

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 411*

Short Title: Tax Credits for Gleaning/Donation of Produce. (Public)

Sponsors: Representatives Hill; Jarrell, Kiser, Teague, Warren, Alexander, Shubert,
and Morris.

Referred to: Finance.

March 1, 2001

A BILL TO BE ENTITLED
AN ACT TO INCREASE THE TAX CREDIT FOR PERMITTING GLEANING OF
CROPS AND TO ESTABLISH A CREDIT AGAINST INCOME TAX FOR THE
DONATION OF HARVESTED AND PACKAGED FRESH PRODUCE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-130.37(a) reads as rewritten:

"(a) Any corporation that grows a crop and permits the gleaning of the crop during the taxable year is allowed a credit against the tax imposed by this Part equal to ~~ten percent (10%)~~ fifty percent (50%) of the market price of the quantity of the gleaned crop. This credit may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except tax payments made by or on behalf of the taxpayer. No deduction is allowed under G.S. 105-130.5(b)(5) for the items for which a credit is claimed under this section. Any unused portion of the credit may be carried forward for the succeeding five years."

SECTION 2. G.S. 105-151.14(a) reads as rewritten:

"(a) A taxpayer who grows a crop and permits the gleaning of the crop during the taxable year shall be allowed as a credit against the tax imposed by this Part an amount equal to ~~ten percent (10%)~~ fifty percent (50%) of the market price of the quantity of the gleaned crop. This credit may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except tax payments made by or on behalf of the taxpayer. In order to claim the credit allowed under this section, the taxpayer must add the market price of the gleaned crop to taxable income as provided in G.S. 105-134.6(c). Any unused portion of the credit may be carried forward for the next succeeding five years."

SECTION 3. Part 1 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-130.37A. Credit for donating fresh produce.

1 (a) Any corporation that donates fresh produce after harvesting, or that donates
2 fresh produce that has been packaged or otherwise prepared for market, to a nonprofit
3 organization during the taxable year is allowed a credit against the tax imposed by this
4 Part equal to ten percent (10 %) of the market price of the fresh produce donated. This
5 credit may not exceed the amount of tax imposed by this Part for the taxable year
6 reduced by the sum of all credits allowable, except tax payments made by or on behalf
7 of the taxpayer. No deduction is allowed under G.S. 105-130.5(b)(5) for the items for
8 which a credit is claimed under this section. Any unused portion of the credit may be
9 carried forward for the succeeding five years.

10 (b) The following definitions apply in this section:

11 (1) 'Fresh produce' means recently harvested fruits and vegetables that
12 have been subjected to only minimal, if any, processing.

13 (2) 'Market price' means the average wholesale price for the particular
14 kind of fresh produce in the nearest local market for the month in
15 which the produce is donated.

16 (3) 'Nonprofit organization' means an organization to which charitable
17 contributions are deductible from gross income under the Code."

18 **SECTION 4.** Part 2 of Article 4 of Chapter 105 of the General Statutes is
19 amended by adding a new section to read:

20 **"§ 105-151.14A. Credit for donation of fresh produce.**

21 (a) A taxpayer who donates fresh produce after harvesting, or who donates fresh
22 produce that has been packaged or otherwise prepared for market, to a nonprofit
23 organization during the taxable year is allowed a credit against the tax imposed by this
24 Part equal to ten percent (10%) of the market price of the fresh produce donated. This
25 credit may not exceed the amount of tax imposed by this Part for the taxable year
26 reduced by the sum of all credits allowable, except tax payments made by or on behalf
27 of the taxpayer. In order to claim the credit allowed under this section, the taxpayer
28 must add the market price of the donated produce to taxable income as provided in G.S.
29 105-134.6(c). Any unused portion of the credit may be carried forward for the
30 succeeding five years.

31 (b) The following definitions apply in this section:

32 (1) 'Fresh produce' means fruits and vegetables that have been subjected to
33 only minimal, if any, processing.

34 (2) 'Market price' means the average wholesale price for the particular
35 kind of fresh produce in the nearest local market for the month in
36 which the produce is donated.

37 (3) 'Nonprofit organization' means an organization to which charitable
38 contributions are deductible from gross income under the Code."

39 **SECTION 5.** This act is effective for taxable years beginning on or after
40 January 1, 2001.