



**House Ways and Means Education Reported Substitute
for HB175**

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5 A BILL

6 TO BE ENTITLED

7 AN ACT

8

9 Relating to food banks; to establish an income tax
10 credit for donations of edible farm products to a qualifying
11 food bank.

12 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

13 Section 1. (a) This act, the purpose of which is to
14 incentivize farmers and owners of food establishments to
15 donate certain food products to food banks, shall be known and
16 may be cited as the "Farm-to-Food Bank Act of 2026."

17 (b) As used in this act, the following terms have the
18 following meanings:

19 (1) DEPARTMENT. The Department of Agriculture and
20 Industries.

21 (2) EDIBLE FARM PRODUCTS. Plants and animals useful to
22 humans for consumption which include, but are not limited to,
23 forage and sod crops, oilseeds, grain and feed crops, dairy
24 and dairy products, poultry and poultry products, livestock,
25 fruits, and vegetables. The products may not be damaged,
26 out-of-condition, or declared unfit for human consumption by a
27 federal, state, or local health official.

28 (3) ELIGIBLE DONOR. A farmer or owner of a food



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29 establishment.

30 (4) FARMER. An Alabama taxpayer that meets either of
31 the following qualifications:

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

36 b. Has filed an acreage report with the United States
37 Department of Agriculture.

38 (5) FOOD ESTABLISHMENT. As defined by the United States
39 Food and Drug Administration and adopted by Rule 420-3-22.01
40 of the Alabama Department of Public Health.

41 (6) QUALIFYING FOOD BANK. A food bank as defined in
42 Section 40-9-25.16, Code of Alabama 1975.

43 (c) A credit is allowed against the state income tax
44 imposed by Section 40-18-2, Code of Alabama 1975, for eligible
45 donors who donate edible farm products to a food bank. The tax
46 credit shall equal the lesser of:

47 (1) Fifteen percent of the value of the edible farm
48 products donated during the tax year for which the credit is
49 claimed. The value of the edible farm products shall be
50 determined in the same manner as a charitable contribution of
51 food for federal tax purposes under 26 U.S.C. § 8170(e)(3)(C);
52 or

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

54 (d) The taxpayer claiming a tax credit under this act
55 shall not receive remuneration for the donation. The tax
56 credit must be taken in the tax year in which the taxpayer was



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57 issued a tax credit certificate under subsection (g). The tax
58 credit issued under this act may not decrease a taxpayer's
59 liability to less than zero. If the tax liability of the
60 taxpayer is less than the tax credit issued under this act,
61 the taxpayer may only utilize the amount of the credit that
62 reduces the taxpayer's liability to zero. The tax credit is
63 not refundable nor transferable and may not be carried
64 forward. A taxpayer applying for the tax credit shall only
65 apply for the tax credit for the year in which the edible farm
66 products were donated to a qualifying food bank, regardless of
67 the tax liability of the taxpayer. **Nothing in this section**
68 **shall allow any item to be deducted more than once.**

69 (e) The Department of Revenue shall grant the tax
70 credit against the state income tax that is due by the
71 taxpayer holding the tax credit certificate issued under
72 subsection (g) in the amount stated on the tax credit
73 certificate, subject to the limitations of subsection (d). The
74 department may audit and reassess any credit improperly
75 obtained by the taxpayer in accordance with the Alabama
76 Taxpayers' Bill of Rights and Uniform Revenue Procedures Act,
77 Chapter 2A of Title 40 of the Code of Alabama 1975.

78 (f) The tax credit authorized by this act is limited to
79 an aggregate amount for all taxpayers of two million dollars
80 (\$2,000,000) annually.

81 (g) (1) Prior to claiming the income tax credit
82 authorized under subsection (c), the taxpayer shall file an
83 annual informational report in a manner prescribed by the
84 department, which includes information of edible farm products



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85 donated, along with additional information as required by the
86 department. Following the receipt of all information required
87 by this subsection, the department shall issue a tax credit
88 certificate to the taxpayer seeking the credit. Tax credit
89 certificates shall be issued on a first come, first served
90 basis until the annual cap provided by subsection (f) is met.
91 In the event the reservations of tax credits equal the total
92 amount available for reservations during the tax year, all
93 eligible taxpayers with applications then awaiting approval or
94 thereafter submitted shall be notified in a manner as
95 prescribed by the department that no additional tax credits
96 shall be granted during that tax year and may seek a tax
97 credit certificate in the next tax year, subject to the
98 limitations of subsection (d), in an amount equal to the
99 amount sought but unavailable in the prior tax year plus any
100 amount otherwise sought for the current tax year.

101 (2) The department shall submit an annual information
102 report to the Department of Revenue by January 31, which
103 includes all certificates issued to taxpayers and any
104 information needed for tax credit verification.

105 (h) The department shall prepare a report detailing the
106 edible farm products donated by farmers and the amount of tax
107 credits claimed under this act. The information on the report
108 shall be consistent with the information required under
109 Section 40-1-50, Code of Alabama 1975, and rules adopted by
110 the Department of Revenue. Information provided under this act
111 is exempt from the confidentiality provisions of Section
112 40-2A-10, Code of Alabama 1975, and shall be provided by the



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113 department to the Legislature in accordance with Section
114 40-1-50, Code of Alabama 1975, and rules adopted by the
115 Department of Revenue.

116 (i) The department and the Department of Revenue may
117 adopt rules to implement and administer this act.

118 (j) (1) The tax credit allowed under this act may be
119 claimed beginning with the 2027 tax year.

120 (2) This tax credit may not be claimed after tax year
121 2031.

122 Section 2. This act shall become effective on June 1,
123 2026.