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Original sponsors: Hayes and Szymanski

1 IN THE HOUSE BY THE RESOURCES COMMITTEE
2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 258 (Resources)
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) development of gas processing facilities in the state will
12 promote full and stable employment, promote the creation of export markets
13 for the natural energy resources of the state, and promote the long-term
14 development of other natural resources in the state;
15 (2) it is in the statewide public interest, and is declared to
16 be a public purpose, to promote the prosperity and general welfare of all
17 citizens of the state by stimulating the development of gas processing
18 facilities in the state;
19 (3) it is further in the statewide public interest, and is
20 declared to be a public purpose, to promote the exploration, drilling of
21 wells, development, and mining of minerals and other natural deposits
22 (other than oil and gas) in the state, to assist the state by diversifying
23 its economy, to make it less dependent on oil and gas, provide increased
24 employment opportunities and provide an incentive for investment in the
25 state; and
26 (4) the establishment of a special investment tax credit is
27 necessary in order to promote and accomplish the objectives listed in (1) -
28 (3) of this section.
29 * Sec. 2. AS 43.20.021(d) is amended to read:

1 (d) Where a credit allowed under the Internal Revenue Code is
2 also allowed in computing Alaska income tax, it is limited to 18
3 percent for corporations of the amount of credit determined for fed-
4 eral income tax purposes which is attributable to Alaska. This limi-
5 tation shall not apply to the credits allowed by AS 43.20.036(j) and
6 (k).

7 * Sec. 3. AS 43.20.036 is amended by adding new subsections to read:

8 (j) For purposes of calculating income tax payable under this
9 chapter the taxpayer may apply each taxable year for a credit against
10 a tax liability 100 percent of the investment credit allowed as to
11 federal taxes under Internal Revenue Code Section 38 (26 U.S.C. 38
12 P.L. 87-834) on the first \$250,000,000 of qualified investment put
13 into use in the state for a gas processing project; for the purposes
14 of this paragraph, "gas processing project" means the integrated
15 plant, facilities and equipment, including but not limited to facili-
16 ties and equipment used for conditioning, extraction, fractionation,
17 storage, handling and pollution control, for preparation of consumer
18 or transportation gas, or for processing any product, other than crude
19 oil, of an oil or gas well, into liquified natural gas, casinghead gas
20 or fabricated petrochemical products, including but not limited to
21 methanol, ammonia, urea, olefins, propanes, butanes, polymers and
22 intermediate hydrocarbon products, but excluding any pipelines from
23 oil and gas wells to or from any plants and facilities. The amount of
24 credit allowed under this subsection shall be subject to the
25 limitations imposed by (b) of this section, except that the amount of
26 qualified investment is not limited to the first \$20,000,000 of
27 qualified investment and is not subject to the limitation imposed by
28 AS 43.20.021(d). A credit shall not be allowed under this subsection
29 for any investment credit that is allowed as to federal taxes for

1 leased property by reason of section 168(f)(8) P.L. 97-34 of the
2 Internal Revenue Code (26 U.S.C. 168(f)(8) P.L. 97-34).

3 (k) For purposes of calculating income tax payable under this
4 chapter the taxpayer may apply each taxable year for a credit against
5 a tax liability 100 percent of the investment credit allowed as to
6 federal taxes under Internal Revenue Code Section 38 (26 U.S.C. 38
7 P.L. 87-834) on the first \$250,000,000 of qualified investment put
8 into use in the state for each tax year for exploration, drilling of
9 wells, development, or mining of the natural deposits listed in Sec-
10 tion 613(b) of the Internal Revenue Code (26 U.S.C. 613(b))(P.L.
11 89-809 and P.L. 88-571); for the purpose of this subsection, "mining"
12 has the meaning given in Section 613(c)(2) of the Internal Revenue
13 Code (26 U.S.C. 613(c)(2) P.L. 85-866). The amount of credit allowed
14 under this subsection shall be subject to the limitations imposed by
15 (b) of this section, except that the amount of qualified investment is
16 not limited to the first \$20,000,000 of qualified investment and is
17 not subject to the limitation imposed by AS 43.20.021(d). Credit
18 shall not be allowed under this subsection for any investment credit
19 which is allowed as to federal taxes for leased property by reason of
20 Section 168(f)(8) of the Internal Revenue Code (26 U.S.C. 168(f)(8)
21 P.L. 97-34).

22 (1) The credit per taxable year applied under (j) and (k) of
23 this section shall be applied as follows: (1) to an amount of up to
24 100 percent of the initial \$1,000,000 of tax liability, and (2) to an
25 amount not in excess of 50 percent of the tax liability in excess of
26 \$1,000,000. Any unused portion of the credit shall be subject to the
27 carry forward provision contained in Section 46(b)(3) of the Internal
28 Revenue Code (26 U.S.C. 46(b)(3)).

29 * Sec. 4. AS 43.20.036(j) is repealed December 31, 1992.

1 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
2 10.070(c).