

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015

A Bill

HOUSE BILL 1725

4
5 By: Representative Jett
6

For An Act To Be Entitled

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

14 TO AMEND THE WATER RESOURCE CONSERVATION
15 AND DEVELOPMENT INCENTIVES ACT; AND TO
16 AMEND THE INCOME TAX CREDITS AVAILABLE
17 FOR WATER RESOURCE CONSERVATION AND
18 DEVELOPMENT PROJECTS.
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21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

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

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

31 (ii) Installation of equipment, devices, hardware,
32 software, data systems, or services used for the more efficient use of
33 irrigation water is considered a conversion from groundwater to surface water
34 for tax credit purposes; and
35

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



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

2 (b)(1) The tax credit allowed to each approved applicant shall not
 3 exceed the lesser of fifty percent (50%) of the project cost incurred or
 4 ~~ninety thousand dollars (\$90,000)~~ two hundred fifty thousand dollars
 5 (\$250,000).

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

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

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

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

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

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

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

24
 25 SECTION 3. Arkansas Code § 26-51-1007(b), concerning the income credit
 26 granted for surface water conversion outside critical areas, is amended to
 27 read as follows:

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

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

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

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

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

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

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

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

14
 15 SECTION 4. Arkansas Code § 26-51-1008(b), concerning the income tax
 16 credit granted for surface water conversion within critical areas, is amended
 17 to read as follows:

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

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

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

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

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

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

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

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

4
 5 SECTION 5. Arkansas Code § 26-51-1009(b), concerning the income tax
 6 credit for land leveling for water conservation, is amended to read as
 7 follows:

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

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

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

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

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

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

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

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

30
 31 SECTION 6. Arkansas Code § 26-51-1013(b)(1), concerning the annual
 32 compilation of income tax credits under the Water Resource Conservation and
 33 Development Incentives Act, is amended to read as follows:

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

1 this subchapter shall ~~expire~~ not be available for new projects for a period
2 of one (1) calendar year beginning on December 31 of the calendar year
3 following the calendar year in which the tax credits used ~~pursuant to the~~
4 ~~provisions of~~ under this subchapter exceeded ten million dollars
5 (\$10,000,000).

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