

HOUSE BILL NO. 399

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 2/23/18

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act disallowing a federal tax credit as a credit against the corporate net income tax;**
2 **repealing a provision allowing the exclusion of certain royalties accrued or received**
3 **from foreign corporations for purposes of the corporate net income tax; repealing the**
4 **reduced rate for the alternative tax on capital gains for corporations; repealing an**
5 **exemption from filing a return under the corporate net income tax for a corporation**
6 **engaged in a contract under the Alaska Stranded Gas Development Act; and providing**
7 **for an effective date."**

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

9 * **Section 1.** AS 43.20.021(a) is amended to read:

10 (a) Sections **26 U.S.C. 1 - 15, 53, 55 - 1399**, [26 U.S.C. 1 - 1399] and 6001 -
11 7872 (Internal Revenue Code), as amended, are adopted by reference as a part of this
12 chapter. These portions of the Internal Revenue Code have full force and effect under
13 this chapter unless excepted to or modified by other provisions of this chapter.

1 * **Sec. 2.** AS 43.20.145(c) is amended to read:

2 (c) In (b)(1) [AND (3)] of this section, a payment is considered to be received
 3 from a corporation that is part of the unitary business if the payment is received
 4 (1) by a member of an affiliated group included in a water's edge
 5 combined report filed under this section; and
 6 (2) from a corporation in which the recipient owns 50 percent or more
 7 of the stock of the corporation.

8 * **Sec. 3.** AS 43.20.145(d) is amended to read:

9 (d) Dividends [AND ROYALTIES] taxable to a corporation using the water's
 10 edge combined reporting method are in lieu of an expense attribution for income
 11 excluded under (b) of this section.

12 * **Sec. 4.** AS 43.20.021(c), 43.20.021(d), 43.20.036(a), 43.20.036(b), 43.20.042,
 13 43.20.144(g), 43.20.145(b)(3), and 43.20.145(g) are repealed.

14 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
 15 read:

16 APPLICABILITY. AS 43.20.021(a), as amended by sec. 1 of this Act,
 17 AS 43.20.145(c), as amended by sec. 2 of this Act, AS 43.20.145(d), as amended by sec. 3 of
 18 this Act, and the repeal of AS 43.20.021(c) and (d), 43.20.036(a) and (b), 43.20.042,
 19 43.20.144(g), and 43.20.145(b)(3) and (g) by sec. 4 of this Act apply to a taxpayer that is
 20 filing a return for a tax year beginning on or after the effective date of secs. 1 - 4 of this Act.

21 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
 22 read:

23 TRANSITION: REGULATIONS. The Department of Revenue shall adopt regulations
 24 necessary to implement the changes made by this Act. The regulations take effect under
 25 AS 44.62 (Administrative Procedure Act), but not before January 1, 2019.

26 * **Sec. 7.** Sections 1 - 5 of this Act take effect January 1, 2019.