

ALASKA STATE LEGISLATURE

SENATE FINANCE COMMITTEE



Sen. Bert Stedman
State Capitol, Room 518
(907) 465-3873
Sen.Bert.Stedman@akleg.gov

Sen. Lyman Hoffman
State Capitol, Room 516
(907) 465-4453
Sen.Lyman.Hoffman@akleg.gov

Sen. Donald Olson
State Capitol, Room 508
(907) 465-3707
Sen.Donny.Olson@akleg.gov

Official Business

Finance CS for Senate Bill 122: Corporate Income Tax / Digital Businesses Summary of Changes from Original Version ("S" to "H")

- 1) Adds Section 2, new AS 43.20.019, which establishes a 9.4% tax on income over \$4 million per year on "oil and gas entities" other than corporations.
- 2) Adds Section 3, amending AS 43.20.030(a), the filing requirement in the current corporate income tax, to add other oil and gas entities.
- 3) Adds Section 4, amending AS 43.20.031(i), describing the accounting method used for companies with activity both inside and outside the state, to add other oil and gas entities.
- 4) Adds Section 9, amending AS 43.20.144(h)(2), to add other oil and gas entities to the definition of a "consolidated business."
- 5) Adds a new subsection 11(e) to the new Section AS 43.20.148, describing highly digitized businesses, to clarify that this section does not apply to utilities.
- 6) Adds Section 12, amending AS 43.20.340 to add two new definitions for "entity" and "oil and gas entity."
- 7) Adds a new subsection to Section 13, an uncodified applicability section, to confirm that the new tax sections apply to an oil and gas entity with taxable income over \$4 million from a source in the state, for a tax year beginning on or after January 1, 2023.
- 8) Adds Section 14, an uncodified transition section, to confirm that the 2023 taxes are not due until the regular due date for 2023 taxes, October 1, 2024. Because of the retroactivity, any penalties and interest for late payment are waived.
- 9) Adds Section 15, an uncodified regulations section, to authorize the Department of Revenue to draft regulations that are retroactive to the effective date.
- 10) Adds Sections 16 and 17, which have the retroactive January 1, 2023 effective date for the "oil and gas entity" tax and an immediate effective date for the uncodified sections.