

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
90th General Assembly
Regular Session, 2015

A Bill

HOUSE BILL 1725

By: Representative Jett

For An Act To Be Entitled

AN ACT TO AMEND THE WATER RESOURCE CONSERVATION AND DEVELOPMENT INCENTIVES ACT; TO AMEND THE INCOME TAX CREDITS AVAILABLE FOR WATER RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE WATER RESOURCE CONSERVATION AND DEVELOPMENT INCENTIVES ACT; AND TO AMEND THE INCOME TAX CREDITS AVAILABLE FOR WATER RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 26-51-1003(8), concerning the definition of "project" used under the Water Resource Conservation and Development Incentives Act, is amended to add an additional subdivision to read as follows:

(E)(i) The purchase and installation of equipment, devices, hardware, software, data systems, or services used for the more efficient use of irrigation water.

(ii) Installation of equipment, devices, hardware, software, data systems, or services used for the more efficient use of irrigation water is considered a conversion from groundwater to surface water for tax credit purposes; and

SECTION 2. Arkansas Code § 26-51-1005(b), concerning the income tax



credit grants for water impoundments, is amended to read as follows:

(b)(1) The tax credit allowed to each approved applicant shall not exceed the lesser of fifty percent (50%) of the project cost incurred or ~~ninety thousand dollars (\$90,000)~~ two hundred fifty thousand dollars (\$250,000).

(2)(A) The amount of tax credit allowed to each approved applicant per project that may be used for a taxable year shall not exceed the lesser of:

(i) The amount of individual or corporate income tax otherwise due; or

(ii) ~~Nine thousand dollars (\$9,000)~~ Twenty-five thousand dollars (\$25,000).

(B) If the approved applicant is a pass-through entity such as a partnership, a limited liability company taxed as a partnership, a Subchapter S corporation, or a fiduciary, the amount of tax credit that may be used for a taxable year shall not exceed the lesser of:

(i) The aggregate amount of individual or corporate income tax otherwise due by all members of the pass-through entity; or

(ii) ~~Nine thousand dollars (\$9,000)~~ Twenty-five thousand dollars (\$25,000).

(3) Any unused credit may be carried over for a maximum of nine (9) consecutive taxable years following the taxable year in which the credit originated.

SECTION 3. Arkansas Code § 26-51-1007(b), concerning the income credit granted for surface water conversion outside critical areas, is amended to read as follows:

(b)(1) The tax credit allowed to each approved applicant shall not exceed the lesser of ~~ten percent (10%)~~ twenty-five percent (25%) of the project cost incurred or ~~twenty-seven thousand dollars (\$27,000)~~ ninety thousand dollars (\$90,000).

(2)(A) The amount of tax credit allowed to each approved applicant per project that may be used for a taxable year may not exceed the lesser of:

(i) The amount of individual or corporate income tax otherwise due; or

(ii) ~~Nine thousand dollars (\$9,000)~~ Thirty thousand dollars (\$30,000).

(B) If the approved applicant is a pass-through entity such as a partnership, a limited liability company taxed as a partnership, a Subchapter S corporation, or a fiduciary, the amount of tax credit that may be used for a taxable year shall not exceed the lesser of:

(i) The aggregate amount of individual or corporate income tax otherwise due by all members of the pass-through entity; or

(ii) ~~Nine thousand dollars (\$9,000)~~ Thirty thousand dollars (\$30,000).

(3) Any unused tax credit may be carried over for a maximum of two (2) consecutive taxable years following the taxable year in which the credit originated.

SECTION 4. Arkansas Code § 26-51-1008(b), concerning the income tax credit granted for surface water conversion within critical areas, is amended to read as follows:

(b)(1) For agricultural or recreational projects, there shall be allowed a tax credit to each approved applicant not to exceed the lesser of fifty percent (50%) of the project cost incurred or ~~twenty-seven thousand dollars (\$27,000)~~ ninety thousand dollars (\$90,000).

(2)(A) The amount of tax credit allowed to each approved applicant per project that may be used for a taxable year may not exceed the lesser of:

(i) The amount of individual or corporate income tax otherwise due; or

(ii) ~~Nine thousand dollars (\$9,000)~~ Thirty thousand dollars (\$30,000).

(B) If the approved applicant is a pass-through entity such as a partnership, a limited liability company taxed as a partnership, a Subchapter S corporation, or a fiduciary, the amount of tax credit that may be used for a taxable year shall not exceed the lesser of:

(i) The aggregate amount of individual or corporate income tax otherwise due by all members of the pass-through entity; or

(ii) ~~Nine thousand dollars (\$9,000)~~ Thirty thousand dollars (\$30,000).

(3) Any unused tax credit may be carried over for a maximum of two (2) consecutive taxable years following the taxable year in which the credit originated.

SECTION 5. Arkansas Code § 26-51-1009(b), concerning the income tax credit for land leveling for water conservation, is amended to read as follows:

(b)(1) The tax credit allowed to each approved applicant shall not exceed the lesser of ~~ten percent (10%)~~ twenty-five percent (25%) of the project cost incurred or ~~twenty-seven thousand dollars (\$27,000)~~ ninety thousand dollars (\$90,000).

(2)(A) The amount of tax credit allowed to each approved applicant per project that may be used for a taxable year may not exceed the lesser of:

(i) The amount of individual or corporate income tax otherwise due; or

(ii) ~~Nine thousand dollars (\$9,000)~~ Thirty thousand dollars (\$30,000).

(B) If the approved applicant is a pass-through entity such as a partnership, a limited liability company taxed as a partnership, a Subchapter S corporation, or a fiduciary, the amount of tax credit that may be used for a taxable year shall not exceed the lesser of:

(i) The aggregate amount of individual or corporate income tax otherwise due by all members of the pass-through entity; or

(ii) ~~Nine thousand dollars (\$9,000)~~ Thirty thousand dollars (\$30,000).

(3) Any unused tax credit may be carried over for a maximum of two (2) consecutive taxable years following the taxable year in which the credit originated.

SECTION 6. Arkansas Code § 26-51-1013(b)(1), concerning the annual compilation of income tax credits under the Water Resource Conservation and Development Incentives Act, is amended to read as follows:

(b)(1) When the total amount of tax credits used ~~pursuant to the provisions of~~ under this subchapter exceeds ten million dollars (\$10,000,000) in any calendar year for that calendar year, the tax credits established by

this subchapter shall ~~expire~~ not be available for new projects for a period of one (1) calendar year beginning on December 31 of the calendar year following the calendar year in which the tax credits used ~~pursuant to the provisions of~~ under this subchapter exceeded ten million dollars (\$10,000,000).

SECTION 7. EFFECTIVE DATE. This act is effective for tax years beginning on or after January 1, 2015.