent of the wholesale market price."

-Oregon 2011-13 Tax Expenditure Report

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Crop Donation Tax Credit: LOW COST HIGH IMPACT

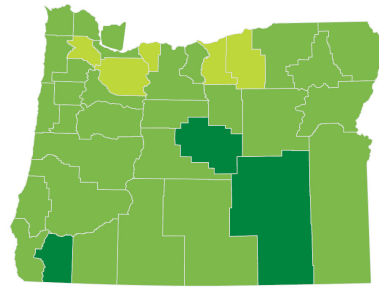
Revenue Impact:

An unofficial revenue impact estimate ranges between \$250,000 to \$380,000 a year. **That would result between 2.7 million and 4.1 million pounds of donated food; and yield between 2.2 million and 3.4 million meals for Oregon families experiencing hunger.**



- Every \$1 in tax credit brings in 11 pounds of donated food.
- Every \$1 in tax credit provides 9 meals.

Hunger costs more



Food insecurity rates

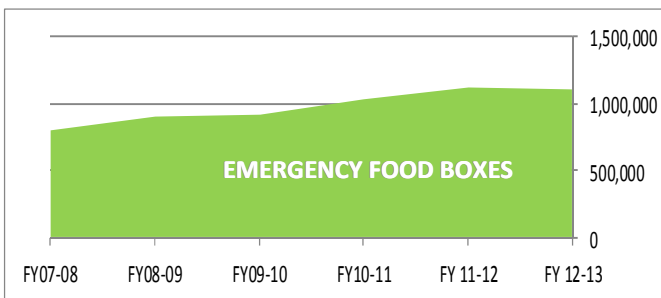
20% - 24%
15% - 19%
4% - 14%

Source: 2011 Feeding America Map the Meal Gap

Hunger costs Oregon **\$2.1 billion annually** in health care as the result of poor nutrition, lower educational attainment among children that are hungry to concentrate.* About 54 percent of Oregon's school children are eligible for free and reduced lunch. Over 800,000 Oregonians use SNAP to supplement their food needs, of which 129,000 are seniors and people with disabilities. Nearly 509,000 households in Oregon experience food insecurity. With Congress expected to cut SNAP benefits again in the Farm Bill reauthorization, food banks and charities throughout Oregon will struggle to provide enough food.

Sources: *Center for American Progress, OR Dept. of Education, OR Dept. of Human Services, USDA

Emergency food distribution in Oregon in 2012-2013



86.3 million
TOTAL POUNDS



6.5%
INCREASE FROM LAST YEAR

20

REGIONAL FOOD BANKS

953

PARTNER AGENCIES

Sources of food: Oregon Food Bank Network *(includes 20 regional food banks*

and 945 partner and program agencies)

57%

Food industry donations

15%

USDA

14%

Purchased

14%

Food Drives

Source: Oregon Food Bank, 2012-13