

1 HB328  
2 136179-5  
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



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

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

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

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

1     20% of the accrued cost of the qualified irrigation equipment  
2     and the cost of constructing the qualified reservoir, but  
3     shall not exceed \$10,000 in any tax year and shall not exceed  
4     the taxpayer's Alabama income tax liability computed without  
5     regard to the credit. The credit shall be taken in the year in  
6     which the qualified irrigation equipment or the qualified  
7     reservoir is placed in service.

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

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

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

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House of Representatives

Read for the first time and re-  
ferred to the House of Representa-  
tives committee on Ways and Means  
Education..... . . . . . 14-FEB-12

Read for the second time and placed  
on the calendar 1 amendment ..... . . . . . 08-MAR-12

Read for the third time and passed  
as amended..... . . . . . 12-APR-12

Yeas 98, Nays 1, Abstains 0

Greg Pappas  
Clerk