

ALASKA STATE LEGISLATURE

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Sectional Analysis

Senate Bill 3002

September 9, 2021

Version 32-LS1152/B

"An Act establishing an income tax on certain entities in the state; relating to the motor fuel tax; relating to nontransferable tax credits against the oil and gas production tax; and providing for an effective date."

Section 1: Adds a new section to the Alaska Net Income Tax Act. This section establishes a new tax of 9.4 percent for certain corporations earning at least \$4 million on qualified net taxable income. This applies to sole proprietorships, partnerships, or federally defined S corporations and C corporations, which are not publicly traded.

Section 2: Increases the surcharge from \$0.0095 per gallon to \$0.015 per gallon on refined fuel sold, transferred, or used in Alaska.

Section 3: Increases the tax on motor fuel sold or transferred within the state from \$0.08 to \$0.16 per gallon. This section also increases motor fuel sold and transferred for the use in and on watercraft from \$0.05 cents to \$0.10 per gallon.

Section 4: Increases the tax on motor fuel consumed from \$0.08 to \$0.16 per gallon. This section also increases the tax on motor fuel consumed for the use in and on watercraft from \$0.05 cents to \$0.10 per gallon.

Section 5: Amends AS 43.40.030(a), relating to the refund of the motor fuel tax for nonhighway use, by increasing the fuel tax refund from \$0.06 to \$0.12 per gallon for internal combustion engines. Adds a \$0.05 per gallon refund eligibility for commercial fishing watercraft.

Section 6: Amends AS 43.55.024(j), relating to nontransferable oil production tax credits. This section repeals the \$8, \$7, and \$6 per barrel tax credits, effectively capping the per barrel tax credit at \$5 per barrel if the average gross value at the point of production for the month is less than \$110 per barrel.

Section 7: Applies the new corporate income tax established in section 1 of this bill to the tax year beginning on or after January 1, 2022.

Section 8: Transition language for the Department of Revenue to adopt regulations necessary to implement this bill if passed into law. Regulations may not take effect before January 1, 2022.

Section 9: Immediate effective date for the Department of Revenue to begin work on regulations as authorized under Section 8.

Section 10: Except for Section 9, this bill takes effect January 1, 2022.