

# ALASKA STATE LEGISLATURE

*Session:*

State Capitol, Room 412  
Juneau, AK 99801

*Phone:* (907) 465-4968

*Toll-free:* 1 (800) 773-4968

*Fax:* (907) 465-2040



*Interim:*

716 West Fourth Avenue  
Anchorage, AK 99501

*Phone:* (907) 269-0117

*Toll-free:* 1 (800) 773-4968

*Fax:* (907) 269-0119

*Email:* Rep.Mia.Costello@legis.state.ak.us

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 of 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.