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Sectional Analysis SB 92

Section 1: Tax on income attributable to a qualified entity; energy and electrical grid projects or upgrades fund

This section establishes a tax on business entities making profits in state on petroleum production or pipeline transportation that are not established as C corporations (C-corps) for tax purposes under Internal Revenue Service (IRS) tax code. Sole proprietorships, partnerships, entity's that has elected to file federal returns under 26 U.S.C. 1361 - 1379 (Internal Revenue Code); must pay a tax of 9.4% annually mirroring the percent tax that C-corps pay to the state, but only on profits over \$5 million.

The Commissioner of Revenue shall aggregate the taxable income of two or more entities when their income could be reasonably attributable to a single entity.

And finally, revenue from the tax is deposited into a fund for use on energy and electrical grid projects or upgrades.

Section 2: Deletes the word “**corporation**” and replaces it with “**taxpayer**” as it relates to the IRS reporting requirements.

Section 3: changes “**corporation**” to “**taxpayer that**” and “**or entities that**” as relates to taxable activity both inside and outside the state.

Section 4: deletes “**corporation**” and adds “**taxpayer**” and “**entities**” as it relates to reporting requirements to the IRS.

Section 5: deletes “**corporation**” and adds “**taxpayer**” as it relates to what shall be excluded when computing taxable income for the “**taxpayer**”.

Section 6: deletes “**corporation**” and adds “**taxpayer**” as it relates to dividends and royalties taxable to a “**taxpayer**”.

Section 7: deletes “**corporation**” and adds “**taxpayer**” as it relates to a “taxpayer” failing to comply with this chapter.

Section 8: Deletes “**corporation**” and adds “**an entity**” as it relates to tax obligations from royalty agreements with the Alaska Legislature per AS 43.82.

Section 9: Amends the uncodified law of the State of Alaska by adding a new section that reads as follows;

“APPLICABILITY. This Act applies to an entity with qualified taxable income over \$5,000,000 for a tax year beginning on or after January 1, 2025.”

Section 10: Amends the uncodified law of the State of Alaska by adding a new section related to the transition, payment of tax.

Section 11: Amends the uncodified law of the State of Alaska by adding a new section related to retroactivity of regulations.

Section 12: Sets a retroactive date to January 1st 2025

Section 13: Set the effective date.