

**Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 14-0704.01 Esther van Mourik x4215

HOUSE BILL 14-1119

HOUSE SPONSORSHIP

McLachlan, Dore

SENATE SPONSORSHIP

Hodge and Roberts,

House Committees

Agriculture, Livestock, & Natural Resources
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING AN INCOME TAX CREDIT FOR THE DONATION OF FOOD TO**
102 **A HUNGER-RELIEF CHARITABLE ORGANIZATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill creates an income tax credit for taxpayers who make food contributions to a hunger-relief charitable organization in an amount equal to either twenty-five percent, but not to exceed a maximum dollar amount, of the wholesale market price or twenty-five percent, but not to exceed a maximum dollar amount, of the most recent sale price of the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

food contributions for tax years commencing on or after January 1, 2014, but before January 1, 2019.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby finds and declares that:

4 (a) Colorado's major food banks are some of the most efficient
5 and effective organizations in the state and distribute food to nearly two
6 thousand nonprofit agencies statewide. In turn, those major food banks
7 provide meals and services to people in need by way of diverse agencies
8 such as food pantries, day care centers, battered women's shelters, soup
9 kitchens, residential treatment centers, and senior and youth programs.
10 Major food banks serve all ages and segments of our community.

11 (b) Colorado's food banks are experiencing historic demand.
12 Much of this demand has come from families and individuals who have
13 been forced to use this safety net for the first time, including victims of
14 Colorado's recent wild fire and flood disasters.

15 (c) Food banks from across Colorado have had extreme challenges
16 keeping their shelves stocked and have often been unable to provide the
17 basic necessities to those in need, particularly with respect to fresh
18 produce;

19 (d) According to a 2013 census bureau survey, almost fourteen
20 percent of the state's population, or almost seven hundred thousand
21 Coloradans, lived in poverty during 2012. This includes eighteen percent
22 of all children under the age of eighteen. More than eight hundred forty
23 thousand Coloradans, or slightly more than sixteen percent of the state's
24 population, faced a time when there was not enough money to buy food
25 for themselves or their family in 2012.

1 (e) It is in the interest of the state to develop and support programs
2 that promote increased access to healthy food and increased consumption
3 of Colorado-grown products. Such increased access will improve child
4 and adult nutrition, promote a strong and healthy workforce, and help
5 address the obesity problems facing virtually every demographic in the
6 state.

7 (f) Colorado is home to some of the most productive farmlands
8 and hardest working farmers in the world. These farms and farming
9 families are critical to providing a healthy food supply and ensuring a
10 natural resource for Colorado's future generations.

11 (g) Colorado's fruit and vegetable growers and Colorado ranchers
12 want to do their part in helping Coloradans in need by helping them gain
13 more access to fresh, healthy food;

14 (h) Many of the state's farmers and ranchers would benefit from
15 a modest tax credit that would make it easier for them to donate more of
16 their fresh produce and incentivize more local growers to make the
17 financial and labor investment to donate their crops or livestock to
18 emergency food providers; and

19 (i) It is rare for Colorado's food banks to offer varying products
20 to the families they serve. In many neighboring states, similar tax credits
21 have helped food banks procure more diverse product donations.

22 **SECTION 2.** In Colorado Revised Statutes, **add** 39-22-536 as
23 follows:

24 **39-22-536. Credit for food contributed to hunger-relief**
25 **charitable organizations - definitions - repeal.** (1) AS USED IN THIS
26 SECTION:

27 (a) "FOOD BANK" MEANS A CHARITABLE ORGANIZATION EXEMPT

1 FROM FEDERAL INCOME TAXATION UNDER THE PROVISIONS OF THE
2 INTERNAL REVENUE CODE THAT ANNUALLY DISTRIBUTES OVER TEN
3 MILLION POUNDS OF FOOD AND NONFOOD ESSENTIALS TO HUNGER-RELIEF
4 PROGRAMS.

5 (b) "FOOD CONTRIBUTION" MEANS A CONTRIBUTION BY A
6 TAXPAYER OF FOOD USABLE FOR HUMAN BEINGS, SUCH AS LIVESTOCK,
7 EGGS, MILK, OR AN AGRICULTURAL CROP, INCLUDING BUT NOT LIMITED TO
8 GRAINS, FRUITS, AND VEGETABLES.

9 (c) "HUNGER-RELIEF CHARITABLE ORGANIZATION" MEANS A
10 CHARITABLE ORGANIZATION EXEMPT FROM FEDERAL INCOME TAXATION
11 UNDER THE PROVISIONS OF THE INTERNAL REVENUE CODE THAT USES FOOD
12 CONTRIBUTIONS FOR HUNGER-RELIEF IN ITS COMMUNITY.

