

HOUSE BILL NO. 130

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE WOOL

Introduced: 3/10/21

Referred: Resources, Finance

A BILL**FOR AN ACT ENTITLED**

1 **"An Act relating to exclusions from income, credits, and deductions against the Alaska**
 2 **net income tax; establishing an income tax on oil or gas business entities; and providing**
 3 **for an effective date."**

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

5 * **Section 1.** AS 43.20.011(e) is amended to read:

6 (e) There is imposed for each taxable year **on** [UPON] the entire taxable
 7 income of every corporation **or oil or gas business entity** derived from sources within
 8 the state a tax computed as follows:

9 If the taxable income is:	Then the tax is:
10 Less than \$25,000	zero
11 \$25,000 but less than \$49,000	2 percent of the taxable income over
12	\$25,000
13 \$49,000 but less than \$74,000	\$480 plus 3 percent of the taxable
14	income over \$49,000

1	\$74,000 but less than \$99,000	\$1,230 plus 4 percent of the taxable
2		income over \$74,000
3	\$99,000 but less than \$124,000	\$2,230 plus 5 percent of the taxable
4		income over \$99,000
5	\$124,000 but less than \$148,000	\$3,480 plus 6 percent of the taxable
6		income over \$124,000
7	\$148,000 but less than \$173,000	\$4,920 plus 7 percent of the taxable
8		income over \$148,000
9	\$173,000 but less than \$198,000	\$6,670 plus 8 percent of the taxable
10		income over \$173,000
11	\$198,000 but less than \$222,000	\$8,670 plus 9 percent of the taxable
12		income over \$198,000
13	\$222,000 or more	\$10,830 plus 9.4 percent of the
14		taxable income over \$222,000.

15 * **Sec. 2.** AS 43.20.011 is amended by adding a new subsection to read:

16 (g) In this section, "oil or gas business entity" means a person engaged in the
 17 production of oil or gas from a lease or property in this state or engaged in the
 18 transportation of oil or gas by pipeline in this state.

19 * **Sec. 3.** AS 43.20.021(d) is amended to read:

20 (d) Where a credit allowed under the Internal Revenue Code is also allowed in
 21 computing Alaska income tax, it is limited to 18 percent **of the portion of the federal**
 22 **tax credit that was generated by business expenses incurred through activities**
 23 **conducted in the state** [FOR CORPORATIONS OF THE AMOUNT OF CREDIT
 24 DETERMINED FOR FEDERAL INCOME TAX PURPOSES WHICH IS
 25 ATTRIBUTABLE TO ALASKA]. This limitation does not apply to a special
 26 industrial incentive tax credit under AS 43.20.042.

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

28 (c) In (b)(1) [AND (3)] of this section, a payment is considered to be received
 29 from a corporation that is part of the unitary business if the payment is received
 30 (1) by a member of an affiliated group included in a water's edge
 31 combined report filed under this section; and

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

* **Sec. 5.** AS 43.20.145(d) is amended to read:

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

* **Sec. 6.** AS 43.20.021(c), 43.20.144(g), 43.20.145(b)(3), and 43.20.145(g) are repealed.

* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CARES ACT; NET OPERATING LOSS CARRYBACK. Notwithstanding AS 43.20.021(a), changes made to 26 U.S.C. 172 by sec. 2302, P. L. 116-136 (CARES Act), amending 26 U.S.C. 172(b)(1), providing for a carryback of net operating losses arising in a taxable year beginning after December 31, 2017, and before January 1, 2021, do not apply to a state taxpayer filing net income taxes under AS 43.20 for a tax year beginning after December 31, 2017, and before January 1, 2021. Under AS 43.20.021(a), 26 U.S.C. 172 is incorporated by reference as 26 U.S.C. 172 read before the enactment of P. L. 116-136.

* **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. (a) AS 43.20.011(e), as amended by sec. 1 of this Act, applies to a corporation or person engaged in the production of oil or gas from a lease or property in the state or engaged in the transportation of oil or gas by pipeline in the state that is filing a return for a tax year beginning on or after the effective date of sec. 1 of this Act.

(b) AS 43.20.021(d), as amended by sec. 3 of this Act, AS 43.20.145(c), as amended by sec. 4 of this Act, AS 43.20.145(d), as amended by sec. 5 of this Act, and the repeals of AS 43.20.021(c), 43.20.144(g), and 43.20.145(b)(3) and (g) by sec. 6 of this Act apply to a taxpayer that is filing a return for a tax year beginning on or after the effective date of secs. 3 - 6 of this Act.

(c) Section 7 of this Act applies to a taxpayer that is filing a return for a tax year beginning after December 31, 2017.

* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

- 1 RETROACTIVITY. Section 7 of this Act is retroactive to January 1, 2020.
- 2 * **Sec. 10.** Sections 1 - 6 of this Act take effect January 1, 2022.
- 3 * **Sec. 11.** Except as provided in sec. 10 of this Act, this Act takes effect immediately under
- 4 AS 01.10.070(c).