

Offered: 3/28/85  
Referred: Finance

Original sponsor: Zharoff

1 IN THE SENATE BY THE RESOURCES COMMITTEE  
2 CS FOR SENATE BILL NO. 11 (Resources)  
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:

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

10 (a) A person engaged in a fisheries business is liable for and  
11 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,  
17 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;

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

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

23 Sec. 43.75.018. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries  
24 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  
26 made during the tax year to increase product diversity, promote pro-  
27 duction efficiency and capacity, or improve product quality at a  
28 shore-based fisheries business facility in the state if an application  
29 for the credit is approved by the department in advance of the capital

1 expenditure.

2 (b) A fisheries business may claim a credit under (a) of this  
3 section for a maximum period of three consecutive years. An applicant  
4 for the credit may elect to begin the three-year period with any tax  
5 year from 1986 through 1990.

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 three-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 (1) 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 (2) a fisheries business claims a tax credit  
18 under (a) of this section and the payment of a fisheries business tax  
19 under AS 43.75.015 by the fisheries business is past due; a payment is  
20 not past due if the payment of a fisheries business tax under AS 43.-  
21 75.015 is in administrative or judicial appeal.

22 (e) The department shall prepare an application form for a  
23 credit under (a) of this section.

24 (f) The department shall approve or disapprove an application  
25 for a credit under this section within 60 days after receiving the  
26 application.

27 Sec. 43.75.019. TAX CREDIT REPORT. Not later than the 60th  
28 legislative day of each regular legislative session the Department of  
29 Revenue, in conjunction with the Department of Commerce and Economic

1 Development, shall submit to the legislature a report on the fisheries  
2 business tax credit program under AS 43.75.018. The report shall  
3 describe the expenditures for which a credit was claimed during the  
4 previous tax year and, if possible, the increase in employment and  
5 processing capacity by the fisheries businesses for whom the credit  
6 was approved. Reporting under this section shall begin with the first  
7 regular session of the Fifteenth Alaska Legislature.

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

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

13 \* Sec. 4. AS 43.75.140 is amended by adding new paragraphs to read:

14 (9) "capital expenditures" includes the price paid for  
15 equipment and the costs of improvements made to depreciable property,  
16 but does not include expenditures that are deducted entirely for  
17 federal income tax purposes in the year in which they accrued or were  
18 paid; in this paragraph, "depreciable property" has the meaning that  
19 shall be given to it by the commissioner of commerce and economic  
20 development;

21 (10) "product diversity" means the processing of nontradi-  
22 tional fish or other seafood species or products;

23 (11) "product quality" means the handling of fish or other  
24 seafood species or products in order to increase product sales or  
25 value.

26 \* Sec. 5. AS 43.75.018, 43.75.019, 43.75.130(b), and 43.75.140(9),  
27 (10), and (11) are repealed June 30, 1994.

28 \* Sec. 6. This Act takes effect January 1, 1986.