

Offered: 4/29/85
Referred: Rules

Original sponsors: Cato, Grussendorf
Thompson and Pignalberi

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 58 (Finance)(efd added)

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; and

7

providing for an effective date."

8

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

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

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(a) A person engaged in a fisheries business is liable for and

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shall pay the tax levied by this section on the value of each of the

12

following fisheries resources processed during the year at the rate

13

set out after each:

14

(1) salmon canned at a shore-based fisheries business

15

[CANNERY] - four and one-half percent;

16

(2) salmon processed by a shore-based fisheries business,

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except salmon for which the tax is due under (1) of this subsection,

18

and all other fisheries resources processed by a shore-based fisheries

19

business - three percent;

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(3) fisheries resources processed by a floating fisheries

21

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. 43.75.032. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries

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business is entitled to a credit of not more than 50 percent of the

25

business tax liability under AS 43.75.015 for capital expenditures

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made during the tax year that increase product diversity, increase

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production efficiency and capacity, or improve product quality at a

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shore-based fisheries business facility in the state if an application

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for the credit is approved by the department. A tax credit taken

1 under this section in a single tax year may not exceed \$1,000,000.

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

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

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

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

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

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

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

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

13	Years Property Placed	Applicable
14	in Service	Percentage
15	0 - 1	100
16	1 - 2	75
17	2 - 3	50
18	3 - 4	25

19 * Sec. 3. AS 43.75.130 is amended by adding a new subsection to read:
20 (b) For purposes of this section, tax revenue collected under
21 AS 43.75.015 from a person entitled to a credit under AS 43.75.032
22 shall be calculated as if the person's tax had been collected without
23 applying the credit.

24 * Sec. 4. AS 43.75.140 is amended by adding a new paragraph to read:
25 (9) "capital expenditures" includes the price paid for
26 equipment and the cost of improvements made to depreciable property,
27 but does not include expenditures that are deducted entirely for
28 federal income tax purposes in the year in which they accrued or were
29 paid.

- 1 * Sec. 5. AB 43.75.032, 43.75.034, 43.75.130(b), and 43.75.140(9) are
- 2 repealed January 1, 1994.
- 3 * Sec. 6. This Act takes effect July 1, 1986.