

Original sponsors: Zharoff and  
Grussendorf

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2

CS FOR HOUSE BILL NO. 518 (Resources)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the fisheries business tax."

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

8 \* Section 1. AS 43.75.015(a) is amended to read:

9 (a) A person engaged in a fisheries business is liable for and  
10 shall pay the tax levied by this section on the value of each of the  
11 following fisheries resources processed during the year at the rate  
12 set out after each:

13 (1) salmon canned at a shore-based fisheries business  
14 [CANNERY] - four and one-half percent;

15 (2) salmon processed by a shore-based fisheries business,  
16 except salmon for which the tax is due under (1) of this subsection,  
17 and all other fisheries resources processed by a shore-based fisheries  
18 business - three percent;

19 (3) fisheries resources processed by a floating fisheries  
20 business - five percent.

21 \* Sec. 2. AS 43.75 is amended by adding new sections to read:

22 Sec. 43.75.018. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries  
23 business is entitled to a credit of not more than 50 percent of the  
24 business tax liability under AS 43.75.015 for capital expenditures  
25 related to a shore-based fisheries business facility in the state made  
26 during the tax year if an application for the credit is approved by  
27 the department.

28 (b) A fisheries business may claim a credit under (a) of this  
29 section for a maximum period of five consecutive years. An applicant

1 for the credit may elect to begin the five-year period with any tax  
2 year from 1984 through 1988.

3 (c) The portion of a capital expenditure that exceeds the amount  
4 eligible for a credit under (a) of this section during a single tax  
5 year may not be carried back to a prior taxable year, but may be  
6 claimed as a credit under (a) of this section for a subsequent tax  
7 year within the five-year period elected under (b) of this section.  
8 In no event may tax credits be approved for more than 100 percent of a  
9 capital expenditure.

10 (d) The department may not approve a tax credit under (a) of  
11 this section if the property for which the capital expenditure was  
12 made was the subject of a previous capital expenditure by another  
13 taxpayer for whom a corresponding tax credit under (a) of this section  
14 has been approved.

15 (e) The department shall adopt regulations providing for the  
16 application for a credit under (a) of this section and for the review  
17 and approval or disapproval of an application.

18 (f) The department shall approve or disapprove an application  
19 for a credit under this section not later than 60 days after receiving  
20 the application.

21 Sec. 43.75.019. TAX CREDIT REPORT. Not later than the 60th  
22 legislative day of each regular legislative session the Department of  
23 Revenue, in conjunction with the Department of Commerce and Economic  
24 Development, shall submit to the legislature a report on the fisheries  
25 business tax credit program under AS 43.75.018. The report shall  
26 describe the expenditures for which a credit was claimed during the  
27 previous tax year and, if possible, the increase in employment and  
28 processing capacity by the fisheries businesses for whom the credit  
29 was approved. Reporting under this section shall begin with the

1 second regular session of the Fourteenth Alaska Legislature.

2 \* Sec. 3. AS 43.75.130 is amended by adding a new subsection to read:

3 (b) For purposes of this section, tax revenue collected under  
4 AS 43.75.015 from a person entitled to a credit under AS 43.75.018  
5 shall be calculated as if the person's tax had been collected without  
6 applying the credit.

7 \* Sec. 4. AS 43.75.140 is amended by adding a new paragraph to read:

8 (9) "capital expenditures" includes the price paid for  
9 equipment and the costs of improvements made to depreciable property,  
10 but does not include expenditures that are deducted entirely for  
11 federal income tax purposes in the year in which they accrued or were  
12 paid.

13 \* Sec. 5. AS 43.75.018, 43.75.019, 43.75.130(b), and 43.75.140(9) are  
14 repealed June 30, 1993.