

1 HB328
2 136179-6
3 By Representatives Fincher, Boothe, Sessions, Williams (P),
4 McCampbell, Laird, Tuggle and Beech
5 RFD: Ways and Means Education
6 First Read: 14-FEB-12

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ENROLLED, An Act,

To further provide for the expense allowance provided to Alabama income taxpayers under Section 179 of the Internal Revenue Code for irrigation equipment and to provide for an income tax credit of 20% of the cost of the purchase and installation of and certain conversion costs related to irrigation systems or the development of irrigation reservoirs and water wells.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

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

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

4 Section 2. Notwithstanding any other provision of
5 law to the contrary, for all tax years beginning after
6 December 31, 2011, any agricultural trade or business may
7 elect to expense qualified irrigation equipment under the
8 provisions of 26 U.S.C. §179, as such section existed on
9 January 1, 2011.

10 Section 3. For all tax years beginning after
11 December 31, 2011, there shall be allowed to any agricultural
12 trade or business an income tax credit of ~~up to \$10,000 for~~
13 equal to 20% of the cost of the purchase and installation of
14 any qualified irrigation equipment and any conversion costs
15 related to the conversion of irrigation equipment from fuel to
16 electricity or qualified reservoirs. For a surface water
17 withdrawal irrigation system to be eligible for credit, the
18 irrigation system must operate utilizing a qualified
19 reservoir, except when the surface water withdrawal is
20 directly from any river or stream whose average annual flow
21 exceeds 10,000 (ten thousand) cubic feet per second. A
22 qualified reservoir is not required for a ground water
23 withdrawal irrigation system. The credit shall be equal to ~~the~~
24 20% of the accrued cost of the qualified irrigation equipment
25 and the cost of constructing the qualified reservoir, but

1 shall not exceed \$10,000 in any tax year and shall not exceed
2 the taxpayer's Alabama income tax liability computed without
3 regard to the credit. The credit shall be taken in the year in
4 which the qualified irrigation equipment or the qualified
5 reservoir is placed in service.

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

9 Section 4. Nothing in this Act changes the
10 applicability of existing environmental and water laws and
11 regulations in the State of Alabama including the Alabama
12 Water Use Reporting Program administered by the Alabama Office
13 of Water Resources.

14 Section 5. The Department of Revenue shall
15 promulgate rules and regulations for the implementation of the
16 credit authorized in this Act and shall coordinate with the
17 Alabama State Soil and Water Conservation Committee (ASWC) for
18 technical service for the eligible applicants.

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

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 12-APR-12, as amended.

Greg Pappas
Clerk

Senate	<hr/>	08-MAY-12	Amended and Passed
House	<hr/>	08-MAY-12	Concurred in Senate Amendment