

Crop Donation Tax Credit

2025 Tax Credit Review

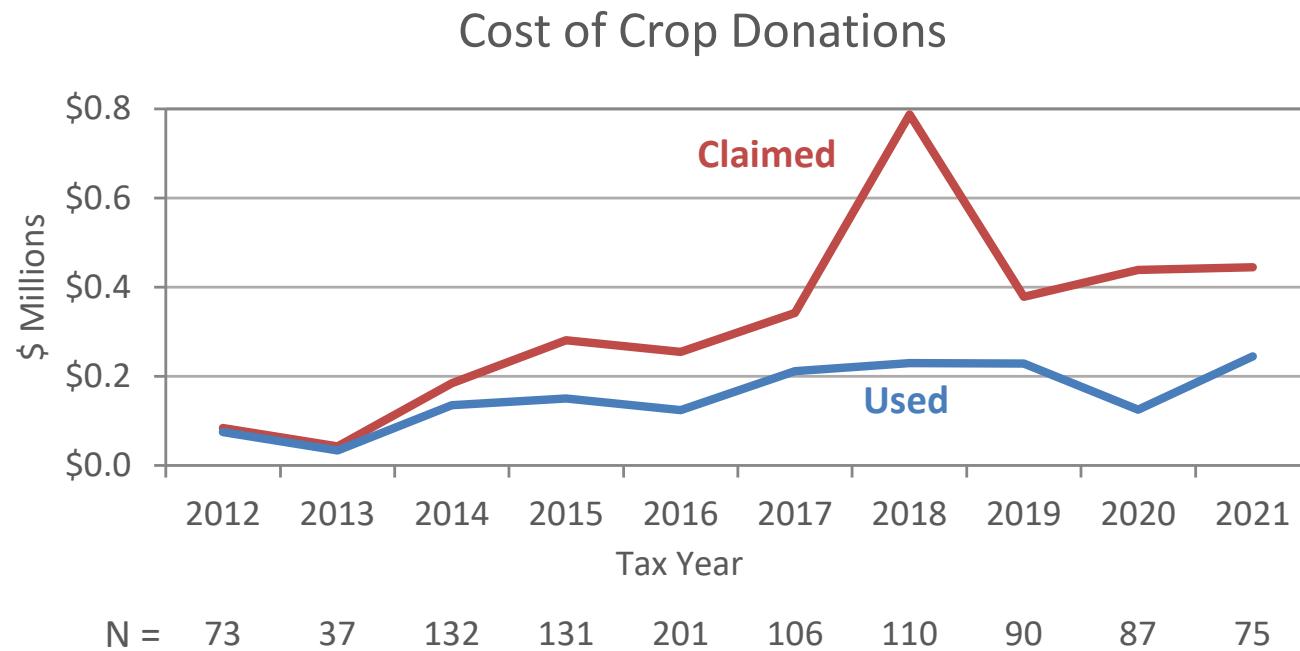
Joint Committee on Tax Expenditures | 5/7/2025



Crop Donations Credit - Policy Purpose & Description

- Policy purpose
 - “To increase the amount of food donated by food producers to charities that serve individuals and families experiencing hunger, by offsetting expenses incurred during the collection, transportation, and storage of donated food”*
- Credit Description
 - Non-refundable personal and corporate income tax credit available to crop growers that make qualified donation to food bank or other charitable organization (3-year carryforward of unused credit)
 - Credit = $15\% \times$ wholesale market price of crop donated
 - Crop defined as agricultural crop producing food fit for human consumption (includes livestock)

Crop Donations Credit – Use of the Credit



- Credit was allowed to sunset in years 2012 & 2013 (was 10%)
- Credit reinstated beginning in 2014 at 15%
- Revenue loss of about \$200K per year in most recent 5 years

Hypothetical Tax Benefits of Crop Donation

- Example of potential tax benefits from crop donation
- OR tax credit
- Enhanced deduction (state & federal)

Example of Benefit from Crop Donation Deduction & Credit		
Line	----- Oregon Example -----	Notes on Calculations
1.	Fair market value (FMV)	\$5,000
2.	OR Credit	\$750 15% of FMV
4.	Basis (deduction portion)	\$1,250 Assumes 25% of FMV
5.	Enhanced Deduction	\$2,500 Basis × 2
6.	Reduction in OR Tax Liability from Enhanced Deduction	\$219 Assumed 8.75% tax rate (8.75% × \$2,500)
7.	Total OR Tax Savings	\$969 \$750 + \$219
8.	Total Federal Tax Savings	\$300 Assumed 12% tax rate (12% × \$2,500)
9.	Total Combined Oregon & Federal Tax Savings	\$1,269 \$750 + \$219 + \$300

Note: Simplified example intended for contextual purposes and assumes farm has tax liability.

Other States

- Six states identified as having a similar credit
 - California, Iowa, Nebraska, New York, Virginia, and West Virginia
- Other state credits similar in policy
 - Credit = % of donated product's value (states varied at 15% to 50%)
 - Most states had per taxpayer credit limits ranging \$2.5K to \$10K per year
 - Generally, credit is non-refundable
 - Half of states had overall annual limits on the credit (\$200K to \$500K)
 - Generally, tax addition required when claiming both credit and deduction

Link to full tax credit report

