Donated Fresh Fruit or Vegetables Credit Report

Economic and Statistical Research Bureau

Purpose

This report is intended to fulfill the Franchise Tax Board's obligation under the Revenue & Taxation Code sections 17053.88.5 and 23688.5 to annually report by December 1, to the Legislature, under these sections for the most recent tax year, the utilization of the credit, the month the donations were made, the estimated value of the fresh fruits and vegetables donated, and the county in which the donated products originated.

Prepared by the Staff of the
Franchise Tax Board
STATE OF CALIFORNIA

Members of the Board:
Malia M. Cohen, Chair
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Background

Chapter 503 of the Statutes of 2011 (AB 152) established an income tax credit equal to 10 percent of the cost of the donation for fresh fruits or fresh vegetables to a California food bank (Section 17053.88 the Personal Income Tax Law (PITL) and Section 23688 of the Corporation Tax Law (CTL)). This credit was operable for tax years 2012 through 2016.

Chapter 32 of the Statutes of 2016 (SB 837) authorized a new credit equal to 15 percent of the wholesale value of the donation for fresh fruits or fresh vegetables to a California food bank (Section 17053.88.5 of the PITL and Section 23688.5 of the CTL) known as the New Donated Fresh Fruit or Vegetables Credit. The new credit was operable for tax years 2017 through 2021. The New Donated Fresh Fruit or Vegetables Credit was amended under Chapter 431 of the Statutes of 2019 (AB 614), expanding the definition of a qualified donation to include additional raw agricultural products and processed foods. This credit was operable for tax years 2020 through 2021. Most recently, Chapter 82 of the Statutes of 2021 (AB 150) further extended the credit making it operable for tax years 2022 through 2026.

Franchise Tax Board Statutory Reporting Requirements

As part of the current statute (Chapter 82 of the Statutes of 2021), the Franchise Tax Board (FTB) is required to provide an annual report to the Legislature which includes the following:

- Utilization of the credit
- Month the donations were made
- Estimated value of the qualified donation items
- County in which the donated items originated

Five annual reports from the FTB to the Legislature are required by statute. The first was due to the Legislature on or before December 1, 2021. The final report is due by December 1, 2025.

The following report meets the FTB's requirement for the report due December 1, 2023. The information presented is based on 2020, 2021, and 2022 tax return data processed as of September 1, 2023.

Data

Table 1 presents data on Donated Fresh Fruits or Vegetables Credits allowed on tax returns for tax years 2020 through 2022. The data is based on taxpayer's self-reported tax return information. During this period, $4.4 million in Donated Fresh Fruit or Vegetable Credits were used to offset tax liability on 1,929 tax returns.

Table 1: Total Credit Allowed by Tax Year

Tax Year	Number of Returns	Total Credits Allowed**
2020	657	$2,523,890
2021	836	$1,502,223
2022 *	436	$355,060
Total	1,929	$4,381,173

* Not all timely 2022 tax year returns have been processed as of this writing.
** Total Credits Allowed includes carryover amounts from prior years.

Month and Value of Donations

Data in Tables 2 through 4 present the value of donated fresh fruit and vegetables by month of donation during calendar years 2020 through 2022. The amount of credit earned by the taxpayer is calculated by multiplying the credit percent of 15 percent times the value of the donations made during the tax year. For the tables below, the month and value of each donation is self-reported by the taxpayer on the FTB Form 3814. This form is included when the taxpayer files their income or franchise tax return. Taxpayers reported that approximately $10.7 million in donations were made during 2020, $11.8 million during 2021, and $4.4 million has been reported to date for taxable year 2022.

Table 2: Calendar Year Donation Values by Month*

Month	2020 Donation Value	2021 Donation Value	2022** Donation Value
January	54,645	$8,124	$98,633
February	119,317	$119,809	$8,816
March	44,767	$90,249	$11,402
April	257,403	$55,358	$8,675
May	460,316	$32,943	$7,261
June	1,011,131	$262,173	$82,769
July	1,423,306	$1,616,021	$61,351
August	929,304	$97,278	$48,624
September	812,768	$360,719	$54,111
October	420,017	$99,737	$18,484

Month	2020 Donation Value	2021 Donation Value	2022** Donation Value
November	663,612	$37,370	$16,648
December	4,446,269	$6,553,894	$3,925,998
Multiple Months	11,092	$2,433,372	$101,227
Total Value	10,653,948	$11,767,047	$4,443,999

*Totals do not include donations on returns where sufficient detail was not provided by taxpayers.
**Not all timely 2022 tax year returns have been processed as of this writing.

Origination of Donations

Table 5 shows the county of origination for donated fruits and vegetables, as specified by the taxpayer.

Table 5: County Origin of Donations

2020 Origin:	2021 Origin:	2022 Origin:
Alameda	Alameda	Alameda
N/A	Butte	N/A
N/A	Contra Costa	Contra Costa
El Dorado	N/A	N/A
Fresno	Fresno	Fresno
N/A	N/A	Glenn
Imperial	N/A	N/A
N/A	Imperial	N/A
Kern	Kern	N/A
Los Angeles	Los Angeles	Los Angeles
Marin	Marin	N/A
Merced	Merced	Merced
Monterey	Monterey	Monterey
Napa	Napa	N/A
Nevada	N/A	N/A

2020 Origin:	2021 Origin:	2022 Origin:
Orange	Orange	Orange
Placer	Placer	Placer
Riverside	Riverside	Riverside
Sacramento	Sacramento	Sacramento
San Bernardino	San Bernardino	San Bernardino
San Diego	San Diego	San Diego
San Francisco	N/A	San Francisco
San Joaquin	San Joaquin	San Joaquin
San Luis Obispo	San Luis Obispo	San Luis Obispo
San Mateo	N/A	N/A
Santa Barbara	Santa Barbara	Santa Barbara
Santa Clara	Santa Clara	Santa Clara
Santa Cruz	Santa Cruz	Santa Cruz
N/A	Shasta	N/A
Solano	Solano	Solano
N/A	Sonoma	Sonoma
Stanislaus	Stanislaus	Stanislaus
Sutter	N/A	N/A
Tulare	Tulare	Tulare
Ventura	Ventura	Ventura
N/A	Yolo	N/A