

HOUSE BILL No. 5373

December 13, 2017, Introduced by Reps. Elder, Wittenberg, Sabo, Glenn, Love, Lasinski, Lucido, Yancey, Calley, Hammoud and Cambensy and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding sections 275 and 675.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 275. (1) FOR TAX YEARS BEGINNING ON AND AFTER JANUARY 1,
2 2018, A QUALIFIED TAXPAYER THAT DONATES EDIBLE AGRICULTURAL
3 PRODUCTS TO A HUNGER-RELIEF CHARITABLE ORGANIZATION LOCATED IN THIS
4 STATE MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS PART IN AN
5 AMOUNT EQUAL TO 50% OF THE AGGREGATE VALUE OF THE EDIBLE
6 AGRICULTURAL PRODUCTS, AS DETERMINED UNDER SUBSECTION (2), THAT THE
7 QUALIFIED TAXPAYER DONATED TO A HUNGER-RELIEF CHARITABLE
8 ORGANIZATION LOCATED IN THIS STATE DURING THE TAX YEAR OR
9 \$3,000.00, WHICHEVER IS LESS.

1 (2) AT THE TIME OF THE DONATION, THE QUALIFIED TAXPAYER SHALL
2 PROVIDE TO THE HUNGER-RELIEF CHARITABLE ORGANIZATION THE ESTIMATED
3 VALUE OF THE DONATED EDIBLE AGRICULTURAL PRODUCTS. THE QUALIFIED
4 TAXPAYER SHALL DETERMINE THE VALUE OF THE DONATED EDIBLE
5 AGRICULTURAL PRODUCTS AS FOLLOWS:

6 (A) IF THERE WAS A PREVIOUS SALE OF THE EDIBLE AGRICULTURAL
7 PRODUCTS TO A BUYER, THE QUALIFIED TAXPAYER SHALL DETERMINE THE
8 VALUE OF THE DONATED EDIBLE AGRICULTURAL PRODUCTS BASED ON AN
9 INVOICE OR OTHER STATEMENT IDENTIFYING THE PRICE RECEIVED BY THE
10 QUALIFIED TAXPAYER FOR THOSE EDIBLE AGRICULTURAL PRODUCTS OF
11 COMPARABLE GRADE OR QUALITY.

12 (B) IF THERE IS NO PREVIOUS SALE TO A BUYER, THE QUALIFIED
13 TAXPAYER SHALL, ON THE DATE OF THE DONATION, DETERMINE THE VALUE OF
14 THE DONATED EDIBLE AGRICULTURAL PRODUCTS BASED ON THE FAIR MARKET
15 VALUE AS DETERMINED BY AVERAGE WEEKLY REGIONAL PRODUCE AUCTION
16 PRICES OR UNITED STATES DEPARTMENT OF AGRICULTURE PRICES FOR MEAT,
17 FISH, AND DAIRY PRODUCTS.

18 (3) THE HUNGER-RELIEF CHARITABLE ORGANIZATION SHALL PROVIDE TO
19 THE DONOR, ON A FORM PRESCRIBED BY THE DEPARTMENT, A SIGNED AND
20 DATED STATEMENT CONTAINING, AT A MINIMUM, ALL OF THE FOLLOWING:

21 (A) THE TYPE AND QUANTITY OF PRODUCT DONATED.

22 (B) THE NAME, ADDRESS, AND TAXPAYER IDENTIFICATION NUMBER OF
23 THE DONOR.

24 (C) THE NAME AND ADDRESS OF THE DONEE HUNGER-RELIEF CHARITABLE
25 ORGANIZATION.

26 (D) THE ESTIMATED VALUE OF THE DONATED EDIBLE AGRICULTURAL
27 PRODUCTS, AS PROVIDED BY THE DONOR.

1 (4) A QUALIFIED TAXPAYER SHALL ATTACH THE FORM PRESCRIBED
2 UNDER SUBSECTION (3) TO THE ANNUAL RETURN FILED UNDER THIS PART ON
3 WHICH A CREDIT UNDER THIS SECTION IS CLAIMED. IF THE AMOUNT OF THE
4 CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX LIABILITY OF THE
5 QUALIFIED TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE CREDIT
6 THAT EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR
7 SHALL NOT BE REFUNDED.

