

US EPA ARCHIVE DOCUMENT

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Prepared Food Donations

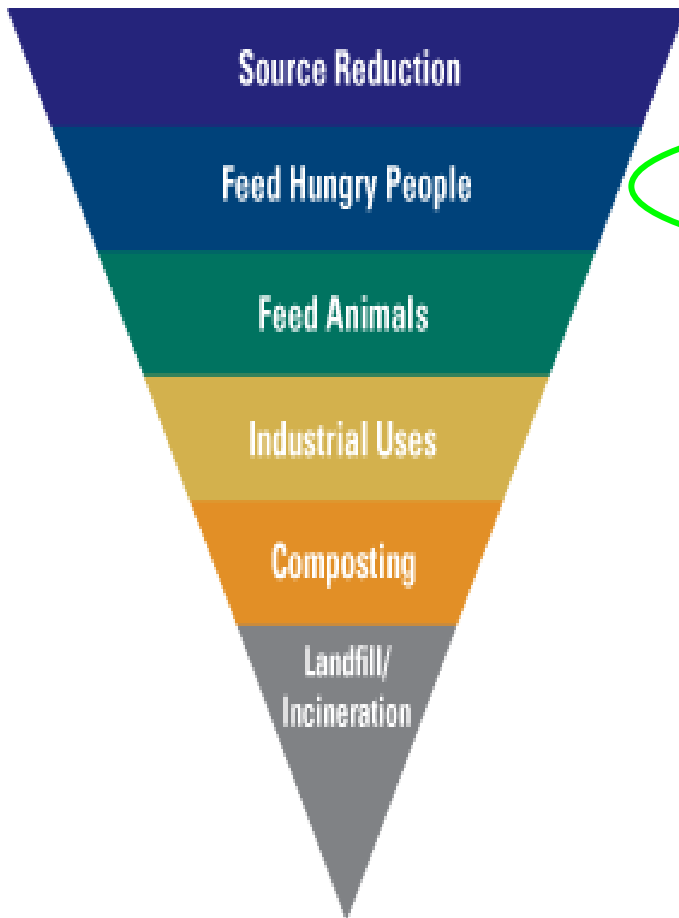


***A socially responsible and simple alternative
to throwing away surplus food***

Many Industry Leaders Donate Surplus *Prepared* Food



Food Waste Recovery Hierarchy*



Source Reduction – Reduce the volume of food waste generated

Feed People – Donate extra food to food banks, soup kitchens and shelters

Feed Animals – Provide food to farmers

Industrial Uses – Provide fats for rendering and food discards for animal feed production

Composting – Convert food scraps into a nutrient rich soil amendment

Landfill Waste

* US EPA has developed a food waste recovery hierarchy to illustrate how productive use can be made of excess food. The hierarchy emphasizes practices that provide the greatest ecological, economic, and social benefits, with disposal as the last option.

Scope of FDC Operations

FDC coordinates donations...



- **From 15,000+ food service providers**
- **To 7,900+ non-profit organizations serving the needy**
- **In U.S. & Canada; developing in UK & Australia**
- **230 million pounds since 1992**
- **35 million pounds in 2011 alone**

**FDC created the non-profit Harvest Support Network (HSN)
to support agency operations**



Prepared Food Donation Steps

- ✓ **Food Safety is First – Develop Processes & HACCPs**
- ✓ **Review Operations and Create a List of Food Categories**
- ✓ **Select Qualified Agencies – 501(c)(3) & Health Dept Insp.**
- ✓ **Provide Ongoing Support and Management**
- ✓ **Track Donations for CSR, Waste Tracking, & Tax Savings**
- ✓ **Calculate Savings – Tax, Waste Reduction, Landfill Fees**

Prepared Food Donation Process



From the donor locations...

Prepared Food Donation Process



...to the agencies and the needy.

RTE Food Donation Process



RTE Food Donation Process



Donor Concerns

- **Good Samaritan Liability Protection**
- **Food donation guidelines**
- **Donation logistics**
- **HSN safe food transport training**

Donor Incentives

- **Employee morale**
- **Waste reduction=Less environmental impact**
- **Local availability & immediate impact**
- **Tax Law can encourage food donations**



Enhanced Tax Deduction for Food Donations

C corporations

In 1976 Congress enacted Section 170(e)(3) to encourage donations by allowing C corporations to earn an enhanced tax deduction for donating selected surplus property, including food.

The enhanced deduction is equal to $\frac{1}{2}$ of the donated food's appreciated value, with the limitation that the total deduction cannot exceed twice the donated food's basis cost. The IRS may challenge the value of donated surplus food.

Enhanced Tax Deduction

Non-C corporations

Katrina Emergency Tax Relief Act (KETRA) of 2005 allowed *Non-C corps.* to apply the enhanced deduction for contributions through December 31, 2005

2006 Pension Protection Act extended **KETRA** thru 2007

2008 Econ. Stabilization Act extended **KETRA** thru 2009

2010 Tax Relief and Jobs Act extended **KETRA** thru 2011

Non-C corp. Tax Law **needs to be extended again or made permanent** via H.R. 3729 – introduced Dec 20, 2011 by U.S. Reps Geoff Davis (R-KY) and Sander Levin (D-MI)

Tax Savings Example

Example Benefit Food Item	Product Sold	Surplus Not Donated	Surplus Donated
<i>Sales revenue</i>	\$10.00	\$.00	\$.00
<i>Base cost (food & direct labor)</i>	3.25	3.25	3.25
<i>Gross margin / (loss)</i>	6.75	(3.25)	(3.25)
<i>Enhanced tax deduction</i>	--	--	(3.25)
<i>Total income/(deduction) before tax</i>	6.75	(3.25)	(6.50)
<i>Tax (assumes combined federal and state tax rate of 37%)</i>	(2.50)	1.20	2.40
<i>Gross margin/(loss) after tax</i>	\$4.25	\$(2.05)	\$(.85)

In this example, donating reduces after tax cost of surplus food by 59%.

Prepared Food Donations

Part of the Solution to Hunger

- ✓ Proven program
- ✓ Variety of food and consistent supply
- ✓ Local availability – Readily accessible
- ✓ Immediate impact on the lives of people
- ✓ Positive impact on environment
- ✓ Free to Hunger Relief Organizations
- ✓ Congress encourages with Tax Incentives

You Can Do It !

PILOT TEST PROCESS

1. Review Location Operations
2. Develop Food Safe Procedures
3. Identify Agencies
4. Determine Pickup Logistics
5. Track Food Donation Amounts
6. Calculate Savings
7. Expand Program



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www.FoodToDonate.com



www.HarvestSupportNetwork.org
