

# MAINE STATE LEGISLATURE

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SMC  
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L.D. 1164

Date: 2/17/12

Majority

(Filing No. H-710)

TAXATION

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
125TH LEGISLATURE  
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 862, L.D. 1164, Bill, "An Act To Support Maine Farms and Alleviate Hunger"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

Sec. 1. 36 MRSA §199-C, sub-§3 is enacted to read:

3. Specific tax credit review. By April 1, 2018, the committee shall review the income tax credit under section 5219-HH to determine whether the income tax credit for the donation of agricultural products to a food bank, food kitchen or other organization that provides free food to low-income individuals should be continued, repealed or modified.

Sec. 2. 36 MRSA §5219-HH is enacted to read:

§5219-HH. Farm donation credit

A person engaged in commercial agricultural production, as defined in section 2013, subsection 1, paragraph A, may claim a credit against taxes imposed by this Part equal to the fair market value up to \$2,500, as determined under Section 170(e) of the Code, of agricultural products donated to a food bank, food kitchen or other organization that is exempt under Section 501(c) of the Code or incorporated under Title 13-B and that provides food to low-income individuals without charging a fee for the food or requiring any other type of compensation from the low-income individual. For purposes of this section, "low-income individual" means a person who is a member of a lower income household as defined in Title 30-A, section 5002, subsection 11. A taxpayer may not claim a credit under this section if the taxpayer claims a deduction from federal income tax for a charitable contribution under Section 170 of the Code for the same donation. This credit may not reduce the tax otherwise due under this Part to less than zero.

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**Sec. 3. Application.** That section of this Act that enacts the Maine Revised Statutes, Title 36, section 5219-HH applies to tax years beginning on or after January 1, 2013.'

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**SUMMARY**

This amendment changes the bill by reducing the maximum amount of the income tax credit for a donation of agricultural products to \$2,500 and making the credit nonrefundable. It clarifies that an organization receiving the donated food must be exempt from federal income tax under Section 501(c) of the federal Internal Revenue Code or a nonprofit corporation organized under the Maine Revised Statutes, Title 13-B and may not charge a fee for the food or require any other type of compensation. It provides a definition of "low-income individual," clarifies how fair market value of the donation will be determined and prohibits a taxpayer that has claimed a federal deduction for a charitable contribution for the same donation from claiming the credit. It provides for a review of the tax credit by the joint standing committee of the Legislature having jurisdiction over taxation matters no later than April 1, 2018 to determine whether the credit should be continued, repealed or modified. It provides that the changes apply to tax years beginning on or after January 1, 2013.

**FISCAL NOTE REQUIRED**  
**(See attached)**

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Approved: 02/16/12 *mac*

# 125th MAINE LEGISLATURE

LD 1164

LR 1774(02)

## An Act To Support Maine Farms and Alleviate Hunger

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-710)  
 Committee: Taxation  
 Fiscal Note Required: Yes

### Fiscal Note

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$817,000	\$2,726,500	\$2,726,500
<b>Revenue</b>				
General Fund	\$0	(\$817,000)	(\$2,726,500)	(\$2,726,500)
Other Special Revenue Funds	\$0	(\$43,000)	(\$143,500)	(\$143,500)

### Fiscal Detail and Notes

Providing a non-refundable income tax credit of up to \$2,500 to persons engaged in commercial agricultural production for donations of food to incorporated nonprofit organizations that provide free food to low-income persons to alleviate hunger will reduce revenues to the General Fund and reduce revenue sharing.