

Charity by the bushel



Photograph: Doug Hetherington

Farmers unload grain at the Dayton (Iowa) Co-operative Elevator. Gifts of grain made directly to a church or charity reduce taxes.

Farmers combine in-kind charitable donations to share a bountiful harvest

By Cheryl Tevis, Farm Issues Editor

Harvest bounty is taken for granted in many rural communities. Despite the impact of extreme weather in 2008, farm productivity is a stark contrast to a U.S. economy reeling from a housing bust and a battered financial market.

For the second year, the United Way of North Central Iowa in Mason City is accepting donations of grain.

“Our annual fund-raising campaign coincides with harvest, and this is an easy way for farmers to donate,” says Alex Kuhn, regional coordinator for the United Way of North Central Iowa and a Floyd County, Iowa, farmer.

Two ethanol plants and grain co-

ops and elevators at 27 locations in the 10-county United Way of North Central Iowa are participating.

Farmers make a pledge when they weigh in, and the elevator or plant directly forwards the donated portion of the crop proceeds. Within a few weeks, farmers receive a receipt for their tax deduction.

UNITED EFFORT TO DONATE GRAIN

A gift of grain to a charity or a church is a way to get the most bang for your bucks.

“The tax savings exceed selling the grain and writing a check from the profit,” says Gary Hoff, University of Illinois Extension specialist, taxation.

If grain is donated directly to a charity, the gift portion of the grain isn’t reported as income. The costs of production are tax deductible, and both income tax and self-employment taxes are reduced.

Title to the grain must transfer to

the charity prior to sale of grain, and the charity must decide when to sell. “You have to show the charity has dominion and control,” Hoff says.

The elevator must issue a warehouse receipt in the church or charity’s name. The charity is responsible for incurred storage charges.

Farmers should consult their accountant to determine whether commodity donations are appropriate to their tax situation. (Differing rules apply to a gift of grain from a crop-share landlord.)

GRAIN GOES TO KANSAS KIDS

Near Baldwin City, Kansas, 12-year-old Caleb Powelson has created his own tax-deductible charity.

Powelson, a farm kid, launched the Bushels Of Love Foundation last year. His mother, Melissa, says she’s fielded more than 400 e-mails from farmers and elevators about donating to his nonprofit foundation.

Funds from the sale of grain are being used to help feed, clothe, and provide for Kansas children in need.

“Next year, Caleb wants to help children across the U.S. and in foreign countries,” Melissa says. ■

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- United Way of North Central Iowa | www.unitedwaynci.org
- farmdoc.uiuc.edu
- www.bushelsoflove.com