8 (5) AS USED IN THIS SECTION:

9 (A) "DONOR" MEANS A QUALIFIED TAXPAYER THAT DONATES EDIBLE
10 AGRICULTURAL PRODUCTS TO A HUNGER-RELIEF CHARITABLE ORGANIZATION.

11 (B) "EDIBLE AGRICULTURAL PRODUCTS" MEANS FRUITS, VEGETABLES,
12 GRAINS, BEEF, POULTRY, PORK, FISH, OR ANY OTHER EDIBLE PRODUCT
13 RAISED OR GROWN IN THIS STATE THAT IS INTENDED FOR AND FIT FOR
14 HUMAN CONSUMPTION. EDIBLE AGRICULTURAL PRODUCTS INCLUDE ANY FRUITS,
15 VEGETABLES, GRAINS, BEEF, POULTRY, PORK, FISH, OR ANY OTHER EDIBLE
16 PRODUCT RAISED OR GROWN IN THIS STATE AND PROCESSED IN THIS STATE
17 BY THE DONOR FOR HUMAN CONSUMPTION.

18 (C) "HUNGER-RELIEF CHARITABLE ORGANIZATION" MEANS A SURPLUS
19 FOOD COLLECTION AND DISTRIBUTION PROGRAM THAT IS OPERATED AND
20 ESTABLISHED TO COLLECT DONATED FOOD FOR REDISTRIBUTION TO PERSONS
21 IN NEED AND THAT IS RECOGNIZED AS EXEMPT FROM FEDERAL TAXATION
22 UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. HUNGER-RELIEF
23 ORGANIZATION INCLUDES A SHELTER FOR HOMELESS PERSONS, FOOD KITCHEN,
24 FOOD BANK, OR OTHER ENTITY LOCATED IN THIS STATE, THE PRIMARY
25 PURPOSE OF WHICH IS TO PROVIDE OVERNIGHT ACCOMMODATIONS, FOOD, OR
26 MEALS TO PERSONS WHO ARE INDIGENT IF A CONTRIBUTION TO THAT ENTITY
27 IS TAX DEDUCTIBLE FOR THE DONOR UNDER THE INTERNAL REVENUE CODE.

(D) "QUALIFIED TAXPAYER" MEANS A TAXPAYER THAT FILES A SCHEDULE F WITH THE TAXPAYER'S FEDERAL INCOME TAX FORM 1040 FOR THE SAME TAX YEAR FOR WHICH A CREDIT IS CLAIMED UNDER THIS SECTION.

SEC. 675. (1) FOR TAX YEARS BEGINNING ON AND AFTER JANUARY 1, 2018, A QUALIFIED TAXPAYER THAT DONATES EDIBLE AGRICULTURAL PRODUCTS TO A HUNGER-RELIEF CHARITABLE ORGANIZATION LOCATED IN THIS STATE MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS PART IN AN AMOUNT EQUAL TO 50% OF THE AGGREGATE VALUE OF THE EDIBLE AGRICULTURAL PRODUCTS, AS DETERMINED UNDER SUBSECTION (2), THAT THE QUALIFIED TAXPAYER DONATED TO A HUNGER-RELIEF CHARITABLE ORGANIZATION LOCATED IN THIS STATE DURING THE TAX YEAR OR \$3,000.00, WHICHEVER IS LESS.

(2) AT THE TIME OF THE DONATION, THE QUALIFIED TAXPAYER SHALL PROVIDE TO THE HUNGER-RELIEF CHARITABLE ORGANIZATION THE ESTIMATED VALUE OF THE DONATED EDIBLE AGRICULTURAL PRODUCTS. THE QUALIFIED TAXPAYER SHALL DETERMINE THE VALUE OF THE DONATED EDIBLE AGRICULTURAL PRODUCTS AS FOLLOWS:

(A) IF THERE WAS A PREVIOUS SALE OF THE EDIBLE AGRICULTURAL PRODUCTS TO A BUYER, THE QUALIFIED TAXPAYER SHALL DETERMINE THE VALUE OF THE DONATED EDIBLE AGRICULTURAL PRODUCTS BASED ON AN INVOICE OR OTHER STATEMENT IDENTIFYING THE PRICE RECEIVED BY THE QUALIFIED TAXPAYER FOR THOSE EDIBLE AGRICULTURAL PRODUCTS OF COMPARABLE GRADE OR QUALITY.

