

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

A Bill

HOUSE BILL 1314

5 By: Representative Hillman
6

For An Act To Be Entitled

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

Subtitle

11 TO AMEND THE WATER RESOURCE CONSERVATION
12 AND DEVELOPMENT INCENTIVES ACT.
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17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
18

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

22 (b)(1) The tax credit allowed to each approved applicant shall not
23 exceed the lesser of fifty percent (50%) of the project cost incurred or
24 ~~ninety thousand dollars (\$90,000)~~ one hundred eighty thousand dollars
25 (\$180,000).

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

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

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

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



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

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

5
 6 SECTION 2. Arkansas Code § 26-51-1007(b), concerning the income tax
 7 credit for surface water conversion outside critical areas under the Water
 8 Resource Conservation and Development Incentives Act, is amended to read as
 9 follows:

10 (b)(1) The tax credit allowed to each approved applicant shall not
 11 exceed the lesser of ~~ten percent (10%)~~ twenty-five percent (25%) of the
 12 project cost incurred or ~~twenty-seven thousand dollars (\$27,000)~~ fifty-four
 13 thousand dollars (\$54,000).

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

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

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

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

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

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

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

32
 33 SECTION 3. Arkansas Code § 26-51-1008 is amended to read as follows:
 34 26-51-1008. Credit granted – Surface water conversion within critical
 35 areas.

36 (a) For projects located within critical groundwater areas and

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

6 (b)(1) For agricultural or recreational projects, there shall be
 7 allowed a tax credit to each approved applicant not to exceed the lesser of
 8 fifty percent (50%) of the project cost incurred or ~~twenty-seven thousand~~
 9 ~~dollars (\$27,000)~~ fifty-four thousand dollars (\$54,000).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b)(1) The tax credit allowed to each approved applicant shall not exceed the lesser of ~~ten percent (10%)~~ twenty-five percent (25%) of the project cost incurred or ~~twenty-seven thousand dollars (\$27,000)~~ fifty-four thousand dollars (\$54,000).

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

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

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

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

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

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

(3) Any unused tax credit may be carried over for a maximum of

1 ~~two (2)~~ fifteen (15) consecutive taxable years following the taxable year in
 2 which the credit originated.

3
 4 SECTION 5. Arkansas Code § 26-51-1011(c)(1), concerning development
 5 and operation of projects for which a tax credit has been approved under the
 6 Water Resource Conservation and Development Incentives Act, is amended to
 7 read as follows:

8 (c)(1) All projects ~~must~~ shall be completed within ~~three (3)~~ five (5)
 9 years of the date of the certificate of tax credit approval.

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 11 SECTION 6. Arkansas Code § 26-51-1013(b)(1), concerning the annual
 12 compilation of credits and the total amount of credits that can be approved
 13 under the Water Resource Conservation and Development Incentives Act, is
 14 amended to read as follows:

15 (b)(1) When the total amount of tax credits used pursuant to the
 16 provisions of this subchapter exceeds ~~ten million dollars (\$10,000,000)~~
 17 twenty million dollars (\$20,000,000) in any calendar year, the tax credits
 18 established by this subchapter shall expire on December 31 of the calendar
 19 year following the calendar year in which the tax credits used pursuant to
 20 the provisions of this subchapter exceeded ~~ten million dollars (\$10,000,000)~~
 21 twenty million dollars (\$20,000,000).

22
 23 SECTION 7. EFFECTIVE DATE. This act is effective for tax years
 24 beginning on or after January 1, 2021.