

CS FOR SENATE BILL NO. 27(L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 5/8/91
Referred: Resources, Finance

Sponsor(s): SENATOR ZHAROFF

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 for capital expenditures only for the equipment and
10 improvements that are placed in service by the fisheries business no later than the last day of the
11 first tax year for which the credit is claimed. An applicant for the credit may elect to begin the
12 two-year period with tax year 1992 or 1993. A tax credit under this subsection may not be
13 approved for more than 50 percent of a capital expenditure, and the approval of the application
14 for credit may be modified or revoked by the department at any time.

1 (b) For purposes of this section, a capital expenditure qualifies for a tax credit if the
2 expenditure

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

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

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

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

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

21 (f) The department may not approve a tax credit under this section if

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

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

27 (3) the fisheries business claiming the credit is in arrears in the payment of a
28 seafood marketing assessment under AS 16.51.120 or a tax imposed by this title; for purposes
29 of this paragraph, a taxpayer is not in arrears if the payment is under administrative or judicial
30 appeal.

31 (g) The department shall prepare an application form for a credit under this section. A

1 fisheries business claiming the credit allowed by this section must submit an application for the
2 credit on that form.

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

5 (i) In this section

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

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

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

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

19 Sec. 43.75.037. TAX CREDIT FOR SCHOLARSHIP CONTRIBUTIONS. (a) A
20 fisheries business is entitled to a credit of not more than five percent of the business tax liability
21 under AS 47.75.015 for contributions to the A.W. "Winn" Brindle memorial scholarship account
22 under AS 14.43.250 that are made during the tax year or during the period in which the taxpayer
23 may file the return and pay the tax for the tax year under AS 43.75.030. A tax credit under this
24 section may not be approved for more than 100 percent of a scholarship contribution, and the
25 approval of the application for credit may be modified or revoked by the department at any time.

26 (b) The department may not approve a tax credit under this section if the fisheries
27 business claiming the credit is in arrears in the payment of a seafood marketing assessment under
28 AS 16.51.120 or a tax imposed by this title; for purposes of this subsection, a taxpayer is not in
29 arrears if the payment is under administrative or judicial appeal.

30 (c) The department shall prepare an application form for a credit under this section. A
31 fisheries business claiming the credit allowed by this section must submit an application for the

1 credit on that form.

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

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

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

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

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

10 * 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
11 repealed.

12 * Sec. 6. FISHERIES BUSINESS TAX CREDIT CLAIM IN TAX YEAR 1994. Notwithstanding
13 the amendment of AS 43.75.037 by sec. 2 of this Act, a taxpayer who elects to begin the two-year period
14 for the fisheries business tax credit under AS 43.75.037 and whose project was approved by the depart-
15 ment under AS 43.75.037 before January 1, 1994, may claim the fisheries business tax credit for tax year
16 1994 for capital expenditures made by the taxpayer during the 1993 tax year.

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

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