

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

4/29/83

Date: 5/23/83

Mr. Speaker:

The Committee on FINANCE has had SSHB 346

"An Act exempting public utility income from the net income tax; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SSHB 346 (FIN) same title
- and recommends NO RECOMMENDATION new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

George W. Ward

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

James J. ...
Paul ... (No Rec)
John ... (No Rec)
John ... (No Rec)
W.P. ... (No Rec)
Robert ... (No Rec)
Terry ... No Rec

Albert ...
CHAIRMAN

Original sponsor: Cato

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 346 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act exempting public utility income from the net
7 income tax; and providing for an effective date."

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

9 * Section 1. The Alaska Public Utilities Commission (AS 42.05) shall
10 ascertain the amount of tax savings of a public utility as a result of the
11 exemption from the corporate net income tax enacted in sec. 2 of this Act
12 at the time of the next tariff filing of the public utility or within one
13 year of the effective date of this Act, whichever occurs first. Exempt
14 public utility income shall be fully calculated and reported on the appro-
15 priate state tax forms just as if it were taxable. The determination of a
16 just and reasonable rate that a public utility may charge under
17 AS 42.05.381 shall reflect the decreased expenses of the public utility as
18 a result of the tax exemption enacted by this Act.

19 * Sec. 2. AS 42.05.381(a) is repealed and reenacted to read:

20 (a) All rates demanded or received by a public utility for the
21 purpose of generating exempt public utility income, or by any two or
22 more public utilities jointly, for a service furnished or to be fur-
23 nished for the purpose of generating exempt public utility income
24 shall be just and reasonable. A rate may not include an allowance for
25 the costs of

- 26 (1) political contributions;
27 (2) lobbying;
28 (3) public relations;
29 (4) advertising;

1 (5) consulting or management fees paid to the owner of the
2 public utility or to a subsidiary or affiliate of the owner;

3 (6) products purchased from the owner of the public utility
4 or from a subsidiary or affiliate of the owner, in excess of the
5 actual value of the products; or

6 (7) services purchased from the owner of the public utility
7 or from a subsidiary or affiliate of the owner.

8 * Sec. 3. AS 43.20.011(e) is amended to read:

9 (e) Except as provided in AS 43.20.018, there [THERE] is imposed
10 for each taxable year upon the entire taxable income of every corpora-
11 tion derived from sources within the state a tax computed as follows:

12 If the taxable income is:	Then the tax is:
13 Less than \$10,000	1 percent of the taxable income
14 \$10,000 but less than \$20,000	\$100 plus 2 percent of the taxable 15 income over \$10,000
16 \$20,000 but less than \$30,000	\$300 plus 3 percent of the taxable 17 income over \$20,000
18 \$30,000 but less than \$40,000	\$600 plus 4 percent of the taxable 19 income over \$30,000
20 \$40,000 but less than \$50,000	\$1,000 plus 5 percent of the tax- 21 able income over \$40,000
22 \$50,000 but less than \$60,000	\$1,500 plus 6 percent of the tax- 23 able income over \$50,000
24 \$60,000 but less than \$70,000	\$2,100 plus 7 percent of the tax- 25 able income over \$60,000
26 \$70,000 but less than \$80,000	\$2,800 plus 8 percent of the tax- 27 able income over \$70,000
28 \$80,000 but less than \$90,000	\$3,600 plus 9 percent of the tax- 29 able income over \$80,000

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 24, 1983

SUBJECT: Exempting income of public utilities from the net income tax (CSSSHB 346 (Finance))

TO: Representative Albert P. Adams
Chairman, House Finance Committee

FROM: Thomas A. Sofo *TAS*
Legislative Counsel

The attached bill draft incorporates the changes which the committee has voted on in SSBH 346. Those changes create several problems for this bill. Foremost among those problems is the inadequacy of the present title after the insertion of the repealer and reenactment of AS 42.-05.381(a). We have inserted the amendment to that section as Sec. 2 of this bill, so that the bill is organized in numerical order. I have not edited the language of the amendment to AS 42.05.381(a) but would observe that the general imperative that all rates of a public utility be just and reasonable seems to have been unnecessarily eroded by the addition of the phrase, "for the purpose of exempt public utility income". While it appears that most public utility income will be indeed exempt if the attached bill is enacted, the above-quoted phrase makes the sentence verbose.

