

CS FOR HOUSE BILL NO. 399(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/13/18

Referred: Rules

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the use of a federal tax credit as a credit against the corporate net
2 income tax; repealing a provision allowing the exclusion of certain royalties accrued or
3 received from foreign corporations for purposes of the corporate net income tax;
4 repealing the reduced rate for the alternative tax on capital gains for corporations;
5 repealing an exemption from filing a return under the corporate net income tax for a
6 corporation engaged in a contract under the Alaska Stranded Gas Development Act;
7 and providing for an effective date."

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

9 * **Section 1.** AS 43.20.021(d) is amended to read:

10 (d) Where a credit allowed under the Internal Revenue Code is also allowed in
11 computing Alaska income tax, it is limited to 18 percent **of the portion of the federal**
12 **tax credit that was generated by business expenses incurred through activities**
13 **conducted in the state** [FOR CORPORATIONS OF THE AMOUNT OF CREDIT

1 DETERMINED FOR FEDERAL INCOME TAX PURPOSES WHICH IS
 2 ATTRIBUTABLE TO ALASKA]. This limitation does not apply to a special
 3 industrial incentive tax credit under AS 43.20.042.

4 * **Sec. 2.** AS 43.20.145(c) is amended to read:

5 (c) In (b)(1) [AND (3)] of this section, a payment is considered to be received
 6 from a corporation that is part of the unitary business if the payment is received

7 (1) by a member of an affiliated group included in a water's edge
 8 combined report filed under this section; and

9 (2) from a corporation in which the recipient owns 50 percent or more
 10 of the stock of the corporation.

11 * **Sec. 3.** AS 43.20.145(d) is amended to read:

12 (d) Dividends [AND ROYALTIES] taxable to a corporation using the water's
 13 edge combined reporting method are in lieu of an expense attribution for income
 14 excluded under (b) of this section.

15 * **Sec. 4.** AS 43.20.021(c), 43.20.144(g), 43.20.145(b)(3), and 43.20.145(g) are repealed.

16 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
 17 read:

18 APPLICABILITY. AS 43.20.021(d), as amended by sec. 1 of this Act,
 19 AS 43.20.145(c), as amended by sec. 2 of this Act, AS 43.20.145(d), as amended by sec. 3 of
 20 this Act, and the repeal of AS 43.20.021(c), 43.20.144(g), and 43.20.145(b)(3) and (g) by sec.
 21 4 of this Act apply to a taxpayer that is filing a return for a tax year beginning on or after the
 22 effective date of secs. 1 - 4 of this Act.

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

25 TRANSITION: REGULATIONS. The Department of Revenue shall adopt regulations
 26 necessary to implement the changes made by this Act. The regulations take effect under
 27 AS 44.62 (Administrative Procedure Act), but not before January 1, 2019.

28 * **Sec. 7.** Sections 1 - 5 of this Act take effect January 1, 2019.