

Revenue

Applicable Program
Corporate Income Tax

Indirect Expenditure Name
Utilities Exempted from Water's Edge
Combination Reporting

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Income from public utilities including telephone service is exempt from water's edge combination reporting requirements. These companies can instead pay tax only on Alaska net income.

(2) Authorizing Statute Regulation or Other Authority

AS 43.19.010, Article IV, Sect. 2

(3) Year Enacted

1970

(4) Sunset or Repeal Date

None

(5) Legislative Intent

This provision was adopted as part of the state's adoption of the multistate tax compact. The Legislature adopted the compact to promote the efficient collection of taxes.

(6) Public Purpose

To promote the efficient collection of taxes.

(7) Estimated Revenue Impact

FY 2009 - Unknown

FY 2010 - Unknown

FY 2011 - Unknown

FY 2012 - Unknown

FY 2013 - Unknown

(8) Cost to Administer

None

(9) Number of Beneficiaries

Unknown

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

Unknown

(2) Estimate of Annual Benefit to Recipients

Unknown

(3) Legislative Intent Met?

It is unclear whether the legislature intended to exempt utilities from water's edge combination reporting. It appears to have been an inadvertent result of adopting the Multistate Tax Compact.

(4) Should it be Continued, Modified or Terminated?

Recommend termination. The provision does not appear to be closely related to the legislative intent, and could be seen as a loophole because it allows taxpayers to reduce liability by shifting costs between subsidiaries.