



**REPRESENTATIVE MIA COSTELLO**  
**Member, House Finance Committee**

**House Bill 252 Sectional Summary**

*"An Act exempting certain small businesses from the corporate income tax; and providing for an effective date."*

This is a summary only. Note that this sectional analysis should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

**Section 1:** Amends AS 43.20.012 to provide an exemption from Alaska's corporate income tax for Alaska corporations that are qualified small businesses engaging in a qualified trade or business in Alaska.

**Section 2:** Adds new subsections (c) and (d) to AS 43.20.012.

**Subsection (c):** Covers when the determination of whether a corporation qualifies must be made. Requires a qualifying corporation to file a report with the Department of Revenue providing information demonstrating that the corporation meets the qualifying criteria. Provides that all member corporations of a parent-subsidary controlled group are treated as being a single corporation.

**Subsection (d):** Defines the terms "aggregate gross assets," "parent-subsidary controlled group," "qualified small business," and "qualified trade or business" to match the definitions of those terms in section 1202 of the Internal Revenue Code (26 U.S.C. 1202). Defines the term "Alaska corporation" to be a corporation headquartered in the state.

**Section 3:** Provides for an effective date.