April 14, 2016

The Honorable Susan Eggman
State Capitol
Room 3173
Sacramento, CA 95814

Re: Assembly Bill 1577 (Eggman) - Support

Dear Assemblymember Eggman:

The Community Alliance with Family Farmers (CAFF) is a statewide organization that represents both farmers and non-farm urban residents who support sustainable food and farming policies. We are pleased to support your AB 1577, which would expand donations from farms to food banks in California.

An existing state tax credit has proven to be effective and fiscally responsible in driving agricultural donations to food banks who feed those in need. It is limited in scope, however, which means there is food in our system that is not donated and in some cases wasted and contributing to greenhouse gas emissions. The proposal would improve and extend the existing credit by making eligible products beyond produce (meat, dairy, rice, beans, eggs, nuts, etc.), move it from inventoried value to wholesale value, and extend the sunset to 2022.

The existing credit authorizes agricultural growers to receive a state tax credit for donating surplus produce. This credit has proven effective in encouraging donations of produce to California food banks; however, due to categorical limitations and difficult product valuations, qualifying for the tax credit is cumbersome. The family farmers that we work with, who file their taxes as individuals and use cash accounting, face the biggest hurdles in determining inventoried value. It is in fact so burdensome—since it requires donors to use an extremely technical set of IRS codes to calculate the credit—as to effectively block the use of the credit by these farms. AB 1577 would simplify the process for donors to take the credit by basing the credit on 15% of the wholesale value of the foods donated, instead of the current 10% of the inventoried value.

CAFF supports AB 1577 and thanks you for carrying this bill.

Sincerely,

David Runsten
Policy Director