

# NORTH CAROLINA'S GLEANNING TAX CREDIT HOW DID IT WORK



## THE IDEA:

Giving tax incentives to farmers who participate in gleaning is thought to be a potentially useful tool to increase participation.



## NC PUBLIC POLICY EFFORT TO INCREASE GLEANING:

North Carolina established a tax credit equal to 10% of the gleaned crop's market value in 1984. The credit was repealed in 2013 for tax simplification reasons.



## THE DATA:

Did North Carolina farmers use the gleaning tax credit, and therefore see it as an incentive to participate in gleaning?

## SMALL NUMBERS OF FARMERS USED THE NC GLEANNED CROPS TAX CREDIT (GCTC)

| Tax Year | # of Farmers Using Credit | Total \$ Claimed | \$ of Avg. Claim | \$ Avg. Value Today |
|----------|---------------------------|------------------|------------------|---------------------|
| 2003     | 208                       | \$122,490        | \$589            | \$1,324             |
| 2004     | 15                        | \$14,295         | \$954            | \$1,938             |
| 2005     | 15                        | \$33,317         | \$2,221          | \$4,700             |
| 2006     | 18                        | \$24,994         | \$1,389          | \$2,975             |
| 2007     | 12                        | \$19,900         | \$1,658          | \$2,900             |
| 2008     | 16                        | \$11,554         | \$722            | \$1,122             |
| 2009     | 26                        | \$49,176         | \$1,891          | \$3,523             |
| 2010     | 18                        | \$17,232         | \$957            | \$1,590             |
| 2011     | 18                        | \$10,974         | \$610            | \$819               |
| 2012     | 20                        | \$19,991         | \$999            | \$1,302             |
| 2013     | 18                        | \$43,506         | \$2,417          | \$3,103             |

Source: NC Department of Revenue annual individual income tax extracts. Dollar amounts as reported by taxpayer.

Source: Calculated by WFPC



# How Does North Carolina's GCTC Compare to Tax Incentives in Other States?

| State          | Type      | Amount  | Annual Cap                             | Status                   |
|----------------|-----------|---|--|--------------------------|
| North Carolina | Credit    | 10% of crop market price                                  |  | Repealed in 2013         |
| Arizona        | Deduction | 100% of crop wholesale price or most recent sale price    |  | Active                   |
| California     | Credit    | 15% of crop wholesale price<br>50% of transportation cost |  | Active                   |
| Colorado       | Credit    | 25% of crop wholesale market price                        | See footnote                           | Repealed<br>See footnote |
| Iowa           | Credit    | 15% of crop fair market value                             | \$5,000                                | Active                   |
| Maryland       | Credit    | 100% of crop wholesale market value                       | \$5,000                                | Active                   |
| Missouri       | Credit    | 50% of crop value   | \$2,500                                | Active                   |
| New York       | Credit    | 25% of crop fair market price                             | \$5,000                                | Active                   |
| Oregon         | Credit    | 15% of wholesale market price                             |  | Active                   |
| Pennsylvania   | Credit    | 55% of crop value   |  | Active                   |
| Virginia       | Credit    | 50% of crop value   | \$10,000<br>statewide cap of \$250,000 | Active                   |
| West Virginia  | Credit    | 30% of crop fair market value                             | \$5,000                                | Active                   |

**Source:** Agriculture and Farming Credits, n.d.; Credit for Gleaned Crop, 1983; Tax Incentives and Food Donations for Gleaning Organizations, 2023; Updated Tax Credits and Expansion to Certifications Offer Maryland Farmers New Resources, 2023.

Colorado had two applicable tax credits: a “Crop and livestock contribution credit” and a “Food contributed to hunger relief charitable organizations credit.” Both were set at 25%. The former had a cap of \$1,000, expired in 2023, and was only available to corporations. The latter had a cap of \$5,000, expired in 2020, and was available to all taxpayers. Both had similar requirements, but the former excluded products like eggs and milk (Hunger Relief Income Tax Credit & Crop and Livestock Contribution Corporate Income Tax Credit, 2018).

## About this Research

Analysis of the North Carolina Gleaned Crops Tax Credit (GCTC) was conducted by Duke University World Food Policy Center undergraduate research assistant Matt Peljovich under the direction of Jack Daly, and Professor Norbert Wilson. Peljovich is a senior majoring in public policy.

## Explanation of NC GCTC Statistics

Due to space limitations in the design of the NC D-400TC (individual) tax credit form, the GCTC was combined with a variety of other tax credits into a miscellaneous category for reporting purposes through TY2002: eight credit types were combined within the catchall category such that data for the GCTC were not separately identifiable.

Beginning with the TY2003 return design, the configuration section of the return for reporting the GCTC consisted of a checkoff (fill-in circle) for each of six taxes along with a single space for reporting the sum of all credit types that were indicated by a fill-in circle.

For example, if a taxpayer checked off only gleaned crops and reported a value, then the count/amount would be indicated in the above numbers; if, however, a taxpayer indicated multiple credit types (e.g., gleaned crops and property taxes on farm machinery), the data would not be accounted for in the above information because the count/amount could not be uniquely identified with the gleaned crops tax credit type.