

AMENDMENT NO. 3

OFFERED IN THE HOUSE

BY REPRESENTATIVE GRAY

TO: CSHB 280(FIN)

Page 22, following line 1:

Insert a new section to read:

* Sec. 2. AS 43.20 is amended by adding a new section to read:

Sec. 43.20.151. Artificial intelligence businesses.

(a) A taxpayer that is a large artificial intelligence business is subject to a tax on in-state gross receipts derived from artificial intelligence services, in addition to any tax imposed under this chapter.

(b) Tax rates. The tax imposed under this section shall be applied on a progressive basis as follows:

(1) 7.5 percent of in-state gross receipts between \$1,000,000 and \$5,000,000;

(2) 15 percent of in-state gross receipts between \$5,000,001 and \$25,000,000;

(3) 22.5 percent of in-state gross receipts exceeding \$25,000,001.

(c) Applicability thresholds. This section applies only to a taxpayer that

(1) has annual global gross revenue exceeding \$500,000,000; and

(2) derives at least \$1,000,000 in annual gross receipts from sources within the state.

(d) Apportionment of in-state gross receipts. For purposes of this section, gross receipts are attributable to this state if

(1) the service is delivered to a user located in the state;

(2) the taxpayer uses data collected from users located in the state; or

(3) the computation, data processing, or model training occurs on infrastructure located in the state.

The department may adopt regulations to reasonably approximate in-state receipts when they cannot be precisely determined.

1 (e) Definitions. In this section,

2 (1) “artificial intelligence services” means the development, training, deployment, or
3 operation of machine learning models, generative AI systems, or automated decision
4 systems provided to users or customers;

5 (2) “large artificial intelligence business” means a taxpayer meeting the thresholds in
6 (c) of this section;

7 (3) “in-state gross receipts” means revenue derived from users, customers, data, or
8 infrastructure located in the state.

9 (f) Regulations. The department may adopt regulations necessary to implement this
10 section, including regulations to ensure compliance with constitutional requirements for
11 interstate commerce and fair apportionment.

12

13 Renumber the following bill sections accordingly.