

CS FOR HOUSE BILL NO. 90(FSH)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON FISHERIES

Offered: 3/7/03

Referred: Resources, Finance

Sponsor(s): REPRESENTATIVES STEVENS, Wolf

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a salmon product development tax credit under the Alaska fisheries**
2 **business tax; and 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. Salmon product development tax credit.** (a) A taxpayer
6 that is a fisheries business may claim a salmon product development tax credit of 50
7 percent of qualified investment in new property first placed into service in a shore-
8 based plant or on a vessel in the state in the tax year.

9 (b) The tax credit claimed under this section may not

10 (1) exceed 50 percent of the taxpayer's tax liability incurred under this
11 chapter for salmon; or

12 (2) be applied for property placed in service after December 31, 2005.

13 (c) If the property for which a tax credit is claimed is installed on a vessel, the
14 amount of qualified investment under (a) of this section is determined by multiplying

1 the investment cost of qualified investment property by a fraction, the numerator of
 2 which is the weight of raw salmon processed on the vessel by the taxpayer in Alaska
 3 in the tax year in which the property is first placed in service, and the denominator of
 4 which is the weight of raw salmon processed on the vessel by the taxpayer in and
 5 outside of Alaska in the tax year in which the property is first placed in service.

6 (d) An unused credit under this section may be carried forward and applied
 7 against the tax liability incurred on salmon in the following three tax years.

8 (e) Qualified investment costs upon which a tax credit is claimed under this
 9 section may not be considered for another tax credit in this title.

10 (f) A taxpayer may not claim the tax credit allowed under this section if the
 11 taxpayer is in arrears in the payment of assessments under AS 16.51.120, contributions
 12 under AS 23.20, or taxes or assessments collected or owed under this title. For
 13 purposes of this subsection, a taxpayer is not in arrears if the liability for the
 14 assessment, contribution, or tax is under administrative or judicial appeal.

15 (g) In this section,

16 (1) "first placed into service" means the moment when property is first
 17 used for its intended purpose;

18 (2) "new property" means property whose original use commences
 19 with the taxpayer and does not include property first used by another person;

20 (3) "qualified investment" means an investment cost in the following
 21 depreciable tangible personal property with a useful life of three years or more to be
 22 used predominantly to produce value-added salmon products beyond gutting of the
 23 salmon, including filleting, skinning, portioning, mincing, forming, extruding,
 24 stuffing, injecting, mixing, marinating, preserving, drying, smoking, brining,
 25 packaging, blast freezing, or pin bone removal equipment;

26 (4) "tax liability" means the liability for all taxes under this chapter
 27 before all credits allowed by this chapter;

28 (5) "useful life" means the useful life of the property that is or would
 29 be applicable for purposes of depreciation.

30 * **Sec. 2.** AS 43.75.130 is amended by adding a new subsection to read:

31 (g) For purposes of this section, tax revenue collected under AS 43.75.015

1 from a person entitled to a credit under AS 43.75.035 shall be calculated as if the
2 person's tax were collected without applying the credit.

3 * **Sec. 3.** AS 43.75.035 and 43.75.130(g) are repealed.

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

6 **RETROACTIVITY.** Sections 1 and 2 of this Act are retroactive to January 1, 2003.

7 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 **RETROACTIVITY.** If the attorney general provides notification under sec. 7(2) of
10 this Act, sec. 3 of this Act is retroactive to January 1, 2003.

11 * **Sec. 6.** Sections 1, 2, and 4 of this Act take effect immediately under AS 01.10.070(c).

12 * **Sec. 7.** Section 3 of this Act takes effect on the earlier of the following:

13 (1) January 1, 2009; or

14 (2) the date of the attorney general's notification to the lieutenant governor and
15 to the revisor of statutes that

16 (A) a court has entered final judgment that AS 43.75.035, added by
17 sec. 1 of this Act, violates the commerce clause contained in art. I, sec. 8, of the
18 United States Constitution; and

19 (B) the time for an appeal of that judgment has expired, or, if an appeal
20 was taken, a final order on the appeal has been entered that AS 43.75.035, added by
21 sec. 1 of this Act, violates the commerce clause contained in the United States
22 Constitution.

23 * **Sec. 8.** Section 5 of this Act takes effect on the date of the attorney general's notification
24 under sec. 7(2) of this Act.