

1 SB204
2 148550-7
3 By Senators Orr, Allen, Whatley, Beasley, Ward, Dial and
4 Holtzclaw
5 RFD: Finance and Taxation General Fund
6 First Read: 14-FEB-13

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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 amend Section 40-18-342 of the Code of Alabama
12 1975, relating to tax credit for the purchase and installation
13 of certain irrigation systems; to provide for changes to the
14 annual flow rate of rivers or streams excepted from the
15 qualified reservoir requirement; to allow the tax credit to be
16 carried forward 5 years; and to allow shareholders a pro rata
17 share of the credit claimed by certain business entities.

18 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

19 Section 1. Section 40-18-342 of the Code of Alabama
20 1975, is amended to read as follows:

21 "§40-18-342.

22 For all tax years beginning after December 31, 2011,
23 there shall be allowed to any agricultural trade or business
24 an income tax credit of equal to 20% of the cost of the
25 purchase and installation of any qualified irrigation
26 equipment and any conversion costs related to the conversion
27 of irrigation equipment from fuel to electricity or qualified

1 reservoirs. For a surface water withdrawal irrigation system
2 to be eligible for credit, the irrigation system must operate
3 utilizing a qualified reservoir, except when the surface water
4 withdrawal is directly from any river or stream whose average
5 annual flow exceeds ~~10,000 (ten thousand)~~ 8,000 (eight
6 thousand) cubic feet per second. A qualified reservoir is not
7 required for a ground water withdrawal irrigation system. The
8 credit shall be equal to 20% of the accrued cost of the
9 qualified irrigation equipment and the cost of constructing
10 the qualified reservoir, but shall not exceed \$10,000 ~~in any~~
11 ~~tax year~~ and shall not exceed the taxpayer's Alabama income
12 tax liability computed without regard to the credit. The
13 credit shall be taken in the year in which the qualified
14 irrigation equipment or the qualified reservoir is placed in
15 service.

16 The credit provided in this article shall be limited
17 to only one purchase and installation of qualified irrigation
18 equipment or one qualified reservoir per taxpayer.

19 The credit may be carried to each of the 5 years
20 following the taxable year the qualified irrigation system or
21 reservoir is placed in service. The portion of the credit
22 which shall be carried to each of the other taxable years
23 shall be the excess, if any, of the amount of credit over the
24 sum of the income tax due for each of the prior taxable years
25 to which the credit may be carried.

26 The Legislature recognizes that a substantial number
27 of businesses are organized as limited liability companies,

1 partnerships, and other types of business entities and that
2 certain business entities, organized as corporations elect to
3 be treated as "S" corporations under federal and state tax
4 laws, and that it is essential that the irrigation credit
5 amount shall be available on a pass-through basis. The
6 shareholders, partners, members, owners or beneficiaries of
7 any of the fore mentioned businesses claiming the credit
8 allowed in this section shall be allowed their pro rata share
9 of the credit against their income tax levied.

10 Section 2. This act shall become effective on the
11 first day of the third month following its passage and
12 approval by the Governor, or its otherwise becoming law.

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Senate

Read for the first time and referred to the Senate
committee on Finance and Taxation General Fund ... 14-FEB-13

Read for the second time and placed on the calen-
dar 1 amendment..... 21-FEB-13

Read for the third time and passed as amended 26-FEB-13

Yeas 31
Nays 0

Patrick Harris
Secretary