Arkansas Natural Resources Commission
Groundwater Conservation Tax Credits

Reservoirs

- 50% of the project cost incurred in construction, installation, or restoration of an impoundment of at least 20 acre-feet is available.
- Claim up to $18,000 in one taxable year.
- Unused credit may be carried over for a maximum of 15 years.
- The maximum amount one can claim for this project is $120,000.

Land Leveling

- 25% of the project cost incurred for a land leveling project is available.
- Claim up to $18,000 in one taxable year.
- Unused credit may be carried over for a maximum of 15 years.
- The maximum amount one can claim for this project is $35,000.

Conversion to Surface Water

A. Inside a Critical Groundwater Area

- 50% of the project cost incurred converting from ground water use to surface water use is available.
- Claim up to $18,000 in one taxable year.
- Unused credit may be carried over for a maximum of 15 years.
- The maximum amount one can claim for this project is $35,000.

B. Outside a Critical Groundwater Area

- 25% of the project cost incurred converting from ground water use to surface water use is available.
- Claim up to $18,000 in one taxable year.
- Unused credit may be carried over for a maximum of 15 years.
- The maximum amount one can claim for this project is $35,000.

Water Meters

- Receive 10% or 50% off cost of water meters installed on wells.
  *10% outside a critical groundwater area and 50% inside a critical groundwater area.
- No pre-approval required.
- Apply for tax credit through ANRC.
Claiming Tax Incentives Available under the
Water Resource Conservation and Development Incentives Act

The purpose of this program is to encourage water users to invest in (1) the
construction of impoundments to use available surface water, thereby reducing
their dependence on ground water; (2) the conversion from ground water use to
surface water use; and (3) land leveling to reduce agricultural irrigation water use.
Tax credits may pass through partnerships, corporations, etc.

An application must be approved by your county conservation district, then
submitted to the Commission and approved before a taxpayer may begin
construction of a project and claim credits. All projects must be maintained for a
minimum of 10 years following issuance of the Certificate of Completion, or
benefits will be subject to recapture. An application fee of three percent of the
total approved tax credit must be paid, and there is a minimum fee of $100 and a
maximum fee of $1,500.

Within five years of the issuance of your Certificate of Tax Credit Approval, the
project must be completed, and you must submit an application for a
Certificate of Completion to your local Conservation District for final
inspection.

Taxpayers may be eligible for a tax deduction in an amount equal to the
difference between the project cost and the credit used.

For more information, contact:

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Critical Groundwater
Area for Groundwater Conservation
Tax Credits