

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001  
4

# A Bill

Act 727 of 2001  
HOUSE BILL 1714

5 By: Representative Bevis  
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## For An Act To Be Entitled

9 AN ACT TO AMEND TITLE 26 CHAPTER 51 SUBCHAPTER 10 TO  
10 BROADEN THE WATER CONSERVATION PROJECTS FOR WHICH A  
11 TAX CREDIT MAY BE TAKEN; TO DECLARE AN EMERGENCY; AND  
12 FOR OTHER PURPOSES.  
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## Subtitle

14 TO AMEND TITLE 26 CHAPTER 51 SUBCHAPTER  
15 10 TO BROADEN THE WATER CONSERVATION  
16 PROJECTS FOR WHICH A TAX CREDIT MAY BE  
17 TAKEN; AND TO DECLARE AN EMERGENCY.  
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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23 SECTION 1. Arkansas Code 26-51-1003(7) is amended to read as follows:

24 (7) "Project" means:

25 (A) The construction, installation, or restoration of water  
26 impoundment or water control structures of twenty (20) acre-feet or more  
27 designed for the purpose of storing water to be used for agricultural, irrigation,  
28 ~~irrigation~~ commercial or industrial processing purposes;

29 (B) The conversion from groundwater to surface water use by  
30 agricultural, commercial, industrial, or recreational water users;

31 (C) Agricultural land leveling resulting in water savings  
32 due to the more efficient use of irrigation water for which tax credits are  
33 claimed; and

34 (D)(i) The purchase and installation of water measuring or  
35 metering devices used to determine the quantity of water used.

36 (ii) Installation of such devices shall be considered

1 a conversion from groundwater to surface water for tax credit purposes; and

2  
3 SECTION 2. Arkansas Code 26-51-1005 is amended to read as follows:

4 26-51-1005. Credit granted - Water impoundments outside critical areas.

5 (a) For projects located outside critical groundwater areas, there  
6 shall be allowed as a credit against the tax imposed by the Income Tax Act of  
7 1929, § 26-51-101 et seq., in an amount equal to fifty percent (50%) of the  
8 project cost incurred in the construction and installation or restoration of  
9 water impoundments or water control structures of twenty (20) acre-feet or  
10 more designed for the purpose of storing water to be used primarily for  
11 agricultural, ~~irrigation~~ commercial or industrial ~~process water~~ purposes.

12 (b)(1) The amount of the credit that may be used by a taxpayer for a  
13 taxable year may not exceed the lesser of the amount of individual or  
14 corporate income tax otherwise due or nine thousand dollars (\$9,000).

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

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19 SECTION 3. Arkansas Code 16-51-1006 is amended to read as follows:

20 26-51-1006. Credit granted - Water impoundments within critical areas.

21 (a) For projects located within critical groundwater areas, there shall  
22 be allowed as a credit against the tax imposed by the Income Tax Act of 1929,  
23 § 26-51-101 et seq., in an amount equal to fifty percent (50%) of the project  
24 cost incurred in the construction and installation or restoration of water  
25 impoundments or water control structures of twenty (20) acre-feet or more  
26 designed for the purpose of storing water to be used primarily for  
27 agricultural, ~~irrigation~~ commercial or industrial ~~process water~~ purposes.

28 (b)(1) The amount of the credit that may be used by a taxpayer for a  
29 taxable year may not exceed the lesser of the amount of individual or  
30 corporate income tax otherwise due or nine thousand dollars (\$9,000).

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

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35 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the  
36 General Assembly that ground water levels continue to decline throughout the

1 state; that the ground water levels in some areas of the state are critical;  
 2 that it is urgent that steps be taken immediately to encourage greater use of  
 3 surface water; and that changes in the tax credit law would encourage the  
 4 installation of impoundments and water control structures to reduce ground  
 5 water use and make it available for future generations. Therefore, an  
 6 emergency is declared to exist and this act being immediately necessary for  
 7 the preservation of the public peace, health and safety shall become effective  
 8 on the date of its approval by the Governor. If the bill is neither approved  
 9 nor vetoed by the Governor, it shall become effective on the expiration of the  
 10 period of time during which the Governor may veto the bill. If the bill is  
 11 vetoed by the Governor and the veto is overridden, it shall become effective  
 12 on the date the last house overrides the veto.

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15 APPROVED: 3/12/2001

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