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1 IN THE SENATE BY THE FINANCE COMMITTEE

2 2d CS FOR SENATE BILL NO. 74 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a fisheries business tax credit;  
7 and providing for an effective date."

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

9 \* Section 1. AS 43.75 is amended by adding new sections to read:

10 Sec. 43.75.037. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries  
11 business is entitled to a credit of not more than 50 percent of the  
12 business tax liability under AS 43.75.015 for capital expenditures  
13 made during the tax year if an application qualifying for the credit  
14 is approved by the department in advance of the capital expenditure  
15 and before January 1, 1993. A fisheries business may claim a credit  
16 under this subsection for a maximum period of two consecutive years  
17 and may claim the credit if activity for which the claim of the credit  
18 is made occurs during the two-year period. An applicant for the  
19 credit may elect to begin the two year period with tax year 1991 or  
20 1992. A tax credit under this subsection may not be approved for more  
21 than 50 percent of a capital expenditure. For purposes of this  
22 section, a capital expenditure qualifies for a tax credit if the  
23 expenditure

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

27 (2) contributes to the development of a cooperative seafood  
28 industrial park in the state.

29 (b) The portion of a capital expenditure that is eligible for a

1 credit under this section but is claimed during a single tax year may  
2 not be carried back to a prior tax year but is available for the  
3 computation as a credit under this section for a subsequent tax year  
4 within the two-year period elected under (a) of this section.

5 (c) A fisheries business is entitled to a credit of not more  
6 than five percent of the business tax liability under AS 43.75.015 for  
7 contributions to the A. W. "Winn" Brindle memorial scholarship account  
8 (AS 14.43.250) that are made during the tax year or during the period  
9 in which the taxpayer may file the return and pay the tax for the tax  
10 year under AS 43.75.030. A fisheries business may claim a credit  
11 under this subsection for the 1991 or 1992 tax years. A tax credit  
12 under this subsection may not be approved for more than 100 percent of  
13 a scholarship contribution.

14 (d) The total tax credits that may be claimed under this section  
15 for a tax year for capital expenditures and scholarship contributions  
16 combined may not exceed 50 percent of the taxpayer's business tax  
17 liability under AS 43.75.015 for the tax year.

18 (e) The department may not approve a tax credit under this  
19 section if

20 (1) the property for which the capital expenditure was made  
21 was the subject of a previous capital expenditure by another taxpayer  
22 for whom a corresponding tax credit under former AS 43.75.032 or this  
23 section has been approved;

24 (2) the property for which the capital expenditure was made  
25 was sold or transferred between fisheries businesses having substan-  
26 tial common ownership; or

27 (3) the fisheries business claiming the credit is in ar-  
28 rears in the payment of a fisheries business tax under AS 43.75.015;  
29 for purposes of this paragraph, a taxpayer is not in arrears if the

1 payment is under administrative or judicial appeal.

2 (f) The department shall prepare an application form for a  
3 credit under this section.

4 (g) The department shall approve or disapprove an application  
5 for a credit under this section not later than 60 days after receiving  
6 the application.

7 (h) In this section

8 (1) "cooperative" has the meaning given in AS 10.15.595;

9 (2) "seafood industrial park" means a seafood processing  
10 center with facilities to land, handle, and process or to ship or  
11 transship to any location all marketable species of seafood; a seafood  
12 industrial park may contain commercial facilities to support the  
13 activities of the park, and the labor force and vessels that operate  
14 at or from the park.

15 Sec. 43.75.039. TAX CREDIT REPORT. Not later than the 15th  
16 legislative day of each regular legislative session the Department of  
17 Revenue, in conjunction with the Department of Commerce and Economic  
18 Development, shall submit to the legislature a report on the fisheries  
19 business tax credit program under AS 43.75.037. The report shall  
20 describe the expenditures for which a credit was approved during the  
21 previous tax year and, if possible, the increase in employment and  
22 processing capacity by the fisheries businesses for which the credit  
23 was approved.

24 \* Sec. 2. AS 43.75.037 is repealed and reenacted to read:

25 Sec. 43.75.037. TAX CREDIT FOR SCHOLARSHIP CONTRIBUTIONS. (a)  
26 A fisheries business is entitled to a credit of not more than five  
27 percent of the business tax liability under AS 47.75.015 for contribu-  
28 tions to the A.W. "Winn" Brindle memorial scholarship account (AS 14.-  
29 43.250) that are made during the tax year or during the period in

1       which the taxpayer may file the return and pay the tax for the tax  
2       year under AS 43.75.030. A tax credit under this section may not be  
3       approved for more than 100 percent of a scholarship contribution.

4               (b) The department may not approve a tax credit under this  
5       section if the fisheries business claiming the credit is in arrears in  
6       the payment of a fisheries business tax under AS 43.75.015; for pur-  
7       poses of this subsection, a taxpayer is not in arrears if the payment  
8       is under administrative or judicial appeal.

9               (c) The department shall prepare an application form for a  
10       credit under this section.

11              (d) The department shall approve or disapprove an application  
12       for a credit under this section not later than 60 days after receiving  
13       the application.

14       \* Sec. 3. AS 43.75.130(b) is amended to read:

15              (b) For purposes of this section, tax revenue collected under  
16       AS 43.75.015 from a person entitled to a credit under former AS 43.-  
17       75.032 or under AS 43.75.037 shall be calculated as if the person's  
18       tax had been collected without applying the credit.

19       \* Sec. 4. Section 7, ch. 79, SLA 1986, is amended to read:

20              Sec. 7. AS 43.75.130(c) is [AND 43.75.140(9) - (11) ARE]  
21       repealed January 1, 1992.

22       \* Sec. 5. AS 43.75.039, 43.75.140(1), 43.75.140(7), 43.75.140(8), and  
23       sec. 10, ch. 79, SLA 1986, are repealed.

24       \* Sec. 6. FISHERIES BUSINESS TAX CREDIT CLAIM IN TAX YEAR 1993.  
25       Notwithstanding the amendment of AS 43.75.037 by sec. 2 of this Act, a  
26       taxpayer who elects to begin the two-year period for the fisheries business  
27       tax credit under AS 43.75.037 and whose project was approved by the depart-  
28       ment under AS 43.75.037 before January 1, 1993, may claim the fisheries  
29       business tax credit for tax year 1993 for capital expenditures made by the

1 taxpayer during the 1992 tax year.

2 \* Sec. 7. Sections 2 and 5 of this Act take effect January 1, 1994.

3 \* Sec. 8. Except for secs. 2 and 5, this Act takes effect January 1,  
4 1991.