

To the office of U.S. Senator Lisa Murkowski

Re: S 4780 (119th Congress), A bill to amend the Internal Revenue Code of 1986 to exclude micro-grants for food security from gross income. • Latest action (2026-06-15): Read twice and referred to the Committee on Finance.

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Food Security Micro-Grant Tax Exclusion Act of 2025

The measure, as described from the official record: To encourage private, state, and local provision of small grants for food security by excluding those grants from federal income taxation, thereby increasing food access without direct federal spending.

THE PROPOSAL

Section 1. Short Title. This Act may be cited as the 'Food Security Micro-Grant Tax Exclusion Act of 2025'.

Section 2. Exclusion from Gross Income. (a) In General. Section 139 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection: '(i) Qualified Food Security Micro-Grants. Gross income shall not include any qualified food security micro-grant received by an individual.'

(b) Qualified Food Security Micro-Grant Defined. For purposes of this subsection, the term 'qualified food security micro-grant' means a grant—

- (1) of not more than \$500 per individual per taxable year,
- (2) provided by a non-federal entity, which is—
 - (A) a State or local government, or
 - (B) an organization described in section 501(c)(3) and exempt from tax under section 501(a),
- (3) made for the exclusive purpose of purchasing food for the grantee's household, and
- (4) used by the grantee within 12 months of receipt.

(c) No Double Benefit. No deduction shall be allowed under this chapter for any amount paid or incurred by the grantor that is excluded from the grantee's income under this subsection.

Section 3. Sunset. This section shall apply to taxable years beginning after December 31, 2025, and before January 1, 2031.

Section 4. Oversight. The Secretary of the Treasury shall annually report to the House Committee on Ways and Means and the Senate Committee on Finance on the number of taxpayers claiming the exclusion and the total amount excluded, together with an assessment of the exclusion's effectiveness in improving food security.

Section 5. Offset. To offset the revenue loss from this exclusion, section 274(n) of the Internal Revenue Code is amended by reducing the deduction for business entertainment expenses from 100 percent to 50 percent for corporations with gross receipts exceeding \$10,000,000 in the preceding taxable year.

Section 6. Effective Date. The amendments made by this Act shall apply to taxable years beginning after December 31, 2025.

OPERATIVE PROVISIONS (VFA PROPOSAL)

Funding Source	Offset by reducing the deduction for business entertainment expenses from 100% to 50% for corporations with gross receipts over \$10 million.
Funding Amount	Estimated revenue loss of \$500 million over 5 years, fully offset by \$500 million from the business entertainment deduction reduction.
Sunset Years	5 years
Oversight Body	Secretary of the Treasury, with annual report to the House Ways and Means Committee and Senate Finance Committee.
Enforcement Mechanism	Standard IRS enforcement; false claims subject to accuracy-related penalty under IRC section 6662 and potential fraud charges.
Effective Date	For taxable years beginning after December 31, 2025.

CONSTITUTIONAL BASIS

- Article I, Section 8, Clause 1 (Taxing Power)
- Tenth Amendment (reserving non-enumerated powers to states)
- Sixteenth Amendment (income tax)

Concerns with the measure as written:

- The original bill as introduced may be interpreted to include grants from federal sources, which could raise Tenth Amendment concerns by involving the federal government in direct food assistance programs traditionally left to states.
- Without a clear definition and cap, the exclusion could be used for non-food-security purposes, undermining the genuine public purpose requirement.

WHY BOTH SIDES CAN BACK IT (VFA'S ASSESSMENT)

Democratic priorities: Directly addresses food insecurity, supports low-income households, uses the tax code to provide targeted relief without means-testing bureaucracy. Republican priorities: No new federal spending or programs, relies on private and state/local action, includes a sunset for regular review, offsets revenue loss to avoid increasing the deficit, and narrow definition prevents abuse.

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