

LEGAL SERVICES

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MEMORANDUM

March 25, 2014

SUBJECT: Sectional of CSHB 306(FIN) (Work Order No. 28-LS1396\H)

TO: Representative Steve Thompson
Attn: Brodie Anderson

FROM: Emily Nauman 
Legislative Counsel

You have requested a sectional summary of the above-described draft bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 makes an amendment conforming to the repeal of AS 21.96.070 (insurance tax education credit).

Section 2 makes an amendment conforming to the repeal of AS 21.96.070 (insurance tax education credit).

Section 3 requires the Legislative Finance Division to review the Department of Revenue report of the indirect expenditures of executive branch agencies.

Section 4 requires the Legislative Finance Division to deliver its analysis of the indirect expenditure report, and sets out a schedule of the departments to be reviewed and the contents of the indirect expenditure report prepared by the Legislative Finance Division.

Section 5 lapses an appropriation or allocation to a named recipient for a project if, five years after appropriation or allocation, the project has not begun.

Section 6 amends AS 37.25.020 to state that an appropriation made for a capital project is valid for the life of the project unless work on the project has not begun within five years after the effective date of the appropriation.

Section 7 requires the Department of Revenue to prepare and deliver to the legislature a report of indirect expenditures. The section sets out the contents of the report and directs all departments, agencies, and public corporations to provide the commissioner of the

Department of Revenue with any information necessary to complete the indirect expenditures report. The section also defines "indirect expenditures."

Section 8 makes an amendment conforming to the repeal of AS 43.75.036 (fisheries business salmon utilization tax credit).

Section 9 makes an amendment conforming to the repeal of AS 43.75.036 (fisheries business salmon utilization tax credit).

Section 10 makes an amendment conforming to the repeal of AS 43.77.045 and AS 43.98.030 (fisheries resource landing tax education credit and film production tax credit).

Section 11 makes an amendment conforming to the repeal of AS 43.77.040 (fisheries resource landing tax credit for the fishery resource harvested under the community development quota).

Section 12 makes an amendment conforming to the repeal of AS 43.77.035 (fisheries resource landing tax credit for scholarship contributions).

Section 13 repeals, on December 31, 2016, the following credits and statutes related to the administration of credits:

- AS 24.20.271(12) (administration of the film production tax credit);
- AS 43.20.048 (veteran employment tax credit);
- AS 43.75.032 (fisheries business tax credit for scholarship contributions);
- AS 43.75.036 (fisheries business salmon utilization tax credit);
- AS 43.75.130(b) (administration of the fisheries business tax credit for scholarship contributions);
- AS 43.77.035 (fisheries resource landing tax credit for scholarship contributions);
- AS 43.98.030 (film production tax credit);
- AS 44.25.100 - 44.25.190 (administration of the film production tax credit).

Section 14 repeals, on December 31, 2018, the following credits and statutes related to the administration of credits:

- AS 21.66.110(b) (administration of the insurance tax education credit);
- AS 21.96.070 (insurance tax education credit);
- AS 21.96.075(c)(2) (administration of the education tax credits and the cap on the insurance tax credit for gifts to the Alaska Fire Standards Council);
- AS 43.05.010(15) (administration of the education tax credits);
- AS 43.20.014 (income tax education credit);
- AS 43.55.019 (oil or gas producer education credit);
- AS 43.56.018 (property tax education credit);
- AS 43.65.018 (mining business education credit);

- AS 43.75.018 (fisheries business education credit);
- AS 43.75.130(g) (administration of the fisheries business salmon product development tax credit, fisheries business salmon utilization tax credit, and the film production tax credit);
- AS 43.77.045 (fisheries resource landing tax education credit);
- AS 43.77.060(e) (administration of the fisheries resource landing tax credit for scholarship contributions, fisheries resource landing tax education credit, and the film production tax credit).

Section 15 repeals, on December 31, 2020 and contingent on the passage by the legislature of a bill extending the repeal of AS 43.75.035, the following credit and statute related to the administration of the credit:

- AS 43.75.035 (fisheries business salmon product development tax credit);
- AS 43.75.130(f) (administration of the fisheries business salmon product development tax credit, fisheries business salmon utilization tax credit, and the film production tax credit).

Section 16 repeals, on December 31, 2020, the following credit:

- AS 43.77.040 (fisheries resource landing tax credit for the fishery resource harvested under the community development quota).

Section 17 provides transition language related to the phase out of credits that span across tax years.

Section 18 makes the December 31, 2020 repeal of AS 43.75.035 (fisheries business salmon product development tax credit) contingent on the passage by the legislature of a bill extending the repeal of AS 43.75.035. Under current law, the credit will expire January 1, 2019 at the latest.

Section 19 establishes the effective date of the repeal of the credits in sec. 13 as December 31, 2016.

Section 20 establishes the effective date of the repeal of the credits in sec. 14 as December 31, 2018.

Section 21 establishes the effective date of the repeal of the credits in sec. 15, if the contingency in sec. 18 is met, as December 31, 2020.

Section 22 establishes the effective date of the repeal of the credits in sec. 16 as December 31, 2020.