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SECTIONAL ANALYSIS

SENATE BILL 33 (version N)

Fisheries Product Development Tax Credit

It is important to note and that Version N appears to differ considerably from version B because the existing statutory provisions contained in SB 33 v.B (formerly, *The Salmon and Herring Product Development Tax Credit AS 43.75.035*) were entirely repealed on Dec. 31, 2020. Therefore version N refers to a new section (AS 43.75.037) that otherwise contains the former *.035* statutes, and adds new policies as described below, including the species of Pacific cod, sablefish, and pollock.

SB 33 now adds a new section to title 43.75, *The Fisheries Product Development Tax Credit*

- Sec. 1: AS 40.25.100(a), relating to disposition of public and private information of the business affairs of a tax payer, is a conforming amendment referencing the tax credit information described in Section 3 below, as being public information.
- Sec. 2: AS 40.25.100(a), restores Section 1 described above when the program, specifically AS 43.05.230(m) relating to public disclosure, sunsets in 2027.
- Sec. 3: AS 43.05.230(m), relating to disclosure of tax returns and reports, adds the number of recipients and total amount of tax credits claimed for each type of eligible fish as being public information under the tax credit program.
- Sec. 4: AS 43.75.037(a) Reestablishes and renames the Fisheries Product Development Tax Credit program, (formerly AS 43.75.035), providing seafood processors a 50% reimbursement, applied against their tax liability to the state, for qualified investments in new property used for value-added processing activity for eligible fish under the program.
- (b) reestablishes limitations on the tax credit, that it may not:
1. exceed 50% of a taxpayer's tax liability for a given tax year;
 2. be claimed for property first placed into service after Dec. 31, 2026 (it's sunset date).
- (c) reestablishes the formula by which a tax credit may be claimed for value-added equipment installed on a vessel.

- (d) reestablishes an allowance for an unused tax credit to be carried forward for up to 3 years.
- (e) reestablishes a limit that the tax credit claimed under this program may not be used again elsewhere in Title 43.
- (f) reestablishes that a taxpayer may not make a claim for a tax credit under this program if they are in arrears in the payment of other fish assessments or taxes required elsewhere in state law.
- (g) reestablishes depreciation recapture formula for tax credit carry-forward, in the event an asset used for the processing of eligible fish is disposed of, is removed from the state, or otherwise becomes ineligible as a qualified investment property during a given tax year.
- (h) reestablishes that the amount of tax credit recaptured under (g) above, may not be included in determining the amount of the tax credit allowable under this program.
- (i) reestablishes regulatory authority of the Department of Revenue (DOR) to develop procedures for taxpayers to submit a request for a preliminary determination to ascertain if an investment will qualify under the tax credit program.
- (j) is a new provision requiring a taxpayer under this program to agree to the DOR making the number of recipients and the total amount of tax credits claimed for each type of eligible fish being public information.
- (k) reestablishes definitions (1-7) for the program and adds new ones, including “eligible fish” as being salmon, herring, Pacific cod, sablefish, pollock, and cod; specifies generally what types of equipment are and are not a “qualified investment,” eligible “property,” and “value-added eligible fish product” under the tax credit program.

Sec. 5 AS 43.75.130(h), relating to DOR refund of fisheries business tax to municipalities, holds harmless those refunds by determining a tax payer’s liability as if the person’s tax were collected without applying the credit.

Sec. 6: Repeals the program on January 1, 2027.

Sec. 7: Relating to applicability of claims made against the tax credit program for those asserts first placed in service on or after the effective date of the bill.

Sec. 8: Makes Section 2 above, effective January 1, 2027.

Sec. 9: Sets an immediate effective date for the remaining sections of the bill.