

# DEPARTMENT OF TAXATION

## 2023 Fiscal Impact Statement

1. **Patron** Elizabeth B. Bennett-Parker

3. **Committee** House Finance

4. **Title** Income Tax; Wholesome Food Credit

2. **Bill Number** HB 2445

**House of Origin:**

X **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would convert Virginia's Food Crop Donation Tax Credit that expired after Taxable Year 2022 into a Wholesome Food Donation Tax Credit. "Wholesome food" would be defined as food that meets all quality and labeling standards imposed by federal, state, and local laws or regulations, including food that may not be readily marketable due to appearance, age, freshness, grade, surplus, or other condition.

Under current law, the amount of the credit is 30 percent of the fair market value of the amount donated, not to exceed an aggregate credit of \$5,000 for all such donations made during such year. This bill would increase that tax credit to equal 50 percent of the fair market value of the amount donated, not to exceed \$10,000 for all such donations during such year.

Such changes would apply to taxable years beginning on or after January 1, 2023, but before January 1, 2028.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Preliminary (See Line 8.)

### 8. **Fiscal implications:**

#### Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine and does not require additional funding.

#### Revenue Impact

This bill would have a negative revenue impact to the General Fund of no more than \$100,000 annually beginning in Fiscal Year 2024 as a result of the increase in the amount of the tax credit from 30 percent to 50 percent of the fair market value the donation and the increase from \$5,000 to \$10,000 in the maximum total amount of credits per taxpayer during

a single year. The remaining provisions of the bill would have no General Fund revenue impact.

**9. Specific agency or political subdivisions affected:**

Department of Taxation

**10. Technical amendment necessary:** Yes. The Department recommends specifying the effective date in an enactment clause to clarify that the provisions pertaining to previously issued Food Crop Donation Tax Credits continue to apply to prior taxable years.

Line 56, end of line

Insert: 2. That the provisions of this act shall be effective for taxable years beginning on and after January 1, 2023.

**11. Other comments:**

Food Crop Donation Tax Credit

For taxable years beginning on or after January 1, 2016, but before January 1, 2022, any person engaged in the business of farming that donates food crops grown by the person in the Commonwealth to a nonprofit food bank is allowed a credit against his or her individual or corporate income tax liability for the taxable year of the donation. The credit is in an amount equal to 30 percent of the fair market value of such food crops donated by the person in the taxable year, not to exceed an aggregate credit of \$5,000 for all such donations made by the person during such year. "Food crops" is defined as grains, fruits, nuts, or vegetables.

The Food Crop Donation Tax Credit expired on January 1, 2022. However, Item 3-5.26 of the 2022 Appropriation Act extended the credit expiration date by one year, until January 1, 2023.

Proposed Legislation

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### Similar Legislation

**Senate Bill 1525** is identical to this bill.

cc : Secretary of Finance

Date: 1/29/2023 SK  
HB2445F161