

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1624

Bill Subtitle: TO AMEND THE LAW CONCERNING THE PROJECTS ELIGIBLE FOR THE INCOME TAX CREDIT FOR SURFACE WATER CONVERSION UNDER THE WATER RESOURCE CONSERVATION AND DEVELOPMENT INCENTIVES ACT TO INCLUDE PROJECTS IN CHICOT COUNTY.

Basic Change :

Sponsors: Rep. Beaty Jr. and Sen. Gilmore

The Water Resource Conservation and Development Incentives Act allows an income tax credit for the reduction of groundwater use by substitution of surface water for water used for industrial, commercial, agricultural, or recreational purposes in designated critical groundwater areas. The credit is available for projects: (1) within critical groundwater areas; and (2) projects within counties contiguous to counties with areas designated as critical groundwater areas. The tax credit is available for up to 50% of the project cost or \$35,000, whichever is less. A taxpayer may claim the lesser of their tax liability or \$18,000.

HB1624 adds Chicot County to the list of areas that qualify for the surface water conversion within critical areas income tax credit, so that the credit would be available for projects:

- Within critical groundwater areas;
- Within counties contiguous to counties with areas designated as critical groundwater areas; and
- Within Chicot County.

HB1624 is effective for tax years beginning on or after January 1, 2023.

Revenue Impact :

Revenue neutral.

Taxpayer Impact :

A taxpayer who completes a qualified surface water conversion project within Chicot County will be eligible to receive income tax credits under the Resource Conversion and Development Incentive Act.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Department employees will need to be educated as well as the tax community.

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Other Comments :

None.

Legal Analysis :

None.