13 (d) "MOST RECENT SALE PRICE" MEANS AN AMOUNT EQUAL TO THE
14 PRICE THAT A TAXPAYER WOULD HAVE RECEIVED FOR THE FOOD
15 CONTRIBUTION, DETERMINED AS IF THE FOOD CONTRIBUTION HAD BEEN
16 SOLD ON THE DATE OF THE MOST RECENT SALE OF SUCH FOOD AND AT THE
17 SAME PRICE PER UNIT AS SUCH FOOD THAT WAS SOLD ON THAT DATE.

18 (e) "TAXPAYER" MEANS A RESIDENT INDIVIDUAL OR A DOMESTIC
19 OR FOREIGN CORPORATION SUBJECT TO THE PROVISIONS OF PART 3 OF THIS
20 ARTICLE WHO FILES A SCHEDULE F WITH THEIR FEDERAL INCOME TAX
21 RETURN.

22 (f) "WHOLESALE MARKET PRICE" MEANS THE AVERAGE
23 WHOLESALE MARKET PRICE FOR THE FOOD CONTRIBUTION IN THE NEAREST
24 REGIONAL MARKET DURING THE MONTH IN WHICH THE CONTRIBUTION IS
25 MADE, DETERMINED AS IF THE FOOD CONTRIBUTION WERE MARKETABLE.

26 (2) (a) EXCEPT AS PROVIDED IN SUBSECTION (4) OF THIS SECTION,
27 FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2015,

1 BUT BEFORE JANUARY 1, 2020, A TAXPAYER WHO MAKES A FOOD
2 CONTRIBUTION DURING THE TAX YEAR TO A HUNGER-RELIEF CHARITABLE
3 ORGANIZATION AND RECEIVES A CREDIT CERTIFICATE AS DESCRIBED IN
4 PARAGRAPH (b) OF THIS SUBSECTION (2) IS ALLOWED A CREDIT AGAINST
5 THE INCOME TAXES IMPOSED BY THIS ARTICLE IN AN AMOUNT EQUAL TO
6 EITHER TWENTY-FIVE PERCENT, NOT TO EXCEED FIVE THOUSAND DOLLARS,
7 OF THE WHOLESALE MARKET PRICE OR TWENTY-FIVE PERCENT, NOT TO
8 EXCEED FIVE THOUSAND DOLLARS, OF THE MOST RECENT SALE PRICE OF
9 THE FOOD CONTRIBUTION.

10 (b) (I) A FOOD BANK SHALL ISSUE A CREDIT CERTIFICATE TO THE
11 TAXPAYER THAT:

12 (A) INDICATES THE FOOD CONTRIBUTION WAS ACCEPTED BY A
13 HUNGER-RELIEF CHARITABLE ORGANIZATION, AND SETS FORTH THE NAME
14 OF THE HUNGER-RELIEF CHARITABLE ORGANIZATION;

15 (B) CERTIFIES THAT THE USE OF THE FOOD CONTRIBUTION IS
16 RELATED TO THE PURPOSE OR FUNCTION CONSTITUTING THE BASIS FOR THE
17 HUNGER-RELIEF CHARITABLE ORGANIZATION'S TAX EXEMPT STATUS AND
18 THAT THE FOOD CONTRIBUTION WILL NOT BE TRANSFERRED BY THE
19 HUNGER-RELIEF CHARITABLE ORGANIZATION IN EXCHANGE FOR MONEY,
20 OTHER PROPERTY, OR SERVICES;

21 (C) SETS FORTH THE QUANTITY OF THE FOOD CONTRIBUTION; AND

22 (D) DETERMINES EITHER THE WHOLESALE MARKET PRICE OR
23 RECENT SALE PRICE OF THE FOOD CONTRIBUTION.

24 (II) THE TAXPAYER SHALL INCLUDE THE CREDIT CERTIFICATE WITH
25 THE INCOME TAX RETURN FILED WITH THE DEPARTMENT OF REVENUE.

26 (c) A HUNGER-RELIEF CHARITABLE ORGANIZATION HAS A RIGHT TO
27 REFUSE A FOOD CONTRIBUTION FROM A TAXPAYER IF THE HUNGER-RELIEF

1 CHARITABLE ORGANIZATION BELIEVES THAT THE FOOD CONTRIBUTION IS
2 NOT USABLE FOR HUMAN BEINGS OR IF THE HUNGER-RELIEF CHARITABLE
3 ORGANIZATION DOES NOT BELIEVE IT WILL BE ABLE TO USE THE FOOD
4 CONTRIBUTION PRIOR TO THE FOOD SPOILING. IF A FOOD CONTRIBUTION IS
5 REFUSED, A CREDIT CERTIFICATE DESCRIBED IN PARAGRAPH (b) OF THIS
6 SUBSECTION (2) MAY NOT BE ISSUED BY A FOOD BANK.

