

**HOUSE BILL NO. 113**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Introduced: 2/24/25

Referred: Labor and Commerce, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to a tax exemption for qualified small businesses; and providing for an  
2 effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** AS 43.20.012(a) is amended to read:

5 (a) The tax imposed by this chapter does not apply to

6 (1) an individual;

7 (2) a fiduciary;

8 (3) the income received by a regional association qualified under  
9 AS 16.10.380 or nonprofit corporation holding a hatchery permit under AS 16.10.400  
10 from the sale of salmon or salmon eggs under AS 16.10.450 or from a cost recovery  
11 fishery under AS 16.10.455; [OR]

12 (4) the income received by a nonprofit corporation holding a permit  
13 under AS 16.12.010 from the sale of shellfish under AS 16.12.080 or from a cost  
14 recovery fishery under AS 16.12.090; or

1                   **(5) an Alaska corporation that is a qualified small business and**  
 2                   **that meets the active business requirements in 26 U.S.C. 1202(e), as that**  
 3                   **subsection read on January 1, 2012.**

4       \* **Sec. 2.** AS 43.20.012 is amended by adding new subsections to read:

5                   (e) For the purposes of (a)(5) of this section,

6                         (1) whether a corporation qualifies under (a)(5) of this section shall be  
 7                   determined on the first day of the tax year for which the corporation claims it qualifies  
 8                   under (a)(5) of this section;

9                         (2) all corporations that are members of the same parent-subsidary  
 10                  controlled group shall be treated as one corporation.

11                  (f) In this section,

12                         (1) "Alaska corporation" means a corporation that has been  
 13                  incorporated in the state or is authorized to do business in the state;

14                         (2) "parent-subsidary controlled group" has the meaning given in 26  
 15                  U.S.C. 1202, as that section read on January 1, 2012;

16                         (3) "qualified small business" has the meaning given in 26 U.S.C.  
 17                  1202, as that section read on January 1, 2012, and does not include a construction,  
 18                  transportation, utility, or fisheries business.

19       \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
 20       read:

21                  APPLICABILITY. AS 43.20.012(a), as amended by sec. 1 of this Act, and  
 22       AS 43.20.012(e) and (f), enacted by sec. 2 of this Act, apply to the tax year of a corporation  
 23       beginning on or after the effective date of this Act.

24       \* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).