



Ohio Legislative Service Commission

Bill Analysis

Sam Benham

H.B. 230

130th General Assembly
(As Introduced)

Reps. Grossman and Anielski, Duffey, Stinziano, Brenner, Hackett, Buchy, Stebelton, Derickson

BILL SUMMARY

- Creates a refundable income tax or commercial activity tax credit for a business that donates food inventory to charitable organizations, equal to a percentage of a federal income tax deduction taken by the business for the same donation.

CONTENT AND OPERATION

Credit for food donations to charities

The bill creates refundable income tax and commercial activity tax credits for businesses that make charitable contributions of "apparently wholesome food" from its inventory to an organization that is exempted from federal income taxation under section 501(c)(3) of the Internal Revenue Code. Under federal tax law, a business may take an "enhanced" deduction for the value of such contributions, up to 10% of the business's net income, for federal income tax purposes as a charitable contribution.¹ The amount of each refundable state credit equals 10% of the amount so deducted by the business for the taxable year.² Under federal law, "apparently wholesome food" is food that meets all quality and labeling standards imposed by federal, state, and local laws and regulations even though that food may not be readily marketable because of the food's appearance, age, freshness, grade, size, surplus, or other conditions.³

¹ 26 U.S.C. 170. The federal enhanced deduction specifically for apparently wholesome food is scheduled to expire December 31, 2013. The expiration likely will reduce the value of the federal deduction for donations of food inventory, and therefore the value of the bill's credit.

² R.C. 5747.78, 5747.98, 5751.55, and 5751.98.

³ 42 U.S.C. 1791.

The commercial activity tax credit must be claimed for the tax period that includes the last day of the corresponding taxable year for which the business took the federal deduction. A business may claim the credit against either the income or commercial activity tax, but only to the extent the credit was not applied against the other tax.⁴

HISTORY

ACTION	DATE
Introduced	07-11-13

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⁴ R.C. 5751.55.