7 (3) IF THE CREDIT EXCEEDS THE AMOUNT OF INCOME TAX DUE ON
8 THE INCOME OF THE TAXPAYER FOR THE TAX YEAR DURING WHICH THE
9 CONTRIBUTION WAS MADE, THE AMOUNT OF THE TAX CREDIT NOT USED AS
10 AN OFFSET AGAINST INCOME TAXES IN SUCH INCOME TAX YEAR MAY NOT
11 BE ALLOWED AS A REFUND, BUT MAY BE CARRIED FORWARD AND APPLIED
12 AGAINST THE INCOME TAX DUE IN EACH OF THE FIVE SUCCEEDING INCOME
13 TAX YEARS, BUT MUST FIRST BE APPLIED AGAINST THE INCOME TAX DUE
14 FOR THE EARLIEST OF THE INCOME TAX YEARS POSSIBLE.

15 (4) (a) A TAXPAYER MAY NOT CLAIM THE CREDIT ALLOWED IN THIS
16 SECTION IF THE TAXPAYER CLAIMS A DEDUCTION FOR CHARITABLE
17 CONTRIBUTIONS AS ALLOWED IN SECTION 39-22-104 (4) (m) FOR THE FOOD
18 CONTRIBUTION TO THE HUNGER-RELIEF CHARITABLE ORGANIZATION.

19 (b) A TAXPAYER MAY NOT CLAIM THE CREDIT ALLOWED IN THIS
20 SECTION IF THE TAXPAYER CLAIMS THE CORPORATE INCOME TAX CREDIT
21 FOR CROP OR LIVESTOCK CONTRIBUTIONS ALLOWED IN SECTION 39-22-301
22 (3) FOR THE FOOD CONTRIBUTION TO THE HUNGER-RELIEF CHARITABLE
23 ORGANIZATION.

24 (5) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2025.

25 **SECTION 3.** In Colorado Revised Statutes, 39-22-104, **amend**
26 (4) (m) (I); and **add** (3) (j) and (4) (m) (VII) as follows:

27 **39-22-104. Income tax imposed on individuals, estates, and**

1 **trusts - single rate - definitions - repeal.** (3) There shall be added to the
2 federal taxable income:

3 (j) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
4 1, 2015, BUT BEFORE JANUARY 1, 2020, AN AMOUNT EQUAL TO THE
5 CHARITABLE CONTRIBUTION DEDUCTION ALLOWED BY SECTION 170 OF THE
6 INTERNAL REVENUE CODE TO THE EXTENT SUCH DEDUCTION INCLUDES A
7 FOOD CONTRIBUTION DURING THE TAX YEAR TO A HUNGER-RELIEF
8 CHARITABLE ORGANIZATION FOR WHICH AN INCOME TAX CREDIT IS
9 CLAIMED PURSUANT TO SECTION 39-22-536.

10 (4) There shall be subtracted from federal taxable income:

11 (m) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (VII) OF THIS
12 PARAGRAPH (m), for any income tax year commencing on or after January
13 1, 2001, for any individual who claims the basic standard deduction
14 allowed under section 63 (c) (2) of the internal revenue code on the
15 individual's federal return and, therefore, cannot claim an itemized
16 deduction for charitable contributions pursuant to section 170 of the
17 internal revenue code, an amount equal to the amount of any deduction
18 based upon the aggregate amount of charitable contributions in excess of
19 five hundred dollars that the individual could have claimed pursuant to
20 section 170 of the internal revenue code if the individual had not claimed
21 the basic standard deduction.

22 (VII) FOR ANY INCOME TAX YEAR COMMENCING ON OR AFTER
23 JANUARY 1, 2015, BUT BEFORE JANUARY 1, 2020, ANY INDIVIDUAL WHO
24 CLAIMS AN INCOME TAX CREDIT ALLOWED IN SECTION 39-22-536 MAY NOT
25 CLAIM THE DEDUCTION SET FORTH IN THIS PARAGRAPH (m) FOR THE FOOD
26 CONTRIBUTION TO THE HUNGER-RELIEF CHARITABLE ORGANIZATION.

27 **SECTION 4. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.