

1 SB153
2 136179-4
3 By Senators Orr, Whatley, Dial, Scofield, Bussman, Brewbaker,
4 Beasley and Fielding
5 RFD: Finance and Taxation General Fund
6 First Read: 07-FEB-12

1 SB153

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4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

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11 To further provide for the expense allowance
12 provided to Alabama income taxpayers under Section 179 of the
13 Internal Revenue Code for irrigation equipment and to provide
14 for an income tax credit of up to 12.5 percent of the cost of
15 the purchase and installation of irrigation systems or the
16 development of irrigation reservoirs and water wells.

17 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

18 Section 1. As used in this act, the following terms
19 shall have the following meanings:

20 (1) AGRICULTURAL TRADE OR BUSINESS. Any trade or
21 business described in the 2007 North American Industry
22 Classification System, Sector 11, and includes such trades or
23 businesses that may be hereafter reclassified in any
24 subsequent publication of the North American Industry
25 Classification System.

1 (2) OFF-STREAM UPLAND RESERVOIR. A reservoir that
2 does not dam the stream and is not built within the stream bed
3 or wetlands.

4 (3) QUALIFIED IRRIGATION EQUIPMENT. Equipment used
5 by agricultural trade or business in irrigation systems,
6 including but not limited to equipment used to construct
7 irrigation systems and water wells.

8 (4) QUALIFIED RESERVOIR. An off-stream upland
9 reservoir used as a source of water for irrigation by an
10 agricultural trade or business.

11 Section 2. Notwithstanding any other provision of
12 law to the contrary, for all tax years beginning after
13 December 31, 2011, any agricultural trade or business may
14 elect to expense qualified irrigation equipment under the
15 provisions of 26 U.S.C. §179, as such section existed on
16 January 1, 2011.

17 Section 3. For all tax years beginning after
18 December 31, 2011, there shall be allowed to any agricultural
19 trade or business an income tax credit of equal to 12.5
20 percent of the cost of the purchase and installation of any
21 qualified irrigation equipment or new qualified reservoirs.
22 For a surface water withdrawal irrigation system to be
23 eligible for credit, the irrigation system must operate
24 utilizing a qualified reservoir, except when the surface water
25 withdrawal is directly from any river or stream whose average
26 annual flow exceeds 10,000 (ten thousand) cubic feet per

1 second. A qualified reservoir is not required for a ground
2 water withdrawal irrigation system. The credit shall be equal
3 to 12.5 percent of the accrued cost of the qualified
4 irrigation equipment and the cost of constructing the
5 qualified reservoir, but shall not exceed \$10,000 in any tax
6 year and shall not exceed the taxpayer's Alabama income tax
7 liability computed without regard to the credit. The credit
8 shall be taken in the year in which the qualified irrigation
9 equipment or the qualified reservoir is placed in service.

10 The credit provided in this act shall be limited to
11 only one purchase and installation of qualified irrigation
12 equipment or one qualified reservoir per taxpayer.

13 Section 4. Nothing in this Act changes the
14 applicability of existing environmental and water laws and
15 regulations in the State of Alabama including the Alabama
16 Water Use Reporting Program administered by the Alabama Office
17 of Water Resources.

18 Section 5. The Department of Revenue shall
19 promulgate rules and regulations for the implementation of the
20 credit authorized in this Act.

21 Section 6. This act shall become effective
22 immediately upon its passage and approval by the Governor or
23 its otherwise becoming a law.

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Senate

Read for the first time and referred to the Senate
committee on Finance and Taxation General Fund ... 0.7-FEB-12

Read for the second time and placed on the calen-
dar..... 0.8-FEB-12

Read for the third time and passed as amended 0.9-FEB-12

Yeas 28
Nays 0

Patrick Harris
Secretary