

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

As Engrossed: H4/15/21

A Bill

HOUSE BILL 1314

5 By: Representative Hillman
6 By: Senator Hill
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE WATER RESOURCE CONSERVATION AND
10 DEVELOPMENT INCENTIVES ACT; AND FOR OTHER PURPOSES.
11

Subtitle

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13
14 TO AMEND THE WATER RESOURCE CONSERVATION
15 AND DEVELOPMENT INCENTIVES ACT.
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17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
19

20 SECTION 1. Arkansas Code § 26-51-1005(b)(1) and (2), concerning the
21 income tax credit for certain water impoundments under the Water Resource
22 Conservation and Development Incentives Act, are amended to read as follows:

23 (b)(1) The tax credit allowed to each approved applicant shall not
24 exceed the lesser of fifty percent (50%) of the project cost incurred or
25 ~~ninety thousand dollars (\$90,000)~~ one hundred twenty thousand dollars
26 (\$120,000).

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

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

32 (ii) ~~Nine thousand dollars (\$9,000)~~ Eighteen
33 thousand dollars (\$18,000).

34 (B) If the approved applicant is a pass-through entity
35 such as a partnership, a limited liability company taxed as a partnership, a
36 Subchapter S corporation, or a fiduciary, the amount of tax credit that may



1 be used for a taxable year shall not exceed the lesser of:

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

4 (ii) ~~Nine thousand dollars (\$9,000)~~ Eighteen
5 thousand dollars (\$18,000).

6
7 SECTION 2. Arkansas Code § 26-51-1007(b), concerning the income tax
8 credit for surface water conversion outside critical areas under the Water
9 Resource Conservation and Development Incentives Act, is amended to read as
10 follows:

11 (b)(1) The tax credit allowed to each approved applicant shall not
12 exceed the lesser of ~~ten percent (10%)~~ twenty-five percent (25%) of the
13 project cost incurred or ~~twenty-seven thousand dollars (\$27,000)~~ thirty-five
14 thousand dollars (\$35,000).

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

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

20 (ii) ~~Nine thousand dollars (\$9,000)~~ Eighteen
21 thousand dollars (\$18,000).

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

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

28 (ii) ~~Nine thousand dollars (\$9,000)~~ Eighteen
29 thousand dollars (\$18,000).

30 (3) Any unused tax credit may be carried over for a maximum of
31 ~~two (2)~~ fifteen (15) consecutive taxable years following the taxable year in
32 which the credit originated.

33
34 SECTION 3. Arkansas Code § 26-51-1008 is amended to read as follows:
35 26-51-1008. Credit granted – Surface water conversion within critical
36 areas.

1 (a) For projects located within critical groundwater areas and
2 counties contiguous to counties with areas designated as critical ground
3 water areas, there shall be allowed a credit against the tax imposed by the
4 Income Tax Act of 1929, § 26-51-101 et seq., to an approved applicant for the
5 reduction of groundwater use by substitution of surface water for water used
6 for industrial, commercial, agricultural, or recreational purposes.

7 (b)(1) For agricultural or recreational projects, there shall be
8 allowed a tax credit to each approved applicant not to exceed the lesser of
9 fifty percent (50%) of the project cost incurred or ~~twenty-seven thousand~~
10 ~~dollars (\$27,000)~~ thirty-five thousand dollars (\$35,000).

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

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

16 (ii) ~~Nine thousand dollars (\$9,000)~~ Eighteen
17 thousand dollars (\$18,000).

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

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

24 (ii) ~~Nine thousand dollars (\$9,000)~~ Eighteen
25 thousand dollars (\$18,000).

26 (3) Any unused tax credit may be carried over for a maximum of
27 ~~two (2)~~ fifteen (15) consecutive taxable years following the taxable year in
28 which the credit originated.

29 (c)(1) For industrial or commercial projects, there shall be allowed a
30 tax credit to each approved applicant not to exceed the lesser of fifty
31 percent (50%) of the project cost incurred or one million dollars
32 (\$1,000,000).

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

36 (i) The amount of individual or corporate income tax

1 otherwise due; or

2 (ii) Two hundred thousand dollars (\$200,000).

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)~~ Eighteen
10 thousand dollars (\$18,000).

11 (3) Any unused tax credit may be carried over for a maximum of
12 ~~four (4)~~ fifteen (15) consecutive taxable years following the taxable year in
13 which the credit originated.

14

15 SECTION 4. Arkansas Code § 26-51-1009(b), concerning the income tax
16 credit for land leveling for water conservation under the Water Resource
17 Conservation and Development Incentives Act, is amended to read as follows:

18 (b)(1) The tax credit allowed to each approved applicant shall not
19 exceed the lesser of ~~ten percent (10%)~~ twenty-five percent (25%) of the
20 project cost incurred or ~~twenty-seven thousand dollars (\$27,000)~~ thirty-five
21 thousand dollars (\$35,000).

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)~~ Eighteen
28 thousand dollars (\$18,000).

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)~~ Eighteen
36 thousand dollars (\$18,000).

