

SENATE BILL NO. 27

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR ZHAROFF

Introduced: 1/21/91

Referred: L&C, Resources and Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing a fisheries business tax credit; and providing for an effective date."**

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

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

4 Sec. 43.75.037. FISHERIES BUSINESS TAX CREDIT. (a) A fisheries business is
5 entitled to a credit of not more than 50 percent of the business tax liability under AS 43.75.015
6 for capital expenditures made during the tax year if an application qualifying for the credit is
7 approved by the department in advance of the capital expenditure and before January 1, 1994.
8 A fisheries business may claim a credit under this subsection for a maximum period of two
9 consecutive years and may claim the credit if activity for which the claim of the credit is made
10 occurs during the two-year period. An applicant for the credit may elect to begin the two-year
11 period with tax year 1992 or 1993. A tax credit under this subsection may not be approved for
12 more than 50 percent of a capital expenditure. For purposes of this section, a capital expenditure
13 qualifies for a tax credit if the expenditure

14 (1) increases product diversity or production efficiency and capacity, or improves

1 product quality, at a shore-based fisheries business facility in the state; or

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

4 (b) The portion of a capital expenditure that is eligible for a credit under this section but
5 is claimed during a single tax year may not be carried back to a prior tax year but is available
6 for the computation as a credit under this section for a subsequent tax year within the two-year
7 period elected under (a) of this section.

8 (c) A fisheries business is entitled to a credit of not more than five percent of the
9 business tax liability under AS 43.75.015 for contributions to the A. W. "Winn" Brindle memorial
10 scholarship account (AS 14.43.250) that are made during the tax year or during the period in
11 which the taxpayer may file the return and pay the tax for the tax year under AS 43.75.030. A
12 fisheries business may claim a credit under this subsection for the 1992 or 1993 tax years. A
13 tax credit under this subsection may not be approved for more than 100 percent of a scholarship
14 contribution.

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

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

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

22 (2) the property for which the capital expenditure was made was sold or
23 transferred between fisheries businesses having substantial common ownership; or

24 (3) the fisheries business claiming the credit is in arrears in the payment of a
25 fisheries business tax under AS 43.75.015; for purposes of this paragraph, a taxpayer is not in
26 arrears if the payment is under administrative or judicial appeal.

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

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

30 (h) In this section

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

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

5 Sec. 43.75.039. TAX CREDIT REPORT. Not later than the 15th legislative day of each
6 regular legislative session the Department of Revenue, in conjunction with the Department of
7 Commerce and Economic Development, shall submit to the legislature a report on the fisheries
8 business tax credit program under AS 43.75.037. The report must describe the expenditures for
9 which a credit was approved during the previous tax year and, if possible, the increase in
10 employment and processing capacity by the fisheries businesses for which the credit was
11 approved.

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

13 Sec. 43.75.037. TAX CREDIT FOR SCHOLARSHIP CONTRIBUTIONS. (a) A
14 fisheries business is entitled to a credit of not more than five percent of the business tax liability
15 under AS 47.75.015 for contributions to the A.W. "Winn" Brindle memorial scholarship account
16 (AS 14.43.250) that are made during the tax year or during the period in which the taxpayer may
17 file the return and pay the tax for the tax year under AS 43.75.030. A tax credit under this
18 section may not be approved for more than 100 percent of a scholarship contribution.

19 (b) The department may not approve a tax credit under this section if the fisheries
20 business claiming the credit is in arrears in the payment of a fisheries business tax under
21 AS 43.75.015; for purposes of this subsection, a taxpayer is not in arrears if the payment is under
22 administrative or judicial appeal.

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

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

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

27 (b) For purposes of this section, tax revenue collected under AS 43.75.015 from a person
28 entitled to a credit under former AS 43.75.032 or under AS 43.75.037 shall be calculated as if
29 the person's tax had been collected without applying the credit.

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

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

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

3 * Sec. 6. FISHERIES BUSINESS TAX CREDIT CLAIM IN TAX YEAR 1994. Notwithstanding
4 the amendment of AS 43.75.037 by sec. 2 of this Act, a taxpayer who elects to begin the two-year period
5 for the fisheries business tax credit under AS 43.75.037 and whose project was approved by the depart-
6 ment under AS 43.75.037 before January 1, 1994, may claim the fisheries business tax credit for tax year
7 1994 for capital expenditures made by the taxpayer during the 1993 tax year.

8 * Sec. 7. Sections 2 and 5 of this Act take effect January 1, 1995.

9 * Sec. 8. Except for secs. 2 and 5, this Act takes effect January 1, 1992.