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Referred: Resources and
Finance

Original sponsors: Cato, Grussendorf
and Thompson

BY THE HOUSE SPECIAL
COMMITTEE ON FISHERIES

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 58 (Fisheries)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST 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 shall pay the tax levied by this section on the value of each of the following fisheries resources processed during the year at the rate set out after each:

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

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

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

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

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Sec. 43.75.018. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries business is entitled to a credit of not more than 50 percent of the business tax liability under AS 43.75.015 for capital expenditures made during the tax year to increase product diversity, promote production efficiency and capacity, or improve product quality at a shore-based fisheries business facility in the state if an application for the credit is approved by the department.

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(b) A fisheries business may claim a credit under (a) of this

1 section for a maximum period of five consecutive years. An applicant
2 for the credit may elect to begin the five-year period with any tax
3 year from 1985 through 1989.

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

11 (d) The department may not approve a tax credit under (a) of
12 this section if the property for which the capital expenditure was
13 made was the subject of a previous capital expenditure by another
14 taxpayer for whom a corresponding tax credit under (a) of this section
15 has been approved or if the property was sold or transferred between
16 fisheries businesses having substantial common ownership.

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

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

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

1 processing capacity by the fisheries businesses for whom the credit
2 was approved. Reporting under this section shall begin with the first
3 regular session of the Fifteenth Alaska Legislature.

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

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

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

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

16 * Sec. 5. AS 43.75.018, 43.75.019, 43.75.130(b), and 43.75.140(9) are
17 repealed June 30, 1994.