

2017 SESSION OPERATING BUDGET STATUTORY CHANGE PROPOSAL

OFFERED IN: The House Finance Subcommittee – Department of Revenue
TO: AS43.20.053
OFFERED BY: Representative Seaton

RECOMMENDED STATUTE CHANGE:

The House Finance Subcommittee for the Department of Revenue recommends that the House Resource Committee consider a bill that would establish a sunset of **December 2017** for the following indirect expenditure.

Corporate Income Tax - In State Refinery Tax Credit

EXPLANATION: Explain the purpose/impact of the proposed statutory change.

This provision allows a credit for qualified infrastructure expenditures for in-state oil refineries. The credit may not exceed the lesser of 40% of total qualifying expenditures or \$10 million per tax year. The credit can be applied against corporate income tax liability and carried forward, or refunded by the state.

This would be 2 years earlier than the current sunset date of December 31, 2019. This could result in a savings of \$30 million or more, depending on which companies chose to claim the credit.