Good morning, everyone!

As I mentioned to James last week, we have shared the draft forms of the Food Crop Tax Credit application and donation certification with additional food bank staff members who work more closely with tax forms and the implementation of NAP (Neighborhood Assistance Program) credits. Here is the feedback we received on both forms:

- Taxpayers are required to add this credit back to their Federal AGI on their Virginia tax returns. It seems to us that with NAP (and most other Virginia credits), taxpayers don't have to do that. This requirement diminishes the value of the tax credit, which is already called into question since the credits are issued on a pro-rata basis, and the net result is less incentive for the grower to make the donation. Could Taxation drop this requirement?

- With two options for valuation, we are concerned about inconsistency. For example, if "usual market" in the Federal approach could be interpreted to be a retail market (e.g., farmers market), and the average market approach is wholesale, then nonprofits could inadvertently advantage some taxpayers over others by virtue of the method of valuation. Should only one method of valuation be allowed?   While we have to date agreed nonprofits could provide valuation of the donation using the USDA market report, we should acknowledge that doing so is highly irregular; **taxpayers, not nonprofits, provide the value of gifts-in-kind.** We understand the complications of taxpayer valuations in a tax credit program, though if that is the basis for federal tax deductions, could that not be the single basis for the food crop tax credit as well? In such case, the food banks would verify the crop and weight but not the dollar value; that would be provided by the taxpayer.

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