

AMENDMENT

OFFERED IN THE HOUSE
TO: HB 393

BY REPRESENTATIVE MEARS

1 Page 1, line 1, following "**shares**";:

2 Insert "**establishing an income tax on certain entities producing or transporting**
3 **oil or gas in the state**;"

4

5 Page 9, following line 4:

6 Insert new bill sections to read:

7 "*** Sec. 3.** AS 43.20 is amended by adding a new section to read:

8 **Sec. 43.20.019. Tax on income attributable to a qualified entity.** (a) If an
9 entity has qualified taxable income over \$4,000,000 in a tax year, the entity shall pay a
10 tax of 9.4 percent on the qualified taxable income over \$4,000,000.

11 (b) The tax under this section does not apply to a corporation paying tax under
12 AS 43.20.011.

13 (c) The department may aggregate the qualified taxable income of two or
14 more entities for the purpose of determining the tax due under this section if the
15 department determines that, without the provisions of this section, the qualified
16 taxable income would reasonably be expected to be attributed to a single entity.

17 (d) In this section,

18 (1) "entity" means a

19 (A) sole proprietorship;

20 (B) partnership; or

21 (C) entity that has elected to file federal returns under 26
22 U.S.C. 1361 - 1379 (Internal Revenue Code);

23 (2) "qualified taxable income" means income from the production of

1 oil or gas from a lease or property in the state or from the transportation of oil or gas
2 by pipeline in the state before deductions for

3 (A) dividends and gifts; and

4 (B) wages, salaries, bonuses, or other similar payments to
5 owners, partners, members, or shareholders of the entity.

6 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 APPLICABILITY. AS 43.20.019, added by sec. 3 of this Act, applies to the tax year
9 of an entity beginning on or after the effective date of sec. 3 of this Act."

10
11 Renumber the following bill sections accordingly.