

1 IN THE HOUSE

BY CATO

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 346
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act exempting public utility income from the net
7 income tax; and providing for an effective date."

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

9 * Section 1. The Alaska Public Utilities Commission (AS 42.05) shall
10 ascertain the amount of tax savings of a public utility as a result of the
11 exemption from the corporate net income tax enacted in sec. 2 of this Act
12 at the time of the next tariff filing of the public utility or within one
13 year of the effective date of this Act, whichever occurs first. The deter-
14 mination of a just and reasonable rate that a public utility may charge
15 under AS 42.05.381 shall reflect the decreased expenses of the public
16 utility as a result of the tax exemption enacted by this Act.

17 * Sec. 2. AS 43.20.011(e) is amended to read:

18 (e) Except as provided in AS 43.20.018, there [THERE] is imposed
19 for each taxable year upon the entire taxable income of every corpora-
20 tion derived from sources within the state a tax computed as follows:

21 If the taxable income is:	Then the tax is:
22 Less than \$10,000	1 percent of the taxable income
23 \$10,000 but less than \$20,000	\$100 plus 2 percent of the taxable 24 income over \$10,000
25 \$20,000 but less than \$30,000	\$300 plus 3 percent of the taxable 26 income over \$20,000
27 \$30,000 but less than \$40,000	\$600 plus 4 percent of the taxable 28 income over \$30,000
29 \$40,000 but less than \$50,000	\$1,000 plus 5 percent of the tax-

1		able income over \$40,000
2	\$50,000 but less than \$60,000	\$1,500 plus 6 percent of the tax-
3		able income over \$50,000
4	\$60,000 but less than \$70,000	\$2,100 plus 7 percent of the tax-
5		able income over \$60,000
6	\$70,000 but less than \$80,000	\$2,800 plus 8 percent of the tax-
7		able income over \$70,000
8	\$80,000 but less than \$90,000	\$3,600 plus 9 percent of the tax-
9		able income over \$80,000
10	\$90,000 or more	\$4,500 plus 9.4 percent of the tax-
11		able income over \$90,000.

12 * Sec. 3. AS 43.20 is amended by adding a new section to read:

13 Sec. 43.20.018. PUBLIC UTILITY INCOME EXEMPTION. (a) Public
14 utility income of a taxpayer from utility service provided in the
15 state is exempt from taxation under this chapter.

16 (b) The property, sales, payroll, production, income, business
17 income, and federal taxable income of a corporation attributable to
18 the public utility income of that corporation derived from sources in
19 the state may not be included in the allocation and apportionment of
20 net income of a taxpayer under AS 43.20.065 - 43.20.072.

21 * Sec. 4. AS 43.20.040 is amended by adding a new subsection to read:

22 (d) The provisions of this section do not apply to public
23 utility income. Public utility income is not income from a source
24 having a taxable or business situs in the state.

25 * Sec. 5. AS 43.20.072 is amended by adding a new subsection to read:

26 (h) For the purposes of this section, a taxpayer has not engaged
27 in the transportation of oil or gas by pipeline in the state if the
28 taxpayer is a corporation which is regulated as a public utility by
29 the Alaska Public Utilities Commission under AS 42.05 for the

1 transportation of that oil or gas.

2 * Sec. 6. AS 43.20.340 is amended by adding a new paragraph to read:

3 (18) "public utility income" means income of a taxpayer
4 derived from the ownership or operation of a public utility that is
5 regulated under AS 42.05.

6 * Sec. 7. This Act is retroactive to January 1, 1983.

7 * Sec. 8. This Act takes effect immediately in accordance with AS 01.-
8 10.070(c).