

HB 252

Egan, Alicia R (DOR) [alicia.egan@alaska.gov]

Sent: Monday, March 12, 2012 6:12 PM

To: Joshua Walton

Cc: Tangeman, Bruce E (DOR) [bruce.tangeman@alaska.gov]; Bales, Johanna D (DOR) [johanna.bales@alaska.gov]; Fonder, Matthew R (DOR) [matthew.fonder@alaska.gov]

Attachments: HB 252 revised qualified c~1.pdf (8 KB)

Josh,

Below is the email describing the details of the maximum exposure to the State of Alaska under HB 252.

Please let me know if we are able to provide further assistance.

Respectfully,

Alicia R. Egan

Oil & Gas Legislative Liaison

Commissioner's Office

Department of Revenue

(907) 269-0067 - Anchorage office

(907) 465-6829 - Juneau Office

(907) 229-9624 - cell

From: Bales, Johanna D (DOR)

Sent: Monday, March 12, 2012 4:57 PM

To: Egan, Alicia R (DOR)

Subject: HB 252

Josh,

The Department of Revenue considered your request for an additional break down of potential revenue loss to the state if HB 252 passes. You requested the Department to further analyze the companies which make up the potential \$4.47 million revenue loss as provided in the attached spreadsheet. As we discussed, the attached represents the number of corporations that filed tax returns for calendar year 2010 that meet two of the three requirements for tax exemption as proposed in HB 252. These companies are engaged in a qualifying business and have less than \$50 million in total assets. We are unable to determine from tax return filings if these corporations use at least 80% of their assets in a qualifying business; the third requirement a company must meet to be exempt from corporate income tax under HB 252. As we have no additional information with which to make assumptions, further analysis is not possible. It is possible that none or all of these companies could qualify for the exemption. If all companies did use 80% of their assets in a qualifying business, total revenue loss would only be \$4.47 million. For calendar year 2010, Alaska received nearly \$700 million in total corporate income tax. These 502 companies, which may potentially be exempt from corporation income tax, under HB 252, represent less than 1% of total corporate income taxes paid in that year. I hope this information helps.

Johanna Bales, CPA

Deputy Director
Alaska Department of Revenue
Tax Division
550 W 7th Ave, Suite 500
Anchorage, AK 99501

(phone) 907-269-6628
(fax) 907-269-6644

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