

**CS FOR SENATE BILL NO. 164(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

**BY THE SENATE FINANCE COMMITTEE**

**Offered: 4/29/05**

**Referred: Rules**

**Sponsor(s): SENATOR STEDMAN**

**REPRESENTATIVE Kohring**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the salmon product development tax credit; providing for an**  
2 **effective date by amending an effective date in sec. 7, ch. 57, SLA 2003; and providing**  
3 **for an effective date."**

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

5 **\* Section 1.** AS 43.75.035(b) is amended to read:

6 (b) The amount of the tax credit applied against taxes under this section may  
7 not

8 (1) exceed 50 percent of the taxpayer's tax liability incurred under this  
9 chapter for processing of salmon during the tax year; or

10 (2) be claimed for property first placed into service after December 31,  
11 2008 [2005].

12 **\* Sec. 2.** AS 43.75.035(i)(3) is amended to read:

13 (3) "qualified investment" means the investment cost in depreciable  
14 tangible personal property with a useful life of three years or more to be used

1 predominantly to **perform a processing, packaging, or product finishing function**  
 2 **that is a significant component in producing** [PRODUCE] value-added salmon  
 3 products beyond gutting of the salmon; in this paragraph, "property"

4 **(A)** includes

5 **(i)** filleting, skinning, portioning, mincing, forming,  
 6 extruding, stuffing, injecting, mixing, marinating, preserving, drying,  
 7 smoking, brining, packaging, blast freezing, or pin bone removal  
 8 equipment; **and**

9 **(ii)** **new parts to convert an existing can seamer to**  
 10 **pop-top can production;**

11 **(B)** does not include

12 **(i)** **vehicles, forklifts, conveyors, cranes, pumps or**  
 13 **other equipment used to transport salmon or salmon products,**  
 14 **knives, gloves, tools, supplies and materials, equipment that is not**  
 15 **processing, packaging, or product finishing equipment, or other**  
 16 **equipment the use of which is incidental to the production,**  
 17 **packaging, or finishing of value-added salmon products; or**

18 **(ii)** **the overhaul, re-tooling, or modification of new**  
 19 **or existing property, except for new parts to convert an existing**  
 20 **can seamer to pop-top can production;**

21 \* **Sec. 3.** AS 43.75.035(i) is amended by adding a new paragraph to read:

22 (6) "value-added salmon product" means the product of a salmon that  
 23 is processed beyond heading, gutting, or separation in a manner that materially  
 24 enhances the value of the salmon product, such as shelf-stable, retort pouched,  
 25 smoked, pickled, or filleted salmon, ikura, leather, or jerky; "value-added salmon  
 26 product" does not include a salmon or salmon product that

27 (A) has been subjected to only one or more of heading, gutting,  
 28 freezing, packaging, quality assurance practices, or value retention practices;

29 (B) is salmon skeins or other unprocessed salmon products  
 30 whether fresh or frozen; or

31 (C) is produced out of the state.

1 \* **Sec. 4.** AS 43.75.035(i)(6) is amended to read:

2 (6) "value-added salmon product" means the product of a salmon that  
3 is processed beyond heading, gutting, or separation in a manner that materially  
4 enhances the value of the salmon product, such as shelf-stable, retort pouched,  
5 smoked, pickled, or filleted salmon, ikura, leather, or jerky; "value-added salmon  
6 product" does not include a salmon or salmon product that

7 (A) has been subjected to only one or more of heading, gutting,  
8 freezing, packaging, quality assurance practices, or value retention practices;

9 (B) is salmon skeins or other unprocessed salmon products  
10 whether fresh or frozen; [OR]

11 (C) **is canned, except for salmon products in a pop-top can;**

12 **or**

13 **(D)** is produced out of the state.

14 \* **Sec. 5.** Section 7, ch. 57, SLA 2003, is amended to read:

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

16 (1) January 1, **2012** [2009]; or

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

19 (A) a court has entered final judgment that AS 43.75.035 or  
20 43.75.036, added by sec. 1 of this Act, violates the commerce clause contained  
21 in art. I, sec. 8, United States Constitution; and

22 (B) the time for an appeal of that judgment has expired, or, if  
23 an appeal was taken, a final order on the appeal has been entered that  
24 AS 43.75.035 or 43.75.036, added by sec. 1 of this Act, violates the commerce  
25 clause contained in the United States Constitution.

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

28 AVAILABILITY OF CREDIT FOR CONVERSION TO POP-TOP CAN  
29 PRODUCTION. The amendment of AS 43.75.035(i)(3), by sec. 2 of this Act, to provide that  
30 new parts to convert an existing can seamer to pop-top can production is a qualified  
31 investment for purposes of AS 43.75.035 applies to new parts first installed on existing can

- 1 seaming equipment on or after January 1, 2005.
- 2 \* **Sec. 7.** Section 4 of this Act takes effect January 1, 2006.
- 3 \* **Sec. 8.** Except as provided in sec. 7 of this Act, this Act takes effect immediately under
- 4 AS 01.10.070(c).