

**SENATE BILL NO. 31**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY SENATORS MCGUIRE, Ellis, Thomas

Introduced: 1/21/09

Referred: Senate Special Committee on Energy, Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to a geothermal electricity production tax credit under the Alaska Net**  
2 **Income Tax Act."**

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

4 **\* Section 1.** AS 43.20 is amended by adding a new section to article 1 to read:

5 **Sec. 43.20.046. Geothermal electricity production tax credit.** (a) A taxpayer  
6 that owns a commercial geothermal electric energy system capable of producing at  
7 least 400 kilowatts of electricity may claim a geothermal electricity production tax  
8 credit if

9 (1) the commercial geothermal electric energy system supplies all or  
10 part of the energy required by commercial units owned or used by the taxpayer; or

11 (2) the taxpayer sells all or part of the energy produced by the  
12 commercial geothermal electric energy system as a commercial enterprise.

13 (b) A taxpayer may claim a tax credit under this section in the amount of 35  
14 cents for each kilowatt-hour of geothermal electricity produced or sold. A tax credit

1 may be claimed for each of the first four years after the date the commercial  
2 geothermal electric energy system is placed into service.

3 (c) An unused tax credit under this section may be carried forward and applied  
4 against the tax liability of the taxpayer for four years after the date the commercial  
5 geothermal electric energy system was placed into service.

6 (d) The department shall prepare an application form for a credit under this  
7 section.

8 (e) In this section,

9 (1) "commercial geothermal electric energy system" means an active  
10 geothermal electricity system capable of producing electricity for use by or sale to a  
11 commercial unit or commercial entity;

12 (2) "geothermal electricity" means electricity produced solely from  
13 energy contained in heat that continuously flows from below the ground.