

Department of Finance and Administration

Legislative Impact Statement

Bill: SB729

Bill Subtitle: TO AMEND THE CARRY FORWARD PROVISION RELATING TO THE INCOME TAX CREDIT ALLOWED FOR WATER IMPOUNDMENTS.

Basic Change :

Sponsor: Senator Cheatham

SB729 amends § 26-51-1005(b)(3), the Water Resource Conservation and Development Incentives Act, to amend the carry forward provision for unused credits for the income tax credit allowed for water impoundment from 9 to 15 consecutive taxable years. The bill is effective for tax years beginning on and after January 1, 2017.

Revenue Impact :

FY2017 \$400,000 Reduction to General Revenue
FY2018 \$500,000 Reduction to General Revenue
FY2019 \$600,000 Reduction to General Revenue
FY2020 \$700,000 Reduction to General Revenue
FY2021 and after \$800,000 Reduction to General Revenue

Taxpayer Impact :

Taxpayers will be able to carry any unused income tax credit allowed under § 26-51-1005(b)(3) for 15 years instead of for 9 years.

Resources Required :

Forms and instructions along with system programming will need to be updated.

Time Required :

Adequate time is provided to implement this bill.

Procedural Changes :

DFA employees will need training on the changes to the tax credit.

Other Comments :

None.

Legal Analysis :

SB729 would allow any unused credit allowed for water impoundments under the "Water Resource Conservation and Development Incentives Act" to be carried over for a maximum of fifteen (15) consecutive taxable years following the taxable year in which the credit originated. This is an increase of six (6) years from the existing law which limits the carry forward to nine (9) years.