

Introduced: 3/1/77  
Referred: Commerce and Finance

1 IN THE SENATE

BY BRADLEY

2 SENATE BILL NO. 193

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to net operating loss under the Alaska  
7 net income tax; and providing for an effective date."

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

9 \* Section 1. AS 43.20 is amended by adding a new section to read:

10 Sec. 43.20.033. NET OPERATING LOSS DEDUCTION. (a) There is  
11 allowed as a deduction for the taxable year an amount equal to the  
12 aggregate of net operating loss carryover to that year, plus net operating  
13 loss carryback to that year.

14 (b) A net operating loss may be carried over or back as follows:

15 (1) a net operating loss for any taxable year ending after  
16 December 31, 1979 shall be a net operating loss carryback to each of the  
17 three taxable years preceding the taxable year of the loss; and

18 (2) a net operating loss for any taxable year ending after  
19 December 31, 1976 shall be a net operating loss carryover to each of the  
20 five taxable years following the taxable year of the loss.

21 (c) The entire amount of the net operating loss for any taxable  
22 year shall be carried to the earliest of the taxable years to which the  
23 loss may be carried under (b) of this section. The portion of the loss  
24 which may be carried to each of the other taxable years is the excess,  
25 if any, of the amount of the loss over the sum of the taxable income for  
26 each of the prior taxable years to which the loss may be carried. For  
27 purposes of this subsection, the income for any such prior taxable year  
28 shall be computed

29 (1) with the modifications specified in (e)(2) and (3) of

1 this section; and

2 (2) by determining the amount of the net operating loss de-  
3 duction without regard to the net operating loss for the loss year or  
4 for any taxable year after it.

5 (d) In determining the amount of any net operating loss carryback  
6 or carryover to any taxable year, the necessary computations involving  
7 any other taxable year shall be made applicable to such other taxable  
8 year.

9 (e) For purposes of this section, "net operating loss" means,  
10 for any income year ending after December 31, 1976, the excess of the  
11 deductions allowed by this chapter over the gross income, computed with  
12 the following modifications:

(1) no net operating loss deduction shall be allowed;

15 (2) in the case of a taxpayer other than a corporation, the  
16 amount deductible on account of losses from sales or exchanges of capital  
17 assets may not exceed the amount includible on account of gains from  
18 sales or exchanges of capital assets; and no deduction for long-term  
19 capital gain is allowed;

20 (3) no deduction is allowed for personal exemptions or in  
21 lieu of that deduction;

22 (4) in the case of a taxpayer other than a corporation, the  
23 deductions allowable by this section which are not attributable to a  
24 taxpayer's trade or business are allowed only to the extent of the  
25 amount of gross income not derived from that trade or business. For  
26 purposes of this paragraph:

27 (A) any gain or loss from the sale or other disposition  
28 of property used in a trade or business, of a character which is  
29 subject to the allowance for depreciation, or real property used in  
the trade or business shall be treated as attributable to the

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trade or business:

(B) the modifications specified in (1) - (3) of this subsection shall be taken into account;

(C) no deduction for casualty losses may be taken into account;

(D) a deduction allowed for contributions of an employer to an employee's trust or annuity plan and compensation under a deferred-payment plan may not be treated as attributable to the trade or business of the employer.

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-070(c).