

Arkansas Natural Resources Commission Tax Credit Incentives Program

Presented By :

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ANRC Tax Credit Program

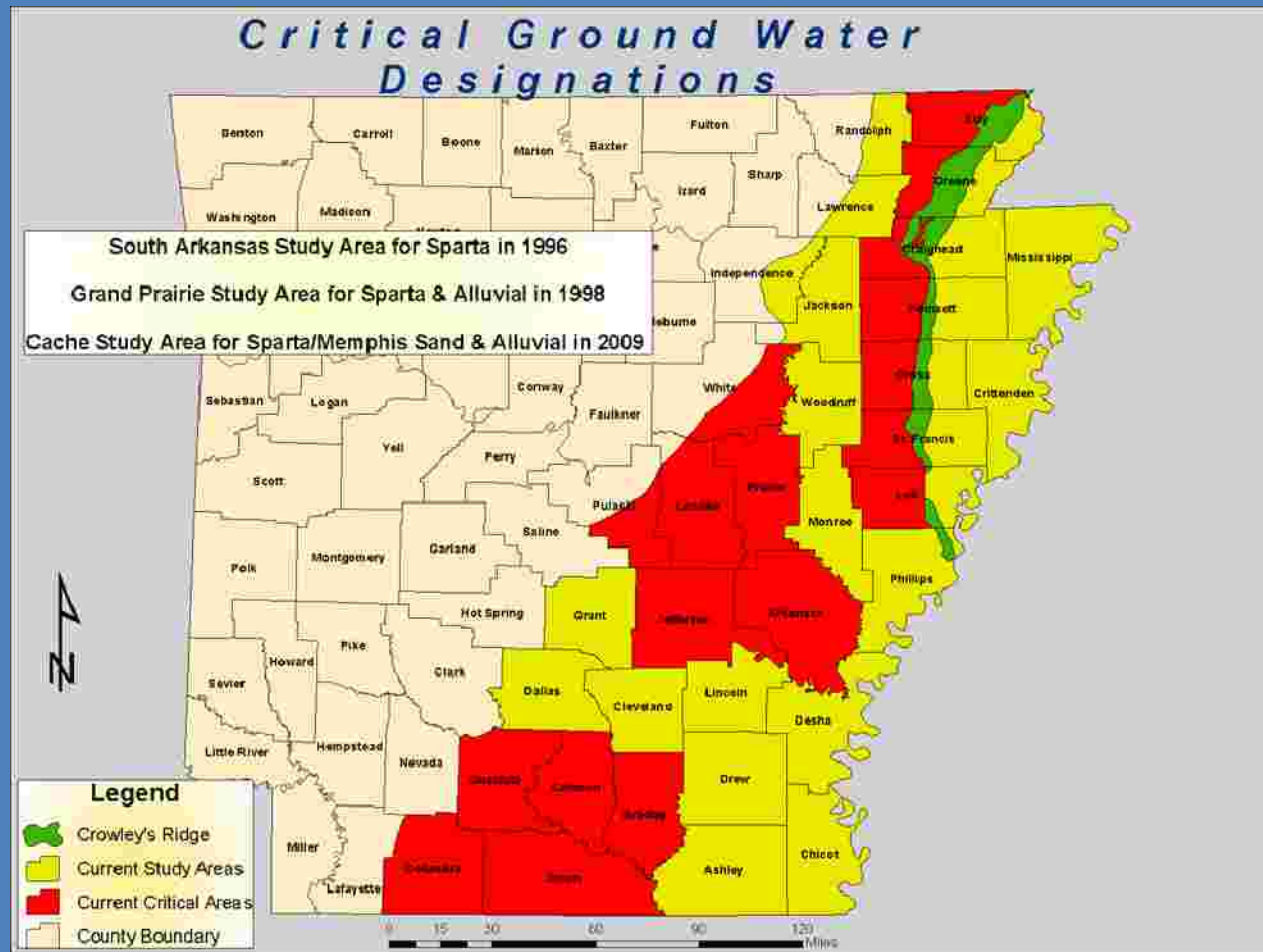
- Established in 1996 under the Water Resources and Development Incentives Act
- About 1600 tax credits approved since establishment

Purpose of Program

- To encourage water users to:
 - Invest in impoundments
 - Convert from ground water to surface water
 - Utilize land leveling to conserve water



Critical Ground Water Area



Impoundments

- For construction of impoundments at least 20 acre feet, used for storage of water for agricultural irrigation
- Tax credit of 50% percent of the project cost incurred in construction, installation, or restoration
- Max credit in one year is the lesser of the tax payers income tax due or \$9,000
- Unused credit may be carried over 9 years max

Conversion

- For conversion from ground water to surface water use within a critical groundwater area, an income tax credit of 50 percent of the project cost is available
- For conversion from ground water to surface water use outside a critical groundwater area, an income tax credit of 10 percent of the project cost is available

Land Leveling

- Agricultural Land leveling to conserve irrigation water
 - Tax credit 10 percent of project cost
 - Max credit in a year is the lesser of the taxpayer's income tax due or \$9,000
 - Unused credit may be carried over for 2 years max



Metering

- Installation of devices on wells to indicate water use entitles a well owner to a tax credit for *conversion*



Starting the Process

- ü Landowner must go through the conservation district for tax credit application
- ü District employee assist landowner with filling out application and collects fee for ANRC
 - § 3% of project (\$100 min, \$1,500 max)
- ü NRCS or licensed engineer must create plan for the project, plan included with application
- ü CD Board reviews application & signs off
- ü Application sent to commission for approval

Approval by ANRC

- Project can begin!



Completion of Project

- Project must be completed within three years of approval
- Final inspection completed by NRCS or designated person of ANRC
- Completion certificate issued by ANRC

Final Points

- Taxpayers may be eligible for a tax deduction in an amount equal to the difference between the project cost and the credit used
- Tax Credits may be associated with EQIP
 - Must complete project in the three years
 - Can apply for tax credit in phases to coincide with the Landowners EQIP contract

Thank You
Questions?