

# LEGAL SERVICES

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## MEMORANDUM

February 23, 2017

**SUBJECT:** Sectional Summary of SSHB 36 (Work Order No. 30-LS0148\I)

**TO:** Representative Les Gara  
Attn: Laura Chartier

**FROM:** Emily Nauman   
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill -- 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 gives a short title to the bill.

Section 2 requires a person engaged in the production of oil or gas from a lease or property in the state or engaged in the transportation of oil and gas by pipeline in the state to pay income tax under AS 43.20.011(c) (the existing corporate income tax statute, currently only taxing C corporations).

Section 3 amends AS 43.20.012(a) to specify that AS 43.20 does not apply to a public corporation. Removes the tax exemptions for certain qualified small businesses and income received by a regional association or nonprofit association from the sale of salmon or salmon eggs under AS 16.10.450 or from a cost recovery fishery.

Section 4 establishes a new tax on the income of sole proprietorships, partnerships, and S corporations. Requires the Department of Revenue to adopt regulations to implement the tax. Gives a deduction from net income for certain taxes paid. Excludes certain income from taxable income for the purpose of an individual income tax, if an individual income tax is enacted.

Section 5 repeals AS 43.20.012(c) and AS 43.20.012(d) (both related to the tax exemptions for certain qualified small businesses).

Section 6 provides applicability language.

Section 7 gives the bill an effective date.

ELN:boo  
17-192.boo

Attachment