

**CS FOR HOUSE BILL NO. 287 (FINANCE)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 5/8/91**  
**Referred: Today's Calendar**

**Sponsor(s): REPRESENTATIVES ELLIS, Brown, Gruenberg, Navarre**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act disallowing under the Alaska Net Income Tax Act a portion of the deduction  
2 authorized by the Internal Revenue Code for certain oil and hazardous substance discharge  
3 related expenditures; and providing for an effective date."

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

5 \* **Section 1.** AS 43.20.036 is amended by adding a new subsection to read:

6 (k) For purposes of determining the tax payable under this chapter, a taxpayer who owns  
7 or who has control over oil or a hazardous substance may deduct expenses not to exceed  
8 \$1,000,000 incurred during the tax year to contain, clean up, and mitigate the effects of the  
9 discharge of that oil or hazardous substance. The limitation of this subsection also applies to  
10 payments, whether compensatory or remedial in nature or otherwise, if made to the state or the  
11 federal government or to a trust to which the state is a party when required by a court order  
12 entered under 33 U.S.C. 1251 - 1376 (Federal Water Pollution Control Act of 1972, as amended  
13 by the Clean Water Act of 1977, as amended) or 42 U.S.C. 9601 - 9657 (Comprehensive  
14 Environmental Response, Compensation, and Liability Act of 1980, as amended) or in settlement

1 of litigation by the state against the taxpayer made under one of those Acts or other law. The  
2 limitations of this subsection do not apply to a hazardous substance response action contractor,  
3 as that term is defined by AS 46.03.823, unless the oil discharge or the discharge of the  
4 hazardous substance is caused by an act or omission of the contractor that under AS 46.03.823(a)  
5 is negligent or grossly negligent or that constitutes intentional misconduct.

6 \* Sec. 2. This Act is retroactive to January 1, 1991, and applies to taxes payable under the Alaska  
7 Net Income Tax Act (AS 43.20) after December 31, 1990.

8 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).