

Original sponsor: Cato

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 346 (Finance)
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. Exempt
14 public utility income shall be fully calculated and reported on the appro-
15 priate state tax forms just as if it were taxable. The determination of a
16 just and reasonable rate that a public utility may charge under
17 AS 42.05.381 shall reflect the decreased expenses of the public utility as
18 a result of the tax exemption enacted by this Act.

19 * Sec. 2. AS 42.05.381(a) is repealed and reenacted to read:

20 (a) All rates demanded or received by a public utility for the
21 purpose of generating exempt public utility income, or by any two or
22 more public utilities jointly, for a service furnished or to be fur-
23 nished for the purpose of generating exempt public utility income
24 shall be just and reasonable. A rate may not include an allowance for
25 the costs of

- 26 (1) political contributions;
27 (2) lobbying;
28 (3) public relations;
29 (4) advertising;

1 (5) consulting or management fees paid to the owner of the
2 public utility or to a subsidiary or affiliate of the owner;

3 (6) products purchased from the owner of the public utility
4 or from a subsidiary or affiliate of the owner, in excess of the
5 actual value of the products; or

6 (7) services purchased from the owner of the public utility
7 or from a subsidiary or affiliate of the owner.

8 * Sec. 3. AS 43.20.011(e) is amended to read:

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

12 If the taxable income is:

Then the tax is:

13 Less than \$10,000	1 percent of the taxable income
14 \$10,000 but less than \$20,000	\$100 plus 2 percent of the taxable 15 income over \$10,000
16 \$20,000 but less than \$30,000	\$300 plus 3 percent of the taxable 17 income over \$20,000
18 \$30,000 but less than \$40,000	\$600 plus 4 percent of the taxable 19 income over \$30,000
20 \$40,000 but less than \$50,000	\$1,000 plus 5 percent of the tax- 21 able income over \$40,000
22 \$50,000 but less than \$60,000	\$1,500 plus 6 percent of the tax- 23 able income over \$50,000
24 \$60,000 but less than \$70,000	\$2,100 plus 7 percent of the tax- 25 able income over \$60,000
26 \$70,000 but less than \$80,000	\$2,800 plus 8 percent of the tax- 27 able income over \$70,000
28 \$80,000 but less than \$90,000	\$3,600 plus 9 percent of the tax- 29 able income over \$80,000

