HB 3041 Increasing the tax credit for donations of crops

Testimony for House Revenue – Jody Wiser – 5.1.2017

This tax credit was brought back to life in 2014, providing a 15% tax credit that applied to harvested and delivered foods, as well as food left in the field for gleaning.   Prior to the change and without credits, some 90 farmers were allowing gleaning in their fields, and others were delivering food to food banks and food-distribution charitable organizations.

According to the Tax Expenditure Report, 130 farmers used the credit in 2014. Perhaps by now the 2015 data is available. But on what basis do we think the current level of subsidy is not "just right"? Are the rules well-known? We believe there has been insufficient time to learn if 15% is an adequate amount and to justify an increase to 25%.

Clearly, a well-designed subsidy would differentiate between donated crops left to be gleaned in the field and crops picked, packaged for wholesale distribution or for family use, and delivered, especially if the product is provided upon the request of a food bank. This bill, however, doesn't make that distinction. Nor have we seen any evidence about whether or not we are subsidizing the avoidance of dumping fees, an altogether different situation.

If you want to increase this subsidy for farmers, what benefit for them will you remove to pay for the increase? Attached is a list. As you'll recall, they don't want the current subsidies to receive sunsets and be evaluated, farmers stormed this room over that idea. We've seen 18 different bills this year to benefit farmers, this is but one of them.

But back to the bill. We wonder why is it that farmers are being treated differently from other food donors? Bakeries, grocery stores and restaurants currently donate food, without an Oregon tax credit. Just like farmers, they deduct from their income all of the costs of acquisition and productions of food they donate. But they don't get a state tax credit too. Why are farmers treated differently?

We read the bills and follow the money