

1 HB260
2 189821-2
3 By Representatives Chesteen, Williams (JW), Tuggle, Millican,
4 Brown, Fincher, Crawford, Lee, Boothe and Clouse
5 RFD: Ways and Means Education
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ENROLLED, An Act,

Relating to the income tax irrigation credit; to amend Section 40-18-342 of the Code of Alabama 1975, as amended by Act 2017-352 of the 2017 Regular Session, to specify that eligible taxpayers may claim one credit during tax years 2011 through 2017 and one credit during tax years 2018 through 2022.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-18-342, Code of Alabama 1975, as amended by Act 2017-352 of the 2017 Regular Session, is amended to read as follows:

"§40-18-342.

"(a) (1) Subject to subdivision (2), for ~~For~~ all tax years beginning after December 31, 2011, until tax year ending December 31, 2017, there shall be allowed to any agricultural trade or business an income tax credit of equal to 20% of the cost of the purchase and installation of any qualified irrigation equipment and any conversion costs related to the conversion of irrigation equipment from fuel to electricity or qualified reservoirs. For a surface water withdrawal irrigation system to be eligible for credit, the irrigation system must operate utilizing a qualified reservoir, except when the surface water withdrawal is directly from any river or stream whose average annual flow exceeds 8,000 cubic feet

1 per second. A qualified reservoir is not required for a ground
 2 water withdrawal irrigation system. The credit shall be equal
 3 to 20% of the accrued cost of the qualified irrigation
 4 equipment and the cost of constructing the qualified
 5 reservoir, but shall not exceed \$10,000 and shall not exceed
 6 the taxpayer's Alabama income tax liability computed without
 7 regard to the credit. The credit shall be taken in the year in
 8 which the qualified irrigation equipment or the qualified
 9 reservoir is placed in service.

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

13 "(b) (1) Subject to subdivision (2), for ~~For~~ all tax
 14 years beginning after December 31, 2017, until tax year ending
 15 December 31, 2022, unless extended by an act of the
 16 Legislature, there shall be allowed to any agricultural trade
 17 or business an income tax credit equal to 20 percent of the
 18 cost of the purchase and installation of any qualified
 19 irrigation equipment and any conversion costs related to the
 20 conversion of irrigation equipment from fuel to electricity or
 21 qualified reservoirs. For a surface water withdrawal
 22 irrigation system to be eligible for credit, the irrigation
 23 system must operate utilizing a qualified reservoir, except
 24 when the surface water withdrawal is directly from any river
 25 or stream whose average annual flow exceeds 8,000 cubic feet

1 per second. A qualified reservoir is not required for a ground
2 water withdrawal irrigation system. The credit shall be equal
3 to a percent of the accrued cost of the qualified irrigation
4 equipment and the cost of constructing the qualified
5 reservoir, as follows: Twenty percent of the accrued cost not
6 to exceed ten thousand dollars (\$10,000) or 10 percent of the
7 accrued cost not to exceed fifty thousand dollars (\$50,000),
8 whichever is greater. The credit shall not exceed the
9 taxpayer's Alabama income tax liability computed without
10 regard to the credit. The credit shall be taken in the year in
11 which the qualified irrigation equipment or the qualified
12 reservoir is placed in service.

13 "(2) The credit provided in this subsection shall be
14 limited to only one purchase and installation of qualified
15 irrigation equipment or one qualified reservoir per taxpayer.

16 "(c)(1) Subject to subdivision (2), for ~~For~~ all tax
17 years beginning after December 31, 2022, there shall be
18 allowed to any agricultural trade or business an income tax
19 credit equal to 20 percent of the cost of the purchase and
20 installation of any qualified irrigation equipment and any
21 conversion costs related to the conversion of irrigation
22 equipment from fuel to electricity or qualified reservoirs.
23 For a surface water withdrawal irrigation system to be
24 eligible for credit, the irrigation system must operate
25 utilizing a qualified reservoir, except when the surface water

1 withdrawal is directly from any river or stream whose average
 2 annual flow exceeds 8,000 cubic feet per second. A qualified
 3 reservoir is not required for a ground water withdrawal
 4 irrigation system. The credit shall be equal to 20 percent of
 5 the accrued cost of the qualified irrigation equipment and the
 6 cost of constructing the qualified reservoir, but shall not
 7 exceed \$10,000 and shall not exceed the taxpayer's Alabama
 8 income tax liability computed without regard to the credit.
 9 The credit shall be taken in the year in which the qualified
 10 irrigation equipment or the qualified reservoir is placed in
 11 service.

12 "(2) The credit provided in this subsection shall be
 13 limited to only one purchase and installation of qualified
 14 irrigation equipment or one qualified reservoir per taxpayer.

15 ~~"(d) The credit provided in this article shall be~~
 16 ~~limited to only one purchase and installation of qualified~~
 17 ~~irrigation equipment or one qualified reservoir per taxpayer.~~

18 ~~"(e)~~ (d) The credit may be carried to each of the
 19 five years following the taxable year the qualified irrigation
 20 system or reservoir is placed in service. The portion of the
 21 credit which shall be carried to each of the other taxable
 22 years shall be the excess, if any, of the amount of credit
 23 over the sum of the income tax due for each of the prior
 24 taxable years to which the credit may be carried.

1 "~~(f)~~(e) The Legislature recognizes that a
2 substantial number of businesses are organized as limited
3 liability companies, partnerships, and other types of business
4 entities and that certain business entities, organized as
5 corporations elect to be treated as "S" corporations under
6 federal and state tax laws, and that it is essential that the
7 irrigation credit amount shall be available on a pass-through
8 basis. The shareholders, partners, members, owners, or
9 beneficiaries of any of the aforementioned businesses claiming
10 the credit allowed in this section shall be allowed their pro
11 rata share of the credit against their income tax levied.

12 "~~(g)~~(f) (1) Effective for tax years beginning after
13 December 31, 2017, the ~~The~~ agricultural trade or business
14 receiving tax credits pursuant to this ~~chapter~~ section shall
15 file an annual informational report in a manner as prescribed
16 by the Department of Agriculture and Industries prior to
17 claiming the credits on a tax return. All information
18 submitted to the Department of Agriculture and Industries by
19 taxpayers claiming or seeking certification of a credit shall
20 be subject to the confidentiality provisions of Section
21 40-2A-10.

22 "(2) The information on the reports required by this
23 subsection shall be consistent with the information required
24 by the Legislature pursuant to Section 40-1-50, and rules
25 adopted thereunder. ~~Information~~ Aggregated information

1 provided pursuant to this section is exempt from the
2 confidentiality provisions of Section 40-2A-10, and shall be
3 provided by the Department of Agriculture and Industries to
4 the Legislature in accordance with Section 40-1-50 and rules
5 adopted by the Department of Revenue."

6 Section 2. All laws or parts of laws which conflict
7 with this act are repealed.

8 Section 3. This act shall become effective for tax
9 years beginning on or after December 31, 2018, following its
10 passage and approval by the Governor, or upon its otherwise
11 becoming law.

