



AMENDMENT # 2

Gava

OFFERED IN THE HOUSE

TO: CSHB 118(FIN), Draft Version "I"

- 1 Page 1, line 9:
- 2 Delete "the taxable year"
- 3 Insert "a taxable year ending before January 1, 2017,"
- 4
- 5 Page 2, following line 25:
- 6 Insert a new bill section to read:
- 7 **\*\* Sec. 2. AS 43.20.047 is repealed January 1, 2024.**
- 8
- 9 Renumber the following bill section accordingly.

# LEGAL SERVICES

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## MEMORANDUM

February 28, 2012

**SUBJECT:** Research and development tax credit (CSHB 118(FIN), Draft Version "I"; Work Order No. 27-GH1951\I.3)

**TO:** Representative Les Gara  
Attn: Toby Smith

**FROM:** Emily Nauman   
Legislative Counsel

You have asked whether the effect of amendment I.3 to CSHB 118(FIN), Draft Version "I" is to terminate the research and development tax credit on January 1, 2017, and to provide a seven-year carry forward for expenditures made before that date. The answer to your question is yes.

If amendment I.3 is adopted, the pertinent portion of sec. 43.20.047(a), added by sec. 1 of the bill, will read:

A taxpayer may apply 20 percent of the taxpayer's expenditure for qualified research and development attributable to this state for *a taxable year ending before January 1, 2017* . . . against the state tax liability imposed on the taxpayer under this chapter.

The language added by the amendment, in italics, requires that an expenditure take place before January 1, 2017 in order to qualify for a tax credit.

Section 43.20.047(c), added by sec. 1 of the bill, allows an unused credit to be carried forward up to seven years. The amendment does not alter this section.

Amendment I.3 adds a repeal date, January 1, 2024, that takes into account the latest possible date a taxpayer could use the research and development tax credit; the last day an expenditure could generate a credit is December 31, 2016 and the last day of the seven-year carry forward applicable to that expenditure is December 31, 2023.

If I may be of further assistance, please advise.

ELN:ljw  
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