

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number 1  
 Bill Version HB 118  
 (H) Publish Date 1/24/11

Identifier (file name) LL1951-DOR-TAX-1-14-11 Dept. Affected Revenue  
 Title Research and Development Tax Credit Appropriation Taxation and Treasury  
 Allocation Tax Division  
 Sponsor Rules Committee  
 Requester By Request of the Governor OMB Component Number 2476

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>		<b>0.0</b>	***	***	***	***	***	***
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**Why this fiscal note differs from previous version**

first version of fiscal note

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Phone (907) 269-6628  
 Date/Time 1/14/11; 10:46am  
 Date 1/14/11; 10:46am

**Analysis**

\*\*\* Effect on revenues is indeterminate.

**Bill Language:**

This bill would allow up to \$10 million credit against corporate income tax for 20% of qualified research and development expenditures that exceed the base amount incurred by a taxpayer for research and development conducted in Alaska. The base amount is the average qualified research and development expenditures attributable to Alaska for the three tax years immediately preceding the tax year for which the credit is claimed. For purposes of this bill, "qualified research and development" means qualified research as defined by the Internal Revenue Code.

This bill also provides that a taxpayer that claims the research and development credit consent to disclosure of its name to the public as a beneficiary of this credit. In addition, taxpayers will be required to provide the number of employees conducting research and development for which the credit is claimed. The department will be required to complete an annual report disclosing the name of the taxpayer receiving the credit, the total cumulative amount of credits granted to all taxpayers and the total cumulative number of employees conducting research and development in the state.

**Revenues:**

The department is unable to determine the amount of research and development credits which may be claimed by taxpayers as the department currently has no information about the amount of research and development conducted in the state. Therefore, the department has no basis with which to formulate an estimated effect on revenues.

**Expenditures:**

The department can implement the provisions of the bill with existing resources.