

SENATE BILL NO. 52

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY SENATORS MACKIE, Torgerson, Taylor, Leman

Introduced: 1/16/97

Referred: CRA, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing additional tax credits against the fisheries business tax; and
2 providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 43.75 is amended by adding a new section to read:

5 **Sec. 43.75.035. Tax credits for certain capital expenditures.** (a) If
6 application for the credit is approved by the department in advance, a fisheries
7 business is entitled to a credit of not more than 50 percent of the business tax liability
8 under AS 43.75.015 for capital expenditures made during the tax year that

9 (1) increase product diversity, increase production efficiency and
10 capacity, or improve product quality at a shore-based fisheries business facility in the
11 state; or

12 (2) contribute to the development of a cooperative seafood industrial
13 park in the state.

14 (b) A fisheries business may claim a credit under (a) of this section for a

1 maximum period of three consecutive years. An applicant for the credit may elect to
2 begin the three-year period with any tax year from 1998 through 2000.

3 (c) A tax credit under this section may not be approved for more than 50
4 percent of a capital expenditure, plus any increase required under (d) of this section.

5 (d) The amount of a credit under (a) of this section for a capital expenditure
6 involving a shore-based fisheries business facility or cooperative seafood industrial
7 park located or to be located in a municipality shall be increased by the amount by
8 which the municipality's fisheries business tax refund is reduced under
9 AS 43.75.130(h). The total amount of a credit increase under this subsection during
10 a three-year period may not exceed 25 percent of the amount of the capital
11 expenditure.

12 (e) The portion of a capital expenditure that is eligible for a credit under this
13 section but is not claimed during a single tax year may not be carried back to a prior
14 tax year but is available for the computation as a credit under this section for a
15 subsequent tax year within the three-year period elected under (b) of this section.

16 (f) Within 10 days after submitting an application for a credit under (a) of this
17 section, the applicant shall send a copy of the application to the municipality, if any,
18 in which the shore-based fisheries business facility or cooperative seafood industrial
19 park for which the expenditure is to be made is located or is to be located.

20 (g) The total tax credits that may be claimed under this chapter for a tax year
21 for capital expenditures under this section and scholarship contributions under
22 AS 43.75.032 combined may not exceed 50 percent of the taxpayer's business tax
23 liability under AS 43.75.015 for that tax year.

24 (h) The department may not approve a tax credit under this section if

25 (1) the property for which the capital expenditure was made was the
26 subject of a previous capital expenditure by another taxpayer for whom a
27 corresponding tax credit under this section has been approved;

28 (2) the property for which the capital expenditure was made was sold
29 or transferred between fisheries businesses having substantial common ownership; or

30 (3) the fisheries business claiming the credit is in arrears in the
31 payment of a fisheries business tax under AS 43.75.015; for purposes of this

1 paragraph, a taxpayer is not in arrears if the payment is under administrative or judicial
2 appeal.

3 (i) The department shall

4 (1) prepare an application form for a credit under this section; and

5 (2) approve or disapprove an application for a credit under this section
6 not later than 60 days after receiving the application.

7 (j) Not later than the 15th legislative day of each regular legislative session the
8 Department of Revenue, in conjunction with the Department of Commerce and
9 Economic Development, shall submit to the legislature a report on the fisheries
10 business tax credit program under this section. The report must describe the
11 expenditures for which a credit was approved during the previous tax year and, if
12 possible, the increase in employment and processing capacity by the fisheries
13 businesses for which the credit was approved.

14 * **Sec. 2.** AS 43.75.130 is amended by adding new subsections to read:

15 (g) For purposes of this section, tax revenue collected under AS 43.75.015
16 from a person entitled to a credit under AS 43.75.035 shall be calculated as if the
17 person's tax had been collected without applying the credit.

18 (h) Within 60 days after a credit is approved under AS 43.75.035 for a capital
19 expenditure involving a shore-based fisheries business facility or cooperative seafood
20 industrial park located or to be located in a municipality, the municipality may adopt
21 an ordinance directing the department to reduce the municipality's refund under this
22 section over a period of not more than three years by an amount not exceeding 25
23 percent of the capital expenditure.

24 * **Sec. 3.** AS 43.75.290 is amended by adding new paragraphs to read:

25 (12) "capital expenditure" includes the price paid for equipment and the
26 cost of improvements made to depreciable property, but does not include expenditures
27 that are deducted entirely for federal income tax purposes in the year in which they
28 accrued or were paid;

29 (13) "cooperative" has the meaning given in AS 10.15.595;

30 (14) "product diversity" means the processing of nontraditional fish or
31 other seafood species or products;

1 (15) "product quality" means the handling of fish or other seafood
2 species or products in order to increase product sales or value;

3 (16) "seafood industrial park" means a seafood processing center with
4 facilities to land, handle, and process or to ship or transship to any location any
5 marketable species of seafood; a seafood industrial park may contain commercial
6 facilities to support the activities of the park and the labor force and vessels that
7 operate at or from the park.

8 * **Sec. 4.** The first tax credit report under AS 43.75.035(j), enacted by sec. 1 of this Act,
9 is due February 1, 1998, and shall describe the expenditures for which a credit was approved
10 on and after July 1, 1997 for the 1998 tax year.

11 * **Sec. 5.** AS 43.75.035(a), 43.75.035(b), 43.75.035(c), 43.75.035(d), 43.75.035(e),
12 43.75.035(f), 43.75.035(g), 43.75.035(h), 43.75.035(i), 43.75.130(g), 43.75.130(h),
13 43.75.290(12), 43.75.290(13), 43.75.290(14), 43.75.290(15), and 43.75.290(16) are repealed
14 January 1, 2003.

15 * **Sec. 6.** AS 43.75.035(j) is repealed February 15, 2003.

16 * **Sec. 7.** This Act takes effect July 1, 1997.