

Offered: 4/29/85
Referred: Rules

Original sponsors: Cato, Grussendorf
and Thompson

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 58 (Finance)

3

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
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. 43.75.032. 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 made during the tax year that increase product diversity, increase
26 production efficiency and capacity, or improve product quality at a
27 shore-based fisheries business facility in the state if an application
28 for the credit is approved by the department. A tax credit taken
29 under this section in a single tax year may not exceed \$1,000,000.

1 (b) A fisheries business may claim a credit under (a) of this
2 section for a maximum period of five consecutive years. An applicant
3 for the credit may elect to begin the five-year period with any tax
4 year from 1985 through 1989.

5 (c) The portion of a capital expenditure that exceeds the amount
6 eligible for a credit under (a) of this section during a single tax
7 year may not be carried back to a prior taxable year but may be
8 claimed as a credit under (a) of this section for a subsequent tax
9 year within the five-year period elected under (b) of this section.
10 Tax credits may not be approved for more than 100 percent of a capital
11 expenditure.

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

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

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

24 Sec. 43.75.034. TAX CREDIT REPORT. Not later than the 60th
25 legislative day of each regular legislative session the Department of
26 Revenue, in conjunction with the Department of Commerce and Economic
27 Development, shall submit to the legislature a report on the fisheries
28 business tax credit program under AS 43.75.032. The report shall
29 describe the expenditures for which a credit was claimed during the

1 previous tax year and, if possible, the increase in employment and
2 processing capacity by the fisheries businesses for whom the credit
3 was approved. Reporting under this section shall begin with the first
4 regular session of the Fifteenth Alaska Legislature.

5 Sec. 43.75.036. RECAPTURE. If a taxpayer sells, disposes of, or
6 otherwise ceases to use property for which a credit was allowed under
7 AS 43.75.032 at any time within four years after the date the property
8 was placed in service, the tax imposed for the taxable year under
9 AS 43.75.015 is increased by the applicable percentage of the full
10 amount taken as a credit under AS 43.75.032 according to the following
11 table:

12	Years Property Placed	Applicable
13	in Service	Percentage
14	0 - 1	100
15	1 - 2	75
16	2 - 3	50
17	3 - 4	25

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

19 (b) For purposes of this section, tax revenue collected under
20 AS 43.75.015 from a person entitled to a credit under AS 43.75.032
21 shall be calculated as if the person's tax had been collected without
22 applying the credit.

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

24 (9) "capital expenditures" includes the price paid for
25 equipment and the cost of improvements made to depreciable property,
26 but does not include expenditures that are deducted entirely for
27 federal income tax purposes in the year in which they accrued or were
28 paid.

29 * Sec. 5. AS 43.75.032, 43.75.034, 43.75.130(b), and 43.75.140(9) are

1 repealed January 1, 1994.