

House Bill 333

An Act establishing a corporate income tax credit for certain expenditures on childcare services, utility rates, residential housing, and food security and availability; and providing for an effective date.

House Labor and Commerce Committee

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Presented by:

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THE STATE
of **ALASKA**

GOVERNOR MIKE DUNLEAVY

HB 333 Bill Overview

This proposed legislation focuses on four key areas:

- Childcare
- Housing
- Energy
- Food Security

The idea behind this legislation is that it creates a tax incentive for Corporations and businesses to offset their corporate income tax liability for qualified expenditures in those key areas.

The Department of Revenue will define the qualified expenditures through regulations.

Further, the tax credits are limited to 50% of qualified expenditures and may not exceed 50% of the Corporation's tax liability for any year.

HB 333 – FY2023 GF Revenue-Corporate Income Tax

FY 2023 - GF Revenue			
Sector	Amount	Sector	Amount
Petroleum	312,391,417	Airlines	4,645,759
Retail	35,847,970	Fisheries	3,737,042
Finance	24,532,773	Construction	2,251,324
Wholesale	17,891,012	Restaurants & Bars	1,997,955
Transportation	12,382,958	Other Sectors	1,532,920
Health Care	10,666,639	Real Estate	1,135,423
Utilities & Comms.	9,397,606	Oil & Gas Services	800,748
Serivces-multi-sector	8,182,522	Manufacturing	773,745
Mining	5,756,534	Tourism	(17,784,635)
		Total*	436,139,713

This table illustrates industries that may make qualifying expenditures for the tax credit.

HB 333 – Estimated Revenue Impact

At this time, we don't have clear visibility on the revenue impact as we can't predict taxpayer behavior and how much they may contribute to each of these areas; however, we have run an analysis and determined the maximum revenue impact to the State on Corporate Income Tax Revenue would range from (\$238) million in FY25 to (\$267) million in FY30.

All numbers are in Millions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Maximum Impact on Non-Petroleum Corporate Income Tax Revenue	\$ (87.5)	\$ (99.9)	\$ (109.9)	\$ (116.5)	\$ (120.8)	\$ (126.3)
Maximum Impact on Petroleum Corporate Income Tax Revenue	\$ (150.1)	\$ (144.6)	\$ (140.8)	\$ (140.0)	\$ (140.2)	\$ (140.5)
Maximum Impact on Tax Revenue	\$ (237.6)	\$ (244.5)	\$ (250.7)	\$ (256.5)	\$ (261.1)	\$ (266.8)

HB 333 – Implementation Cost

The department will need to make minor changes to its Tax Revenue Management System (TRMS) and tax forms to implement this bill. The Tax Division will use existing resources to absorb the costs to update tax forms, TRMS, and other miscellaneous implementation costs.

HB 333 – Sectional Analysis

Section 1: Adds a new section at 43.20.022 which creates a new tax credit—the Alaska affordability tax credit. The amount of the credit is up to 50 percent of a corporation’s tax liability. The credit is 50 percent of qualifying expenditures for employer-provided childcare, residential heating and electricity affordability, housing affordability, and food affordability. The bill authorizes the department to adopt regulations that define qualifying expenditures.

A contribution claimed as an Alaska affordability tax credit could not also be the basis for a different tax credit or be allowed as a federal tax deduction, which is the basis for computing the Alaska corporate income tax.

The credit is nontransferable and cannot be carried forward or backwards.

Section 2: The credit takes effect January 1, 2025.

Thank you

Questions?

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