



SB 1541? Nope

Crop donations already receive generous Oregon tax benefits Which pass through from the Federal forms

Jody Wiser, 2.10.2014

SB 1541 is about a tax credit designed in 1977 to encourage crop gleaning and donation. This is a desirable policy goal, and was important in its time.

Oregon's crop donation tax credit, until Dec. 2011, was for 10% of wholesale market price and is set at an appropriate level, were it the only benefit available.

But since 2008, a huge improvement has been in place on the federal tax level, a benefit that passes through to the Oregon return and that surely provides ample encouragement. (This benefit was available only to C-corps prior to 2008).

Today, because of these changes in the federal law, donating crops of marginal value can be more beneficial to the farmers than harvesting, packing and transporting the same produce to market, according to a GAO report.

Farmers will deduct:

- All growing costs on Schedule F which will pass through to the Oregon return, and
- The Federal "Enhanced Tax Deduction" for food contributions – which cannot exceed twice the cost of production-- and will pass through to the Oregon return.

When it expired, only 75-85 taxpayers were using Oregon's gleaning tax credit each year, and they likely would donate anyway, either because they are the kind of people who would donate without any subsidies, or because they've added up the subsidies and seen that food "donations" are actually sound business transactions. In addition, as we were told on a Food Bank tour, when produce has been harvested and brought to market before the farmer realizes there is no market, the farmer avoids dumping fees when the crop is still fresh enough to donate.

The federal deduction was improved in 2008. Prior to this 2008 increase in the appeal of donating crops, our tax credit had merit. **Now, it is simply not needed. Donating crops has become a good business practice.**

The website of the Oregon Food Bank explains the federal benefits, attached. However, none of the seven pieces of testimony from the first hearing mention this subsidy for crop donations.

We judge this tax credit unnecessary, and one that should remain ended. There is no need.

We read the bills and follow the money