



## Corporate tax relief bill held in Senate committee

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By RUSSELL STIGALL

After its companion House bill passed easily through committee Wednesday, Senate Bill 7, Corporate Income Tax, waits in the Senate Finance Committee after a Thursday hearing. The tax restructuring and relief legislation won't be scheduled for a committee vote until at least Friday.

Senate Bill 7 and its companion, House Bill 68, restructure the 10 state tax brackets for type C corporations. If enacted, the legislation is predicted to save small- and medium-sized corporations that do business in Alaska \$3.8 million. Of these, 27 oil and gas companies would collect an estimated \$150,000 in savings. C corporations are taxed on net income.

The bills expand the current 10 tax brackets for C corporations.

Currently, the highest tax bracket for C corporations, taxed at 9.5 percent, is set at \$90,000 in net income. The bill would bump up this top tax bracket to incomes over \$222,000. The bottom tax bracket moves up from incomes of less than \$10,000 to incomes of less than \$25,000.

Under the new system, sponsors estimate that a small business with a net income of \$45,000 would pay little more than half the current tax liability of approximately \$1,250 annually. A company with \$550,000 could knock \$6,000 off of its \$47,000 tax liability.

Sen. Cathy Giessel, R-Anchorage, sponsored Senate Bill 7. She presented the bill to the Senate Finance Committee Thursday morning. Juneau Sen. Dennis Egan has added his name in support of the bill. The bill has also received written support from the Juneau Chamber of Commerce and the Alaska State Chamber of Commerce.

During the bill's hearing in the Senate Finance Committee, Sen. Donny Olson asked about the effects of reducing the number of tax brackets from 10 to five or fewer. During the House Committee on Labor and Commerce hearing for HB 68 on Wednesday, Rep. Charisse Millett asked if reducing the brackets to three would simplify tax time for businesses. Calling into the hearing from the Anchorage Legislative Information Office, Johanna Bales, deputy director for the Alaska Department of Revenue Tax Division said modern tax automation makes the existing tax structure easy enough.

"We're so used to administering this way that it doesn't cause us any concern," Bales said.

However, Bales said the division does not have a preference either way.

"It is up to legislators and voters," Bales said.

SB 7 could come up for a vote in Senate Finance Committee as early as Friday at 9 a.m. in Room 532.

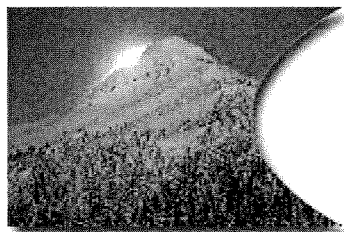
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## Way to go

This is what we want to see.

Two lawmakers — one in Juneau and one in Washington, D.C. — calling for financial efficiency and relief instead of spending taxpayer dollars.

Sen. Cathy Giessel, R-Turnagain Arm/North Kenai, has sponsored Senate Bill 7, which would provide tax relief for small and medium size Alaska businesses.

Giessel wrote the legislation after business owners talked with her about the current corporate income tax burden.

Giessel, in working with the state Department of Revenue, learned the 10 tax brackets used to calculate tax on corporate income had not been adjusted since 1981 — 32 years. Those brackets needed to be adjusted for inflation.

The proposed new brackets reflect an adjustment for inflation, moving the top bracket from \$90,000 to \$220,000. The current tax rate will remain.

This means a company with \$45,000 in taxable income will get a 50-percent reduction in taxes or about \$600. A company with a taxable income of \$550,000 will get a 6-percent decrease or \$6,000 tax break, according to Giessel.

The Senate Finance Committee has passed the bill, and a similar bill is moving through the House.

Meanwhile, Sen. Lisa Murkowski explained to a congressional committee this week that part of putting the nation on a fiscally responsible path should involve the Government Accounting Office checking to be sure the Energy Department's efficiency programs are indeed themselves efficient.

Murkowski called for a review of overlapping authorities and duplicative programs that can be combined or eliminated to improve DOE's operations.

"Given the constraints on federal finances and the failure of mandates to deliver the promised results, those of us in the federal government should put our own house in order," says Murkowski. She proposes GAO review current funding and past performance of residential, commercial and industrial energy efficiency programs at DOE.

Giessel's and Murkowski's efforts are in line with what the public expects. Giessel's bill, if passed by the Legislature and signed off on by the Parnell administration, will help the businesses that generate the power that drive Alaska's economy. Murkowski's suggestion will work toward saving federal dollars and improving government operation.

This is what legislating looks like these days.