

# HB119 INTRODUCED



1 HB119  
2 ULY4GGD-1  
3 By Representative Robbins  
4 RFD: Ways and Means Education  
5 First Read: 06-Feb-24



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SYNOPSIS:

This bill would allow farmers to claim an income tax credit for a donation of edible farm products to a qualifying food bank.

A BILL  
TO BE ENTITLED  
AN ACT

To allow a farmer to claim an income tax credit for donations of edible farm products to a qualifying food bank.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) As used in this article, the following terms have the following meanings:

(1) DEPARTMENT. Department of Agriculture and Industries.

(2) EDIBLE FARM PRODUCT. Plants and animals useful to humans and includes, but is not limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products, poultry and poultry products, livestock, fruits, and vegetables. May not be damaged, out-of-condition, or declared unfit for human consumption by a federal, state, or local health official.

(3) FARMER. An Alabama taxpayer that meets either of



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29 the following qualifications:

30 a. Is responsible for, and derives income of at least  
31 one thousand (\$1,000) from, growing fruits, vegetables, or  
32 other edible farm products or from raising beef, poultry,  
33 pork, fish, or other edible agriculture products.

34 b. Has filed an acreage report with the U.S. Department  
35 of Agriculture.

36 (4) QUALIFYING FOOD BANK. A food bank as defined in  
37 Section 40-9-25.16, Code of Alabama 1975.

38 (b) An Alabama income tax credit is established for  
39 farmers who donate eligible farm products to a food bank. The  
40 tax credit shall equal the lesser of:

41 (1) Fifteen percent of the value of the commodities  
42 donated during the tax year for which the credit is claimed.  
43 The value of the commodities shall be determined in the same  
44 manner as a charitable contribution of food for federal tax  
45 purposes under Section 170(e)(3)(c) of the Internal Revenue  
46 Code.

47 (2) Five thousand dollars (\$5,000).

48 (c) The taxpayer claiming a tax credit under this act  
49 shall not receive remuneration for the donation. The tax  
50 credit must be taken in the tax year in which the taxpayer was  
51 issued a tax credit certificate under subsection (f). The tax  
52 credit issued under this article may not decrease a taxpayer's  
53 liability to less than zero. If the tax liability of the  
54 taxpayer is less than the tax credit issued under this  
55 article, the taxpayer may only utilize the amount of the  
56 credit that reduces the taxpayer's liability to zero. The tax



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57 credit is not refundable nor transferable and may not be  
58 carried forward. A taxpayer applying for the tax credit shall  
59 only apply for the tax credit for the year in which the edible  
60 farm product was donated to a qualifying food bank, regardless  
61 of the tax liability of the taxpayer.

62 (d) The Department of Revenue shall grant the tax  
63 credit against the state income tax that is due by the  
64 taxpayer holding the tax credit certificate issued under  
65 subsection (f) in the amount stated on the tax credit  
66 certificate, subject to the limitations of subsection (c). The  
67 department may audit and reassess any credit improperly  
68 obtained by the taxpayer in accordance with the Alabama  
69 Taxpayers' Bill of Rights and Uniform Revenue Procedures Act  
70 under Chapter 2A.

71 (e) The tax credit authorized by this act is limited to  
72 an aggregate amount for all taxpayers of two million dollars  
73 (\$2,000,000) annually.

74 (f) Prior to claiming the income tax credit authorized  
75 under subsection (b), the taxpayer shall file an annual  
76 informational report in a manner prescribed by the department,  
77 which includes information of edible farm products donated,  
78 along with additional information as required by the  
79 department. Following the receipt of all information required  
80 by this subsection, the department shall issue a tax credit  
81 certificate to the taxpayer seeking the credit. Tax credit  
82 certificates shall be issued on a first come, first served  
83 basis until the annual cap provided by subsection (e) is met.  
84 In the event the reservations of tax credits equal the total



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85 amount available for reservations during the tax year, all  
86 eligible taxpayers with applications then awaiting approval or  
87 thereafter submitted, shall be notified in a manner as  
88 prescribed by the department that no additional tax credits  
89 shall be granted during that tax year and, notwithstanding  
90 subsection (b), shall be allowed to seek a tax credit  
91 certificate in the next tax year, subject to the limitations  
92 of subsection (c).

93 (g) The department shall prepare a report detailing the  
94 edible farm product donated by farmers, and the amount of tax  
95 credits claimed under this article. The information on the  
96 report shall be consistent with the information required under  
97 Section 40-1-50, Code of Alabama 1975, and rules adopted by  
98 the Department of Revenue. Information provided under this  
99 section is exempt from the confidentiality provisions of  
100 Section 40-2A-10, Code of Alabama 1975, and shall be provided  
101 by the department to the Legislature in accordance with  
102 Section 40-1-50, Code of Alabama 1975, and rules adopted by  
103 the Department of Revenue.

104 (h) The department and the Department of Revenue may  
105 adopt rules to implement and administer this article.

106 (i) The tax credit allowed under this section shall be  
107 effective January 1, 2025, for the 2025 tax year and shall  
108 continue through the 2032 tax year, unless extended by an act  
109 of the Legislature.

110 Section 2. This act shall become effective on October  
111 1, 2024.