

SENATE BILL NO. 64

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/24/11

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a tax credit for corporate income taxes paid for qualified research**
2 **and development expenditures; and providing for an effective date."**

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. 43.20.047. Qualified research and development tax credit.** (a) Subject
6 to the terms and conditions of this section, and in addition to any other credit
7 authorized to the taxpayer by this chapter, a taxpayer may apply 20 percent of the
8 taxpayer's expenditure for qualified research and development attributable to this state
9 for the taxable year over the base amount as a credit not to exceed \$10 million against
10 the state tax liability imposed on the taxpayer under this chapter.

11 (b) Qualified research and development expenditures are attributable to this
12 state if the research and development is being conducted in this state or the payroll of
13 employees conducting the research and development is in this state. In this subsection,
14 payroll of an employee is in this state if compensation is paid to an employee in this

1 state and reported as paid in this state in the quarterly contribution report under
2 AS 23.20 to the Department of Labor and Workforce Development.

3 (c) If the tax credit under this section exceeds the taxpayer's tax liability after
4 other tax credits are taken under this chapter for the year in which the expenditure is
5 incurred, the excess of the tax credit over the liability may be carried forward for up to
6 seven years. If an unused credit is carried forward to a tax year from an earlier year,
7 the credit arising in the earliest year is applied first against the tax liability for the year.

8 (d) A person may not claim a credit under this section for qualified research
9 and development expenditures that were deducted in the calculation of tax liability
10 under AS 43.20.011(e) or for which any other credit, including any federal credit, has
11 been apportioned to this state and claimed under AS 43.20.021.

12 (e) Each year, the department shall report the names of taxpayers who claimed
13 credits under this section in the prior year, the total cumulative amount of credits
14 granted to all taxpayers under this section for the prior tax year, and the total
15 cumulative number of employees conducting the research and development for which
16 all taxpayers claim the credit. Notwithstanding AS 40.25.100 and AS 43.05.230, a
17 taxpayer claiming the credit under this section consents to

18 (1) the public disclosure of its name and status as a beneficiary of the
19 credit;

20 (2) inclusion of the amount of the credits granted to it under this
21 section and the number of employees conducting the research and development for
22 which it claims the credit in the cumulative total calculated by the department for
23 reporting purposes; and

24 (3) report on the impact of the credit on research and development for
25 each year that the credit is claimed.

26 (f) In this section,

27 (1) "base amount" means the average of qualified research and
28 development expenditures attributable to this state for the three tax years immediately
29 preceding the taxable year for which the credit is being claimed;

30 (2) "qualified research and development" means qualified research as
31 defined in 26 U.S.C. 41(d) (Internal Revenue Code), as amended, that is attributable to

1 this state.

2 * **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).