

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: August 18, 2011
POSITION: Oppose
SPONSOR: CA Association of Food Banks

BILL NUMBER: AB 152
AUTHOR: F. Fuentes

BILL SUMMARY: Food Banks: Grants: Contributions: Income Tax Credits

This bill would: (1) require the Department of Public Health (DPH) to investigate and apply for specified federal funding opportunities supporting the promotion of healthy eating and obesity prevention, (2) grant, for taxable years beginning on or after January 1, 2012 through December 31, 2016, a 10-percent tax credit for the cost of fresh fruits or vegetables donated to food banks located in California for persons who plant, manage, and harvest food crops, and (3) require the Department of Social Services (DSS) to establish and administer the State Emergency Food Assistance Program (SEFAP) to provide food and funding for emergency food bank networks and related organizations.

FISCAL SUMMARY

The Franchise Tax Board (FTB) estimates this bill's tax credit would result in General Fund revenue losses of \$200,000 in 2011-12 and 2012-13, and \$400,000 annually thereafter. In addition, the FTB would need to develop, program, and test system changes to implement the provisions of this bill, which would cost approximately \$70,000 General Fund in 2011-12. Without an appropriation, the FTB would have to redirect resources, which would negatively impact existing revenue producing activities.

This bill would have no fiscal impact on the DPH.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the July 14, 2011 version include the following significant amendments which do not change our position:

- The amendments clarify that the activities associated with the SEFAP would be in addition to the existing Emergency Food Assistance Program, and would allow the DSS to use the monies in the SEFAP Account to pay for costs associated with the administration of the SEFAP. As a result, the DSS would no longer need the 4.0 positions identified in the July 14, 2011 version to implement and administer the SEFAP, which were estimated to cost approximately \$400,000 General Fund annually.

COMMENTS

The Department of Finance opposes this bill because it would result in estimated General Fund revenue losses of \$200,000 in 2011-12 and 2012-13, and \$400,000 annually thereafter.

This bill would require the DPH to investigate and apply for specified federal funding opportunities regarding the promotion of healthy eating and preventing obesity. This bill would authorize the DPH to provide in-kind support and award grants to local governments, nonprofit organizations, and local education agencies deemed eligible to implement programs and initiatives for these purposes, upon receipt of such federal funds.

Analyst/Principal Date Assistant Program Budget Manager Date
(0533) J. Kapoor

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

F. Fuentes

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AB 152

This bill would grant a 10-percent tax credit to qualified taxpayers for the cost of fresh fruits or vegetables donated to food banks located in California for taxable years beginning on or after January 1, 2012, and before January 1, 2017. This bill defines a "qualified taxpayer" as the person responsible for planting a crop, managing the crop, and harvesting the crop from land. This bill would provide that, if the credit is claimed, any deduction otherwise allowed for that amount of the cost that is eligible for the credit shall be reduced by the amount of the credit. If the tax credit exceeds the "net tax," the excess may be carried over to reduce the "net tax" in the following year, and for the six succeeding years if necessary, until the credit has been exhausted.

This bill would require a fresh fruit or vegetable donor to provide to the nonprofit organization the estimated value of the donated produce and information regarding the origin of where the produce was grown. This bill also would require, upon receipt of the donated produce, the nonprofit organization to provide a certificate to the donor containing a signed statement that the produce is donated. The certificate must contain the type and quantity of produce donated, the name of the donor or donors, the name and address of the nonprofit organization receiving the donation, and the estimated value and origin of the donated produce.

This bill would require the FTB to report to the Legislature on or before December 1, 2014, and each December 1 thereafter until January 1, 2016, regarding the utilization of the credit. This bill would require the report to contain the estimated value of the produces donated, the county in which the products originated, and the month the donation was made.

This bill would require the DSS to establish and administer the SEFAP to provide food and funding for the provision of emergency food to food banks established pursuant to the federal Emergency Food Assistance Program. This bill would create the SEFAP Account within the Emergency Food Assistance Program Fund to receive General Fund monies, federal funds, and voluntary donations or contributions. The funding, upon appropriation by the Legislature, would be allocated to the DSS for the purpose of the SEFAP, to be used for the purchase, storage, and transportation of food grown or produced in California. This bill would allow the DSS to use the monies in this account to pay for costs associated with the administration of the SEFAP.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)									Fund Code
	SO	(Dollars in Thousands)								
	LA	CO	PROP	FC	2011-2012	FC	2012-2013	FC	2013-2014	
	RV	98								
1730/FTB	SO	No	C		\$67		--		--	0001
1147/Pers Inc Tax	RV	Yes	U		-\$200	U	-\$200	U	-\$400	0001
5180/Social Svcs	SO	No			----- No/Minor Fiscal Impact -----				0001	
4265/PublicHealth	SO	No			----- No/Minor Fiscal Impact -----				0001	