

HOUSE BILL NO. 4038

January 15, 2019, Introduced by Reps. Elder, Hope, Pohutsky, Brixie, Kennedy, Witwer, Cherry, Pagan, Koleszar, Chirkun, Jones, Cynthia Johnson and Lasinski and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding sections 277 and 677.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 277. (1) For tax years beginning on and after January 1,**
2 **2019, a qualified taxpayer that donates edible agricultural**
3 **products to a hunger-relief charitable organization located in this**
4 **state may claim a credit against the tax imposed by this part in an**
5 **amount equal to 50% of the aggregate value of the edible**

1 agricultural products, as determined under subsection (2), that the
2 qualified taxpayer donated to a hunger-relief charitable
3 organization located in this state during the tax year or
4 \$3,000.00, whichever is less.

5 (2) At the time of the donation, the qualified taxpayer shall
6 provide to the hunger-relief charitable organization the estimated
7 value of the donated edible agricultural products. The qualified
8 taxpayer shall determine the value of the donated edible
9 agricultural products as follows:

10 (a) If there was a previous sale of the edible agricultural
11 products to a buyer, the qualified taxpayer shall determine the
12 value of the donated edible agricultural products based on an
13 invoice or other statement identifying the price received by the
14 qualified taxpayer for those edible agricultural products of
15 comparable grade or quality.

16 (b) If there is no previous sale to a buyer, the qualified
17 taxpayer shall, on the date of the donation, determine the value of
18 the donated edible agricultural products based on the fair market
19 value as determined by average weekly regional produce auction
20 prices or United States Department of Agriculture prices for meat,
21 fish, and dairy products.

22 (3) The hunger-relief charitable organization shall provide to
23 the donor, on a form prescribed by the department, a signed and
24 dated statement containing, at a minimum, all of the following:

25 (a) The type and quantity of product donated.

26 (b) The name, address, and taxpayer identification number of
27 the donor.

28 (c) The name and address of the donee hunger-relief charitable
29 organization.

1 (d) The estimated value of the donated edible agricultural
2 products, as provided by the donor.

3 (4) A qualified taxpayer shall attach the form prescribed
4 under subsection (3) to the annual return filed under this part on
5 which a credit under this section is claimed. If the amount of the
6 credit allowed under this section exceeds the tax liability of the
7 qualified taxpayer for the tax year, that portion of the credit
8 that exceeds the tax liability of the taxpayer for the tax year
9 shall not be refunded.

10 (5) As used in this section:

11 (a) "Donor" means a qualified taxpayer that donates edible
12 agricultural products to a hunger-relief charitable organization.

13 (b) "Edible agricultural products" means fruits, vegetables,
14 grains, beef, poultry, pork, fish, or any other edible product
15 raised or grown in this state that is intended for and fit for
16 human consumption. Edible agricultural products include any fruits,
17 vegetables, grains, beef, poultry, pork, fish, or any other edible
18 product raised or grown in this state and processed in this state
19 by the donor for human consumption.

20 (c) "Hunger-relief charitable organization" means a surplus
21 food collection and distribution program that is operated and
22 established to collect donated food for redistribution to persons
23 in need and that is recognized as exempt from federal taxation
24 under section 501(c)(3) of the internal revenue code. Hunger-relief
25 organization includes a shelter for homeless persons, food kitchen,
26 food bank, or other entity located in this state, the primary
27 purpose of which is to provide overnight accommodations, food, or
28 meals to persons who are indigent if a contribution to that entity
29 is tax deductible for the donor under the internal revenue code.

1 (d) "Qualified taxpayer" means a taxpayer that files a
2 schedule F with the taxpayer's federal income tax form 1040 for the
3 same tax year for which a credit is claimed under this section.

4 Sec. 677. (1) For tax years beginning on and after January 1,
5 2019, a qualified taxpayer that donates edible agricultural
6 products to a hunger-relief charitable organization located in this
7 state may claim a credit against the tax imposed by this part in an
8 amount equal to 50% of the aggregate value of the edible
9 agricultural products, as determined under subsection (2), that the
10 qualified taxpayer donated to a hunger-relief charitable
11 organization located in this state during the tax year or
12 \$3,000.00, whichever is less.

13 (2) At the time of the donation, the qualified taxpayer shall
14 provide to the hunger-relief charitable organization the estimated
15 value of the donated edible agricultural products. The qualified
16 taxpayer shall determine the value of the donated edible
17 agricultural products as follows:

18 (a) If there was a previous sale of the edible agricultural
19 products to a buyer, the qualified taxpayer shall determine the
20 value of the donated edible agricultural products based on an
21 invoice or other statement identifying the price received by the
22 qualified taxpayer for those edible agricultural products of
23 comparable grade or quality.

24 (b) If there is no previous sale to a buyer, the qualified
25 taxpayer shall, on the date of the donation, determine the value of
26 the donated edible agricultural products based on the fair market
27 value as determined by average weekly regional produce auction
28 prices or United States Department of Agriculture prices for meat,
29 fish, and dairy products.

1 (3) The hunger-relief charitable organization shall provide to
2 the donor, on a form prescribed by the department, a signed and
3 dated statement containing, at a minimum, all of the following:

4 (a) The type and quantity of product donated.

5 (b) The name, address, and taxpayer identification number of
6 the donor.

7 (c) The name and address of the donee hunger-relief charitable
8 organization.

9 (d) The estimated value of the donated edible agricultural
10 products, as provided by the donor.

11 (4) A qualified taxpayer shall attach the form prescribed
12 under subsection (3) to the annual return filed under this part on
13 which a credit under this section is claimed. If the amount of the
14 credit allowed under this section exceeds the tax liability of the
15 qualified taxpayer for the tax year, that portion of the credit
16 that exceeds the tax liability of the taxpayer for the tax year
17 shall not be refunded.

18 (5) As used in this section:

19 (a) "Donor" means a qualified taxpayer that donates edible
20 agricultural products to a hunger-relief charitable organization.

21 (b) "Edible agricultural products" means fruits, vegetables,
22 grains, beef, poultry, pork, fish, or any other edible product
23 raised or grown in this state that is intended for and fit for
24 human consumption. Edible agricultural products include any fruits,
25 vegetables, grains, beef, poultry, pork, fish, or any other edible
26 product raised or grown in this state and processed in this state
27 by the donor for human consumption.

28 (c) "Hunger-relief charitable organization" means a surplus
29 food collection and distribution program that is operated and

1 established to collect donated food for redistribution to persons
2 in need and that is recognized as exempt from federal taxation
3 under section 501(c)(3) of the internal revenue code. Hunger-relief
4 organization includes a shelter for homeless persons, food kitchen,
5 food bank, or other entity located in this state, the primary
6 purpose of which is to provide overnight accommodations, food, or
7 meals to persons who are indigent if a contribution to that entity
8 is tax deductible for the donor under the internal revenue code.

9 (d) "Qualified taxpayer" means a taxpayer that reports the
10 income or loss from regular farming operations federal income tax
11 form 1120 for the same tax year for which a credit is claimed under
12 this section.