

Offered: 3/14/84  
Referred: Rules

Original sponsor: Cato

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 346 (2d Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND 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. 3 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 AS 42.05.-  
17 381 shall reflect the decreased expenses of the public utility as a result  
18 of the tax exemption enacted by this Act.

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

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

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

1		income over \$30,000
2	\$40,000 but less than \$50,000	\$1,000 plus 5 percent of the tax-
3		able income over \$40,000
4	\$50,000 but less than \$60,000	\$1,500 plus 6 percent of the tax-
5		able income over \$50,000
6	\$60,000 but less than \$70,000	\$2,100 plus 7 percent of the tax-
7		able income over \$60,000
8	\$70,000 but less than \$80,000	\$2,800 plus 8 percent of the tax-
9		able income over \$70,000
10	\$80,000 but less than \$90,000	\$3,600 plus 9 percent of the tax-
11		able income over \$80,000
12	\$90,000 or more	\$4,500 plus 9.4 percent of the tax-
13		able income over \$90,000.

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

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

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

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

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

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

28       (h) For the purposes of this section, a taxpayer has not engaged  
29 in the transportation of oil or gas by pipeline in the state if the

1 taxpayer is a corporation which is regulated as a public utility by  
2 the Alaska Public Utilities Commission under AS 42.05 for the trans-  
3 portation of that oil or gas.

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

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

8 \* Sec. 7. This Act only applies to public utilities that have rates  
9 established by the public utilities commission.

10 \* Sec. 8. This Act takes effect June 30, 1984.