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March 11, 2016

The Honorable Sebastian Ridley-Thomas
Chair, Assembly Committee on Revenue and Taxation
Legislative Office Building, 1020 N Street, Room 167A
Sacramento, CA 95814

Re: Assembly Bill 1577 (Eggman) - Support

Dear Chairman Ridley-Thomas,

California Food Policy Advocates (CFPA) writes in support of AB 1577. California is the leading agricultural producer in America, yet too many Californians still suffer from hunger and poor nutrition. It is estimated that more than 6 million Californians – including one in four children – suffer from food insecurity.

CFPA is a nonprofit, statewide policy and advocacy organization dedicated to improving the health and well-being of low-income families by increasing their access to nutritious, affordable food. For more than 20 years, we've worked to ensure that eligible California families have access to essential nutrition benefits, including CalFresh and other federal nutrition programs.

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.

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.

Categories of foods that can be donated are limited to fresh fruits and vegetables. This leaves out important sources of nutritious foods that, if included, would help to end hunger in California. In addition, the tax credit is currently based on the inventoried value of the donation, which requires donors to use an extremely technical set of IRS codes to calculate the credit. This onerous process makes qualifying for the tax credit so difficult that it removes the economic incentive for many donors, thus, reducing the number of donations received by food banks.

CFPA is a statewide policy and advocacy organization dedicated to improving the health and well being of low income Californians by increasing their access to nutritious, affordable food.

AB 1577 will further stimulate donations from California's agricultural producers to California food banks by:

- Expanding the categories of foods eligible for the tax credit to sources of complete nutrition including eggs, nuts, beans, rice, meat, dried fruits, dairy, and bread.
- Simplifying 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 base of 10% of the inventoried value.
- Providing certainty to donors by extending the sunset of the credit from 2017 to 2022.

These changes are crucial to maximize the partnership between our agricultural producers and anti-hunger charity network, making our food system more efficient by ensuring that as much food as possible does not go to waste but is used to feed hungry Californians.

For these reasons, CFPA strongly supports AB 1577 and respectfully asks for your Aye vote on this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Tracey Patterson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Tracey Patterson
Director of Legislation
California Food Policy Advocates