

# ALASKA STATE LEGISLATURE



## REPRESENTATIVE ZACK FIELDS

Fairview • South Addition • Forest Park • Downtown • North Star

3/2/2026

### **Sectional Analysis: HB 350 ver. A; Qualified Entity Income Tax**

**Section 1:** Amends AS 43.20 by adding new section 43.20.019

- (a) Would tax entities making over \$25,000,000 of taxable income at 9.4% on taxable income over \$25,000,000.
- (b) (1) (2) Provides who this tax would apply to and how taxable income is calculated as if the entity were a C corporation.
- (c) Provides exemptions to the tax for corporations already taxed under AS 43.20.011 and entities in a unitary business with such corporations.
- (d) Provides aggregation language for determining taxable income of multiple entities and includes unitary business income.
- (e) Provides definitions under this section for "qualified entity" including sole proprietorships, partnerships, LLCs, and S-corporations.

**Section 2:** Changes "Corporation" to "Taxpayer" and expands filing requirements to partnerships with a taxpayer as partner.

**Section 3:** Changes "Corporation" to "Taxpayer" and adds "or entities" to apply combined method of accounting to unitary groups.

**Section 4:** Adds a new subsection (j) for qualification and calculation of income deductions for payments to owners of qualified entities.

**Section 5:** Repeals AS 43.05.085, AS 43.20.012(b), and 43.20.013.

**Section 6:** Amends uncodified law to add a new section regarding applicability of this tax. A qualified entity with taxable income over \$25,000,000 for tax years beginning on or after January 1, 2026.

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**Section 7:** Amends uncodified law to add a new section regarding payment and enforcement of tax and provides a due date of January 1, 2027, with waiver of interest and penalties.

**Section 8:** Amends uncodified law to add a new section regarding retroactivity of regulations implemented by the Department of Revenue.

**Section 9:** Sets a retroactive date of January 1, 2026.

**Section 10:** Sets an immediate effective date.