(B) IF THERE IS NO PREVIOUS SALE TO A BUYER, THE QUALIFIED TAXPAYER SHALL, ON THE DATE OF THE DONATION, DETERMINE THE VALUE OF THE DONATED EDIBLE AGRICULTURAL PRODUCTS BASED ON THE FAIR MARKET VALUE AS DETERMINED BY AVERAGE WEEKLY REGIONAL PRODUCE AUCTION

1 PRICES OR UNITED STATES DEPARTMENT OF AGRICULTURE PRICES FOR MEAT,
2 FISH, AND DAIRY PRODUCTS.

3 (3) THE HUNGER-RELIEF CHARITABLE ORGANIZATION SHALL PROVIDE TO
4 THE DONOR, ON A FORM PRESCRIBED BY THE DEPARTMENT, A SIGNED AND
5 DATED STATEMENT CONTAINING, AT A MINIMUM, ALL OF THE FOLLOWING:

6 (A) THE TYPE AND QUANTITY OF PRODUCT DONATED.

7 (B) THE NAME, ADDRESS, AND TAXPAYER IDENTIFICATION NUMBER OF
8 THE DONOR.

9 (C) THE NAME AND ADDRESS OF THE DONEE HUNGER-RELIEF CHARITABLE
10 ORGANIZATION.

11 (D) THE ESTIMATED VALUE OF THE DONATED EDIBLE AGRICULTURAL
12 PRODUCTS, AS PROVIDED BY THE DONOR.

13 (4) A QUALIFIED TAXPAYER SHALL ATTACH THE FORM PRESCRIBED
14 UNDER SUBSECTION (3) TO THE ANNUAL RETURN FILED UNDER THIS PART ON
15 WHICH A CREDIT UNDER THIS SECTION IS CLAIMED. IF THE AMOUNT OF THE
16 CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX LIABILITY OF THE
17 QUALIFIED TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE CREDIT
18 THAT EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR
19 SHALL NOT BE REFUNDED.

20 (5) AS USED IN THIS SECTION:

21 (A) "DONOR" MEANS A QUALIFIED TAXPAYER THAT DONATES EDIBLE
22 AGRICULTURAL PRODUCTS TO A HUNGER-RELIEF CHARITABLE ORGANIZATION.

23 (B) "EDIBLE AGRICULTURAL PRODUCTS" MEANS FRUITS, VEGETABLES,
24 GRAINS, BEEF, POULTRY, PORK, FISH, OR ANY OTHER EDIBLE PRODUCT
25 RAISED OR GROWN IN THIS STATE THAT IS INTENDED FOR AND FIT FOR
26 HUMAN CONSUMPTION. EDIBLE AGRICULTURAL PRODUCTS INCLUDE ANY FRUITS,
27 VEGETABLES, GRAINS, BEEF, POULTRY, PORK, FISH, OR ANY OTHER EDIBLE

1 PRODUCT RAISED OR GROWN IN THIS STATE AND PROCESSED IN THIS STATE
2 BY THE DONOR FOR HUMAN CONSUMPTION.

3 (C) "HUNGER-RELIEF CHARITABLE ORGANIZATION" MEANS A SURPLUS
4 FOOD COLLECTION AND DISTRIBUTION PROGRAM THAT IS OPERATED AND
5 ESTABLISHED TO COLLECT DONATED FOOD FOR REDISTRIBUTION TO PERSONS
6 IN NEED AND THAT IS RECOGNIZED AS EXEMPT FROM FEDERAL TAXATION
7 UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. HUNGER-RELIEF
8 ORGANIZATION INCLUDES A SHELTER FOR HOMELESS PERSONS, FOOD KITCHEN,
9 FOOD BANK, OR OTHER ENTITY LOCATED IN THIS STATE, THE PRIMARY
10 PURPOSE OF WHICH IS TO PROVIDE OVERNIGHT ACCOMMODATIONS, FOOD, OR
11 MEALS TO PERSONS WHO ARE INDIGENT IF A CONTRIBUTION TO THAT ENTITY
12 IS TAX DEDUCTIBLE FOR THE DONOR UNDER THE INTERNAL REVENUE CODE.

13 (D) "QUALIFIED TAXPAYER" MEANS A TAXPAYER THAT FILES A
14 SCHEDULE F WITH THE TAXPAYER'S FEDERAL INCOME TAX FORM 1040 FOR THE
15 SAME TAX YEAR FOR WHICH A CREDIT IS CLAIMED UNDER THIS SECTION.