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1 IN THE HOUSE

2 HOUSE BILL NO. 471

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to resident hire tax credit; and  
7 providing for an effective date."

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

9 \* Section 1. AS 43 is amended by adding a new chapter to read:

10 CHAPTER 27. RESIDENT HIRE TAX CREDIT.

11 Sec. 43.27.010. TAX CREDIT AUTHORIZED. An eligible extractive  
12 business located in the state is entitled to a tax credit not to exceed  
13 five per cent of the wages paid to employees of that business. The tax  
14 credit may be applied to payment of any tax due to the state as a result  
15 of the specific business for which the tax credit is granted. The com-  
16 missioner of revenue shall annually determine the amount of tax credit  
17 for which a business is eligible and shall notify the eligible business  
18 of the amount of the tax credit before March 1 of the year following the  
19 year in which the tax credit was earned. The unused portion of a tax  
20 credit authorized by this chapter is forfeited on December 31 of the  
21 year following the year in which the credit was earned. If a tax for  
22 which credit is given under this chapter produces revenue shared by a  
23 local government, the state shall pay to an affected local government  
24 the amount of revenue it would receive had the tax credit not been  
25 given.

26 Sec. 43.27.020. APPLICATION FOR CREDIT. Application for a tax  
27 credit under this chapter shall be made in a manner prescribed by the  
28 department.

29 Sec. 43.27.030. DETERMINATION OF CREDIT. (a) The amount of the

1 tax credit to which an eligible extractive business is entitled is  
2 determined as follows:

3 (1) The maximum tax credit is determined by multiplying the  
4 total wages paid to Alaska residents who work for the business in Alaska  
5 in nonsupervisory positions by five per cent.

6 (2) For each one per cent in excess of 75 per cent and not  
7 over 90 per cent of the total work force of the business which is com-  
8 posed of Alaska residents who work for the business in Alaska in non-  
9 supervisory positions, the business is entitled to six and two-thirds  
10 per cent of the maximum tax credit.

11 (b) If an eligible extractive business operates both inside the  
12 state and outside the state, the operations in the state shall be segre-  
13 gated from the operations outside the state for purposes of determina-  
14 tion of the tax credit.

15 Sec. 43.27.040. DEFINITIONS. In this chapter,

16 (1) "department" means the Department of Revenue;

17 (2) "eligible extractive business" means a business which  
18 processes, severs, harvests, extracts or transports a natural resource  
19 of the state and whose total work force in Alaska includes 75 per cent  
20 or more Alaska residents in nonsupervisory positions;

21 (3) "nonsupervisory" means employees not employed in an  
22 executive, administrative or professional capacity;

23 (4) "resident" means a person who maintains a place of resi-  
24 dence in the state and shows by all attending circumstances that his  
25 intent is to make Alaska his permanent residence.

26 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
27 070(c).