

SB 241 STAFF MEASURE SUMMARY

Senate Committee On Environment and Natural Resources

Action Date: 02/12/19

Action: Do pass and be referred to Finance and Revenue and to Tax Expenditures by prior reference.

Vote: 4-0-1-0

Yeas: 4 - Bentz, Dembrow, Prozanski, Roblan

Exc: 1 - Olsen

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Prepared By: Beth Patrino, LPRO Analyst

Meeting Dates: 2/5, 2/12

WHAT THE MEASURE DOES:

Extends the sunset on the tax credit for crop donation from January 1, 2020 to January 1, 2026. Increases the percentage of wholesale price allowed as a credit from 15 to 30 percent. Applies to tax years beginning on or after January 1, 2019. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Tax credit offsets portion of the cost of food donations
- Proposed increase in percentage of wholesale price allowed as a credit will provide additional support for food donations

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The crop donations credit provides a credit against personal or corporate income taxes available to growers that make a qualified donation of a crop to a food bank or other charitable organization including but not limited to gleaning cooperatives. To be a qualified donation, donated crop must go to food banks, gleaning cooperatives and other charitable organizations engaged in the distribution of food without charge. Credit amount is equal to fifteen percent of the value of the quantity of the crop donated computed at the wholesale market price. Credit is nonrefundable but unused credit amounts can be carried forward for up to three succeeding tax years. For purposes of the tax credit, "crop" is defined as an agricultural crop producing food for human consumption and includes livestock that can be processed into food for human consumption. "Qualified donation" means the harvest or post-harvest contribution in Oregon of a crop or a portion of a crop grown primarily to be sold for cash. Donated food must be fit for human consumption and meet all quality and labeling standards imposed by federal, state or local laws. However, donated food is not required to be readily marketable due to appearance, age, freshness, grade, size, surplus, or other condition. (Tax Credit Review: 2019 Session, Research Report #2-10, Oregon Legislative Revenue Office)

Senate Bill 241 would extend the sunset on the tax credit for crop donation from January 1, 2020 to January 1, 2026 and increase the percentage of wholesale price allowed as a credit from 15 to 30 percent.