Introduced: 3/25/83
Referred: Labor & Commerce
and Finance

1 IN THE HOUSE BY HAYES AND SZYMANSKI

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 258

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a special investment tax credit;

7 and providing for an effective date."

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

9 * Section 1. LEGISLATIVE FINDINGS AND INTENT. The legislature finds

10 and declares that

11 (1) there exist areas of the state south of the Arctic Circle in

12 which the factors of established population centers, established infra-

13 structure, access to ice-free ports, and substantial uncommitted reserves

14 of natural gas combine to provide an optimum basis for gas processing

15 development for an export market;

16 (2) development of gas processing facilities in the areas will

17 minimize adverse population and environmental impacts on the other areas of

18 the state;

19 (3) development of gas processing facilities in the areas will

20 promote full and stable employment, promote the creation of export markets

21 for the natural energy resources of the state, and promote the long-term

22 development of other natural resources in the state;

23 (4) it is in the statewide public interest, and is declared to

24 be a public purpose, to promote the prosperity and general welfare of all

25 citizens of the state by stimulating the development of gas processing

26 facilities in such areas;

27 (5) it is further in the statewide public interest, and is

28 declared to be a public purpose, to promote the exploration, drilling of

29 wells, development, and mining of minerals and other natural deposits

1 (other than oil and gas) in the state, to assist the state by diversifying
2 its economy, to make it less dependent on oil and gas, provide increased
3 employment opportunities and provide an incentive for investment in the
4 state; and
5 (6) the establishment of a special investment tax credit is
6 necessary in order to promote and accomplish the objectives listed in (1) -
7 (5) of this section.
8 * Sec. 2. AS 43.20.021(d) is amended to read:
9 (d) Where a credit allowed under the Internal Revenue Code is
10 also allowed in computing Alaska income tax, it is limited to 18
11 percent for corporations of the amount of credit determined for fed-
12 eral income tax purposes which is attributable to Alaska. <u>This limi-</u>
13 <u>tation shall not apply to the credits allowed by AS 43.20.036(j) and</u>
14 <u>(k).</u>
15 * Sec. 3. AS 43.20.036 is amended by adding new subsections to read:
16 (j) For purposes of calculating income tax payable under this
17 chapter the taxpayer may apply as a credit against a tax liability 100
18 percent of the investment credit allowed as to federal taxes under
19 Internal Revenue Code Section 38 (26 U.S.C. 38 P.L. 87-834) on the
20 full amount of qualified investment put into use south of the Arctic
21 Circle in the state for each taxable year for gas processing facili-
22 ties; for the purposes of this paragraph, "gas processing facilities"
23 means plants and facilities for processing any product, other than
24 crude oil, of an oil or gas well, including but not limited to lique-
25 fied natural gas, methanol and urea processing plants and facilities,
26 excluding any pipelines from oil and gas wells to any plants and
27 facilities. The amount of credit allowed under this subsection shall
28 not be subject to the limitations imposed by (b) of this section, but
29 any credit which is allowed under this subsection shall not also be

1 allowed under (b) of this section. No credit shall be allowed under
2 this subsection for any investment credit which is allowed as to
3 federal taxes for leased property by reason of section 168(f)(8) P.L.
4 97-34 of the Internal Revenue Code (26 U.S.C. 168(f)(8) P.L. 97-34).
5 (k) For purposes of calculating income tax payable under this
6 chapter the taxpayer may apply as a credit against a tax liability 100
7 percent of the investment credit allowed as to federal taxes under
8 Internal Revenue Code Section 38 (26 U.S.C. 38 P.L. 87-834) on the
9 full amount of qualified investment put into use south of the Arctic
10 Circle in the state for each taxable year for exploration, drilling of
11 wells, development, or mining of the natural deposits listed in Sec-
12 tion 613(b) of the Internal Revenue Code (26 U.S.C. 613(b))(P.L.
13 89-809 and P.L. 88-571); for the purpose of this subsection, "mining"
14 has the meaning given in Section 613(c)(2) of the Internal Revenue
15 Code (26 U.S.C. 613(c)(2) P.L. 85-866). The amount of credit allowed
16 under this subsection shall not be subject to the limitations imposed
17 by (b) of this section, but any credit which is allowed under this
18 subsection shall not also be allowed under (b) of this section.
19 Credit shall not be allowed under this subsection for any investment
20 credit which is allowed as to federal taxes for leased property by
21 reason of Section 168(f)(8) of the Internal Revenue Code (26 U.S.C.
22 168(f)(8) P.L. 97-34).
23 * Sec. 4. This Act applies to tax years beginning after December 31,
24 1983.
25 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
26 10.070(c).