



Sec. 3. Minnesota Statutes 2018, section 290.06, is amended by adding a subdivision to read:

**Subd. 39. Prepared food donation credit.** (a) A qualifying taxpayer is allowed a credit against the tax imposed by this chapter equal to 20 percent of the taxpayer's eligible charitable food donation. The credit may not exceed the taxpayer's liability for tax and may not be carried forward to any other taxable year.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "eligible charitable food donation" means a contribution of prepared food allowable as a charitable deduction for the taxable year under section 170(a) of the Internal Revenue Code, subject to the limitations of section 170(b) of the Internal Revenue Code, and determined without regard to whether or not the taxpayer itemizes deductions;

(2) "prepared food" means food that meets all quality and labeling standards imposed by federal, state, and local laws and regulations even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other conditions, and includes:

(i) food that is cooked or heated by the qualifying taxpayer;

(ii) two or more ingredients mixed together to be eaten as a single item; and

(iii) any ingredients supplied for ingestion or chewing by humans that are consumed for their taste or nutritional value; and

(3) "qualifying taxpayer" means an individual or entity that makes a charitable food donation in Minnesota and is engaged in a trade or business that includes regularly selling prepared food.

(c) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under subdivision 2c, paragraph (e).

(d) Credits allowed to a partnership, a limited liability company taxed as a partnership, an S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's income for the taxable year.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.