



NATURAL RESOURCES  
DIVISION

# ARKANSAS DEPARTMENT OF AGRICULTURE

## NATURAL RESOURCES DIVISION

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### 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.

## 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

(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

