



U.S. House of Representatives
Committee on Ways and Means

For the record of the Hearing on
Tax Reform and Charitable Contributions

Held on February 14, 2013

Statement submitted by
Forgotten Harvest, Inc.
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Forgotten Harvest, a 501(c)(3) non-profit organization, is honored to submit comments to the U.S. House of Representatives Committee on Ways and Means for the record of the Hearing on Tax Reform and Charitable Contributions, held on February 14, 2013.

Non-profit organizations depend upon the generosity of individuals and businesses for support. Any tax policy actions that would cause people or organizations to donate at lower levels would be deeply damaging to the ability of non-profit organizations that provide support and service to communities across the nation. Today's tax policies that provide positive incentives for charitable donations make possible the work of non-profit organizations to serve and support people. These policies do not enhance the "pockets" of the donors.

Forgotten Harvest joins Feeding America to commend the Committee for reviewing the critically important positive role of tax policies on charitable contributions. Like thousands of non-profit organizations across the Michigan and the nation, Forgotten Harvest strongly urges Congress to assure that any tax reforms to tax policies are not changed in any manner that would lower charitable contributions or dissuade potential charitable donors.

As a member of Feeding America, Forgotten Harvest supports Feeding America's statement submitted to the Hearing record and attached to this statement.

Background

The charitable emergency food sector and government safety net programs together are vital to helping very low income people stabilize their lives. Neither government programs nor the charitable sector alone can meet the needs of people facing hunger.

As the nation's largest non-profit food rescue organization, Forgotten Harvest rescued over 43 million pounds of surplus nutritious food during its last fiscal year – equivalent to over 43 million meals. This food is distributed free-of-charge to partners -- non-profit emergency food agencies, which distribute this healthy food to people facing hunger in Metro Detroit.

Feeding America estimates that over 728,000 people face food insecurity (hunger) in Metro Detroit. Forgotten Harvest's outreach serves about 260 non-profit emergency food distribution partners. Forgotten Harvest has a long waiting list of non-profits agencies desiring to be partners, and many of its current non-profit partners cannot meet the demand for emergency food from its current agencies.

Role of effective tax policies

Tax policies enable Forgotten Harvest to secure charitable contributions that permit Forgotten Harvest and other emergency food distribution organizations across the nation to sustain their service to communities and residents facing dire. Forgotten Harvest takes its non-profit status and responsibility very seriously. Its business model is extremely cost efficient: \$1.00 rescues and distributes 5 pounds of nutritious food or the equivalent of about 5 meals. Many respected third party organizations have recognized Forgotten Harvest's outstanding leadership and financial management.

To address the dire need of the people it serves, Forgotten Harvest has expanded its food rescue and distribution by about 450 percent over the past five years. Unlike a for-profit business, business growth and effective management do not generate cash streams for non-profit organizations in the same manner as business growth in the for-profit sector. Non-profit organizations secure a significant share of their resources from donors' charitable contributions.

Forgotten Harvest secure donations of a) funds to run the operation, b) food for distribution to people facing hunger, and c) other resources to manage and run the business, such as equipment, supplies, and services. Without effective tax incentives for individuals and businesses to contribute to non-profit organizations, Forgotten Harvest and other non-profit organizations could not provide service to their communities.

Tax policy to encourage contributions of funds and other resources

Congress has considered and enacted various tax policies that provide a critically important incentive to people and organizations to make financial contributions to non-profit organizations. Forgotten Harvest urges Congress to take no actions that would reduce or eliminate the incentives for thoughtful and generous organizations and people to donate funds. People and businesses across a broad spectrum of size and capacity donate to non-profit organizations.

Tax deductions for the charitable contributions of people and organizations of varied means and structure are vitally important for non-profits and need to be protected. Congress must not remove incentives that encourage, for example, an individual with limited or modest income, a household with substantial resources, or businesses of varied corporate legal structure to contribute funds and other services to non-profit organizations.

Tax policy to encourage the donation of surplus food to the emergency food sector

Forgotten Harvest joins the emergency food sector and for-profit business food sector organizations across the nation to urge Congress to retain, enhance, and codify the enhanced tax deduction for charitable food donation to the emergency food sector. (Please review Feeding America's detailed statement, which is attached.)

The U.S. Department of Agriculture (USDA) estimates that 96 billion pounds of food are destroyed each year, and a substantial share of that destroyed food is edible, safe, and nutritious. At the same time, USDA reports that about 50 million people face food insecurity (hunger).

The enhanced tax deduction for charitable food donation enables the nation to secure donated surplus food from growers, wholesalers and distributors, processors and industrial food sources, small-to-large groceries, and entertainment venues for distribution to people facing hunger. The U.S. has the power to end hunger in America and to be a model to other nations by denying healthy, safe, surplus food to landfills and instead providing that good food to our most vulnerable citizens.

The tax incentives for charitable food donation are a powerful incentive for the nation's food sector to expand the donation of surplus health, safe, edible food to feed the nation's people facing hunger. This vital tax incentive must be protected, expanded, and made a permanent tax policy.

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