

doubts about the integrity of the institution and its governance, that person should be someone not involved in the ethical issues in which the gentleman from Georgia finds himself enmeshed.

AGRICULTURAL WATER
CONSERVATION ACT

HON. GARY A. CONDIT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. CONDIT. Mr. Speaker, I rise today to introduce the Agricultural Water Conservation Act.

Over the past few years I have read countless articles on the need to conserve water and the role Federal Government has with this mission. While discussing water conservation methods with farmers in my district, I found cost was their overriding concern. The outlays required to implement water conservation systems—that is, drip irrigation, sprinkler systems, ditch lining—are a tremendous burden on the agriculture industry. While I firmly believe most agriculture interest are genuinely concerned about conserving water, cost has crippled the ability to implement conservation methods on farms.

For example, in the San Joaquin Valley, CA, a study was done by the San Joaquin Drainage Program. This report indicates a cost ranging from \$21.06 per acre for surface irrigation to \$131.40 per acre for linear irrigation. Drip irrigation was measured at a cost of \$272.07 per acre. As you can see, with cost ranging from 623 to 1,294 percent above the least-cost approach method of surface irrigation, there are limited incentives at this time for farmers to switch toward better water maintenance practices.

The Agricultural Water Conservation Act is not a mandate for expensive water conservation systems, it is a tool and an option for farmers. Specifically, it will allow farmers to receive up to a 30 percent tax credit for the cost of developing and implementing water conservation plans on their farm land with a cap of \$500 per acre. The tax credit could be used primarily for the cost of materials and equipment. This legislation would not require them to change their irrigation practices. However, it would allow those farmers who want to move towards a more conservation approach of irrigation but can not afford to do it during these tough economic times.

This measure is not the end-all solution. This is just the beginning toward the demand for not only in California, but over the United States, to conserve water. I believe farmers will contribute to solving water supply problems when given the opportunity, as they already have through conservation transfers and crop changes. I also believe providing for the long-term water supply needs of environmental, urban, and agricultural users is a critical part of the solution.

The Agricultural Water Conservation Act will provide another vehicle for farmers to contribute to the solution and offer a modest credit to share the cost with the true beneficiaries—the public.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Agricultural Water Conservation Act".

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds that—

(1) the Federal Government has an historic commitment to assisting areas of the Nation in need of developing adequate water supplies,

(2) water is becoming increasingly scarce and expensive in many parts of the United States, which is compounded when multiple years of drought occur,

(3) in most areas of the United States, farms are overwhelmingly the largest water consumers, and

(4) it is in the national interest for farmers to implement water conservation measures which address water conservation needs and for the Federal Government to promote such conservation measures.

SEC. 3. CREDIT FOR PURCHASE AND INSTALLATION OF AGRICULTURAL WATER CONSERVATION SYSTEMS.

"(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to foreign tax credit, etc.) is amended by adding at the end the following new section:

"SEC. 30B. PURCHASE AND INSTALLATION OF AGRICULTURAL WATER CONSERVATION SYSTEMS.

"(a) ALLOWANCE OF CREDIT.—In the case of an eligible taxpayer, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 30 percent of the water conservation system expenses paid or incurred by the taxpayer during such year.

"(b) MAXIMUM CREDIT.—The credit allowed by subsection (a) with respect to any water conservation system shall not exceed the product of \$500 and the number of acres served by such system.

"(c) DEFINITIONS.—For purposes of this section—

"(1) ELIGIBLE TAXPAYER.—The term 'eligible taxpayer' means any taxpayer if—

"(A) at least 50 percent of such taxpayer's gross income is normally derived from a trade or business referred to in paragraph (3)(C), and

"(B) such taxpayer complies with all Federal, State, and local water rights and environmental laws.

"(2) WATER CONSERVATION SYSTEM EXPENSES.—

"(A) IN GENERAL.—The term 'water conservation system expenses' means expenses for the purchase and installation of a water conservation system but only if—

"(i) the land served by the water is entirely in an area which has been identified, in the taxable year or in any of the 3 preceding taxable years, as an area of—

"(I) extreme drought severity on the Palmer Drought Severity Index published by the National Oceanic and Atmospheric Administration, or

"(II) water shortage (due to increasing demands, limited supplies, or limited storage) by the Natural Resources Conservation Service of the Department of Agriculture or the Bureau of Reclamation of the Department of the Interior,

"(ii) the taxpayer has in effect a water conservation plan which has been reviewed and approved by such Service and Bureau,

"(iii) such expenses are consistent with such plan, and

"(iv) there is an irrigation water savings of at least 5 percent which is attributable to such system.

For purposes of clause (iv), water savings shall be determined and verified under regulations prescribed jointly by such Service and Bureau.

"(B) WATER CONSERVATION SYSTEM.—The term 'water conservation system' means materials or equipment which are primarily designed to substantially conserve irrigation water used or to be used on farm land.

"(C) FARM LAND.—The term 'farm land' means land used in a trade or business by the taxpayer or a tenant of the taxpayer for—

"(i) the production of crops, fruits, or other agricultural products,

"(ii) the raising, harvesting, or growing of trees, or

"(iii) the sustenance of livestock.

"(c) LIMITATION BASED ON AMOUNT OF TAX.—

"(1) LIABILITY FOR TAX.—The credit allowable under subsection 9a) for any taxable year shall not exceed the excess (if any) of—

"(A) the regular tax for the taxable year, reduced by the sum of the credits allowable under subpart A and the preceding sections of this subpart, over

"(B) the tentative minimum tax for the taxable year.

"(2) CARRYFORWARD OF UNUSED CREDIT.—If the amount of the credit allowable under subsection (a) for any taxable year exceeds the limitation under paragraph (1) for the taxable year, the excess shall be carried to the succeeding taxable year and added to the amount allowable as a credit under subsection (a) for such succeeding taxable year.

"(d) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this chapter with respect to any expense which is taken into account in determining the credit under this section, and any increase in the basis of any property which would (but for this subsection) result from such expense shall be reduced by the amount of credit allowed under this section for such expense."

(b) TECHNICAL AMENDMENT.—Subsection (a) of section 1016 of such Code is amended by striking "and" at the end of the paragraph (25), by striking the period at the end of paragraph (26) and inserting "; and", and by adding at the end the following new paragraph:

"(27) to the extent provided in section 30B(d), in the case of amounts with respect to which a credit has been allowed under section 30B."

(c) CLERICAL AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

"Sec. 30B. Purchase and installation of agricultural water conservation systems."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act, in taxable years ending after such date.

TRIBUTE TO RICHARD FLORES
TAITANO

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 7, 1997

Mr. UNDERWOOD. Mr. Speaker, last Saturday evening on Guam, my island lost one of its most outstanding public servants, Richard Flores Taitano. His passing is an enormous loss for Guam as well as for me and my family. He was Uncle Richard to us and those in his extended family, but he was—Senator Taitano, the quintessential public servant—to the rest of the island. Generous to a fault, ethical in all of his dealings, intelligent as well as