

113TH CONGRESS  
2D SESSION

# H. R. 4719

To amend the Internal Revenue Code of 1986 to permanently extend and expand the charitable deduction for contributions of food inventory.

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IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2014

Mr. REED (for himself and Mr. GERLACH) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to permanently extend and expand the charitable deduction for contributions of food inventory.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fighting Hunger In-  
5 centive Act of 2014”.

1 **SEC. 2. EXTENSION AND EXPANSION OF CHARITABLE DE-**  
2 **DUCTION FOR CONTRIBUTIONS OF FOOD IN-**  
3 **VENTORY.**

4 (a) **PERMANENT EXTENSION.**—Section 170(e)(3)(C)  
5 of the Internal Revenue Code of 1986 is amended by strik-  
6 ing clause (iv).

7 (b) **INCREASE IN LIMITATION.**—Section 170(e)(3)(C)  
8 of such Code, as amended by subsection (a), is amended  
9 by striking clause (ii), by redesignating clause (iii) as  
10 clause (iv), and by inserting after clause (i) the following  
11 new clause:

12 “(ii) **LIMITATION.**—The aggregate  
13 amount of such contributions for any tax-  
14 able year which may be taken into account  
15 under this section shall not exceed—

16 “(I) in the case of any taxpayer  
17 other than a C corporation, 15 per-  
18 cent of the taxpayer’s aggregate net  
19 income for such taxable year from all  
20 trades or businesses from which such  
21 contributions were made for such  
22 year, computed without regard to this  
23 section, and

24 “(II) in the case of a C corpora-  
25 tion, 15 percent of taxable income (as  
26 defined in subsection (b)(2)(C)).

1                   “(iii) RULES RELATED TO LIMITA-  
2                   TION.—

3                   “(I) CARRYOVER.—If such aggre-  
4                   gate amount exceeds the limitation  
5                   imposed under clause (ii), such excess  
6                   shall be treated (in a manner con-  
7                   sistent with the rules of subsection  
8                   (d)) as a charitable contribution de-  
9                   scribed in clause (i) in each of the 5  
10                  succeeding years in order of time.

11                  “(II) COORDINATION WITH OVER-  
12                  ALL CORPORATE LIMITATION.—In the  
13                  case of any charitable contribution al-  
14                  lowable under clause (ii), subsection  
15                  (b)(2) shall not apply to such con-  
16                  tribution, but the limitation imposed  
17                  by such subsection shall be reduced  
18                  (but not below zero) by the aggregate  
19                  amount of such contributions. For  
20                  purposes of subsection (b)(2)(B), such  
21                  contributions shall be treated as al-  
22                  lowable under subsection (b)(2)(A).”.

23                  (c) DETERMINATION OF BASIS FOR TAXPAYERS  
24                  OTHER THAN C CORPORATIONS.—Section 170(e)(3)(C)

1 of such Code, as amended by subsections (a) and (b), is  
 2 amended by adding at the end the following new clause:

3 “(v) DETERMINATION OF BASIS FOR  
 4 TAXPAYERS OTHER THAN C CORPORA-  
 5 TIONS.—If a taxpayer—

6 “(I) does not account for inven-  
 7 tories under section 471, and

8 “(II) is not required to capitalize  
 9 indirect costs under section 263A,  
 10 the taxpayer may elect, solely for purposes  
 11 of subparagraph (B), to treat the basis of  
 12 any apparently wholesome food as being  
 13 equal to 25 percent of the fair market  
 14 value of such food.”.

15 (d) DETERMINATION OF FAIR MARKET VALUE.—  
 16 Section 170(e)(3)(C) of such Code, as amended by sub-  
 17 sections (a), (b), and (c), is amended by adding at the  
 18 end the following new clause:

19 “(vi) DETERMINATION OF FAIR MAR-  
 20 KET VALUE.—In the case of any such con-  
 21 tribution of apparently wholesome food  
 22 which cannot or will not be sold solely by  
 23 reason of internal standards of the tax-  
 24 payer, lack of market, or similar cir-  
 25 cumstances, or by reason of being pro-

1           duced by the taxpayer exclusively for the  
2           purposes of transferring the food to an or-  
3           ganization described in subparagraph (A),  
4           the fair market value of such contribution  
5           shall be determined—

6                           “(I) without regard to such inter-  
7                           nal standards, such lack of market,  
8                           such circumstances, or such exclusive  
9                           purpose, and

10                           “(II) by taking into account the  
11                           price at which the same or substan-  
12                           tially the same food items (as to both  
13                           type and quality) are sold by the tax-  
14                           payer at the time of the contribution  
15                           (or, if not so sold at such time, in the  
16                           recent past).”.

17           (e) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to contributions made after De-  
19 cember 31, 2013, in taxable years ending after such date.

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