



**REPRESENTATIVE MIA COSTELLO**  
**Member, House Finance Committee**

**CSHB 252 (L&C) Sectional Summary**

*"An Act exempting certain small businesses from the corporate income tax; and providing for an effective date."*

This is a summary only. Note that this sectional analysis should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

**Section 1:** Amends AS 43.20.012 to provide an exemption from Alaska's corporate income tax for Alaska corporations that are qualified small businesses meeting the active business requirement in section 1202 of the federal Internal Revenue Code (26 U.S.C. 1202(e)).

**Section 2:** Adds new subsections (c) and (d) to AS 43.20.012.

**Subsection (c):** Covers when the determination of whether a corporation qualifies must be made. Provides that all member corporations of a parent-subsidary controlled group are treated as being a single corporation.

**Subsection (d):** Defines the term "Alaska corporation" to be a corporation incorporated or authorized to do business in the state. Defines the terms "parent-subsidary controlled group" and "qualified small business" to match the definitions of those terms in section 1202 of the Internal Revenue Code (26 U.S.C. 1202).

**Section 3:** Restores AS 43.20.012 to its previous language upon sunset of this Act.

**Section 4:** Provides for an effective date of July 1, 2012.

**Section 5:** Provides for a sunset date of July 1, 2023.