

ALASKA STATE LEGISLATURE

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REPRESENTATIVE MIA COSTELLO
District 27 - Jewel Lake, Sand Lake, & Kincaid

MEMORANDUM

To: House Labor & Commerce Committee members

From: Representative Mia Costello

Re: Explanation of proposed amendment

Date: Tuesday, February 21, 2012

The following explains the changes made to HB 252 by our proposed amendment 27-LS1085\ M.2.

Amendment page 1, lines 1-4: This change incorporates subsection (e) of Internal Revenue Code section 1202 (26 U.S.C. 1202). Subsection (e) contains the working asset requirement in 1202 that at least 80 percent of a qualifying business' assets be employed in the active conduct of one or more qualified trade or business. This also includes special treatment of research and start-up activities.

Amendment page 1, lines 6-8: Corrects a typographical error.

Amendment page 1, lines 10-11: Removes the requirement that qualifying businesses file a report documenting their eligibility for the exemption.

Amendment page 1, lines 15-18: Removes the requirement that a qualifying business be headquartered in Alaska to avoid potential Equal Protection and Interstate Commerce Clause violations, and rearranges the placement of the "Alaska corporation" definition in the bill.

Amendment page 1, lines 20-23: Deletes definitions of terms no longer used in the statute.

Amendment page 2, line 21: Punctuation correction.

Amendment page 2, lines 22-27: Adds a sunset provision and effective dates.