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1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2

CS FOR SENATE BILL NO. 74 (Resources)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act amending and extending the fisheries business
7 tax credit; relating to fisheries business tax re-
8 funds to municipalities; and providing for an effec-
9 tive date."

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

11 * Section 1. AS 43.75.032(a) is repealed and reenacted to read:

12 (a) A fisheries business is entitled to a credit of not more
13 than 50 percent of the business tax liability under AS 43.75.015 for
14 capital expenditures made during the tax year if an application quali-
15 fying for the credit is approved by the department in advance of the
16 capital expenditure. A fisheries business may claim a credit under
17 this subsection for a maximum period of five consecutive years and may
18 claim the credit if activity for which the claim of the credit is made
19 occurs during the five-year period. An applicant for the credit may
20 elect to begin the five-year period with any tax year from 1987
21 through 1991. A tax credit under this subsection may not be approved
22 for more than 50 percent of a capital expenditure, plus any increase
23 required under (b) of this section. For purposes of this section, a
24 capital expenditure qualifies for a tax credit if the expenditure

25 (1) increases product diversity or production efficiency
26 and capacity, or improves product quality, at a shore-based fisheries
27 business facility in the state;

28 (2) contributes to the development of a cooperative seafood
29 industrial park in the state; or

1 (3) is for construction, extension, or improvement of a
2 utility, road, or dock to be owned by the municipality or a coopera-
3 tive and the object of the expenditure will, in the judgment of the
4 city council or borough assembly, provide substantial benefit to the
5 municipality in which the fisheries business is located.

6 * Sec. 2. AS 43.75.032(b) is amended to read:

7 (b) The amount of a credit under (a) of this section for a
8 capital expenditure qualifying for a credit under (a) of this section
9 [INVOLVING A SHORE-BASED FISHERIES BUSINESS FACILITY OR COOPERATIVE
10 SEAFOOD INDUSTRIAL PARK LOCATED OR TO BE LOCATED IN A MUNICIPALITY]
11 shall be increased by the amount by which the municipality's fisheries
12 business tax refund is reduced under AS 43.75.130(c). The total
13 amount of a credit increase under this subsection during a five-year
14 [THREE-YEAR] period may not exceed 25 percent of the amount of the
15 capital expenditure.

16 * Sec. 3. AS 43.75.032(c) is amended to read:

17 (c) The portion of a capital expenditure that is eligible for a
18 credit under this section but is claimed during a single tax year may
19 not be carried back to a prior tax year but is available for the
20 computation as a credit under this section for a subsequent tax year
21 within the five-year [THREE-YEAR] period elected under (a) of this
22 section.

23 * Sec. 4. AS 43.75.032(d) is repealed and reenacted to read:

24 (d) Within 10 days after submitting an application for a credit
25 under (a) of this section, the applicant shall send a copy of the
26 application to the municipality, if any, in which the proposed capital
27 expenditure qualifying for a credit under (a) of this section is
28 located or is to be located.

29 * Sec. 5. AS 43.75.032(f) is amended to read:

1 (f) The total tax credits that may be claimed under this section
2 for a tax year for capital expenditures and scholarship contributions
3 combined may not exceed

4 (1) 75 percent of the taxpayer's business tax liability
5 under AS 43.75.015 for the tax year if a municipality adopts an ordi-
6 nance under AS 43.75.130(c) reducing the municipality's tax refund for
7 that tax year; or

8 (2) 50 percent of the taxpayer's business tax liability
9 under AS 43.75.015 for the [THAT] tax year if a municipality has not
10 adopted an ordinance under AS 43.75.130(c) reducing the municipality's
11 tax refund for that tax year.

12 * Sec. 6. AS 43.75.130(c) is amended to read:

13 (c) Within 60 days after a credit is approved under AS 43.75.032
14 for a capital expenditure qualifying for a credit under AS 43.75.-
15 032(a) [INVOLVING A SHORE-BASED FISHERIES BUSINESS FACILITY OR COOPER-
16 ATIVE SEAFOOD INDUSTRIAL PARK LOCATED OR TO BE LOCATED IN A MUNICIPAL-
17 ITY, THE MUNICIPALITY] may adopt an ordinance direct the department to
18 reduce the municipality's refund under this section over a period of
19 not more than five [THREE] years by an amount not exceeding 25 percent
20 of the capital expenditure.

21 * Sec. 7. Section 7, ch. 79, SLA 1986, is repealed and reenacted to
22 read:

23 Sec. 7. AS 43.75.130(c), 43.75.140(1), 43.75.140(7), and 43.75.-
24 140(8) are repealed January 1, 1996.

25 * Sec. 8. Section 8, ch. 79, SLA 1986, is amended to read:

26 Sec. 8. AS 43.75.034 is repealed February 15, 1996 [1992].

27 * Sec. 9. Section 10, ch. 79, SLA 1986, is amended to read:

28 Sec. 10. Section 3 of this Act takes effect January 1, 1996
29 [1992].

1 * Sec. 10. APPLICABILITY TO EXISTING CREDITS. (a) The provisions of
2 this Act apply to extend from three years to five years a tax credit claim-
3 ed by a fisheries business under AS 43.75.032 and 43.75.130 for a tax year
4 beginning after December 31, 1986, and before the effective date of this
5 Act.

6 (b) Notwithstanding the time limitation for adoption of an ordinance
7 imposed by AS 43.75.130(c), a municipality that, on or before the effective
8 date of this Act, has adopted an ordinance directing the Department of
9 Revenue to reduce the municipality's fisheries tax refund under AS 43.75.-
10 130(c) for a period of not more than three years may amend the ordinance
11 and direct the Department of Revenue to reduce that refund for a period of
12 not more than five years.

13 * Sec. 11. Sections 1 - 6 of this Act are retroactive to January 1,
14 1987.

15 * Sec. 12. This Act takes effect immediately under AS 01.10.070(c).