



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

A BILL
TO BE ENTITLED
AN ACT

Relating to food banks; to establish 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) This act, the purpose of which is to incentivize farmers and owners of food establishments to donate certain food products to food banks, shall be known and may be cited as the "Farm-to-Food Bank Act of 2026."

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

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

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

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



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establishment.

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

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

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

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

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

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

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

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

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



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

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

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

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



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

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

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