The amendment which now appears in Sec. 8 of the bill draft creates some possible ambiguity. As presently worded that amendment makes it clear that the bill only applies to public utilities which have rates established by the Alaska Public Utilities Commission. That statement is in potential conflict with the definition of public utility income which appears in Sec. 7 of the bill. The definition of public utility income included income of a taxpayer from the ownership or operation of a public utility that is regulated under AS 42.05. There are a number of instances of utilities which are regulated under AS 42.05 which do not have rates established by the public utilities commission. They are regulated by requiring compliance with the provisions of AS 42.05 that deal with certificates of public

Representative Albert P. Adams
Page 2
May 24, 1983

convenience and necessity, AS 42.05.221 - 42.05.281, but they are exempt from economic regulation. A listing of some of those utilities is contained in AS 42.05.711. If it is the desire of the committee to only exempt income from those utilities which must seek approval of their tariffs from the Alaska Public Utilities Commission, then it would be advisable to add a clause to the end of the sentence which appears in Sec. 7 of the bill which would read:

. . . except those utilities which are exempt from the provisions of AS 42.05 other than AS 42.05.221 - 42.05.281.

If I can be of any further assistance to the committee on this matter, please do not hesitate to contact me.

TAS:ljb

Attachment
21/022

STATE OF ALASKA
FISCAL NOTE

Revision Date 5/24, 1983

I. REQUEST

CS
Bill/Resolution No: SS HB 346 (FIN)
Title: Exempting public utility income
Sponsor: Cato
Requestor: State Affairs and Finance

II. FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Rev Coll & Mgmt
BRU, Program of Subprogram(s) Affected: Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	(2000)	(2000)	(2000)	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Robert R. Kessel
Division: Audit Division

Phone: 465-2320
Date: May 24, 1983

Approved by Commissioner: Joseph K. Donahue
Department: Revenue

Date: _____

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

IV. Analysis

The fiscal note is based on data extracted from returns as filed for tax year 1981 and adjusted for anticipated increases in tax liabilities.

STATE OF ALASKA
FISCAL NOTE

Revision Date 5/24, 1983

I. REQUEST

Bill/Resolution No (SSS HB 346 (Fin))
Title: Exempting public utility income
Sponsor: Cato
Requestor: Finance

II. FISCAL DETAIL

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200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	(2000)	(2000)	(2000)	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Robert R. Kessel
Division: Audit Division

Phone: 465-2320
Date: May 24, 1983

Approved by Commissioner: Joseph K. Donohue
Department: Revenue

Date: 5/24/83

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IV. Analysis

The fiscal note is based on data extracted from returns as filed for tax year 1981 and adjusted for anticipated increases in tax liabilities.

The following individuals are expected to testify on SS
HB 346:

Representative Bette Cato, sponsor

A representative of the Department of Revenue

STATE OF ALASKA
FISCAL NOTE

Revision Date . 1983

I. REQUEST

Bill/Resolution No: SS HB 346
Title: Exempting public utility income
Sponsor: Cato
Requestor: State Affairs and Finance

II. FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Rev Coll & Mgmt
BRU, Program of Subprogram(s) Affected:
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	(500)	(2500)	(2000)	(2000)	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Robert R. Kessel
Division: Audit Division

Phone: 465-2320
Date: April 25, 1983

Approved by Commissioner: [Signature]
Department: Revenue

Date: 7/26/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
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IV. Analysis

The fiscal note takes into consideration the retroactive provisions of the bill (1-1-83). Corporations make estimated payments in advance of their filing of a tax return and the fiscal note assumes that the first quarterly payments for 1983 taxes (paid on or before March 15, 1983) would not be refunded until after July 1, 1983. Therefore, the fiscal note for FY84 is greater than subsequent fiscal notes because of that refund carryover.

The fiscal note is based on data extracted from returns as filed for tax year 1981 and adjusted for anticipated increases in tax liabilities.

Revenue Effect
Public Utility Exemption

The effect of exempting public utility income from Alaska corporate income tax can be estimated by the Department of Revenue by reviewing the most recent tax returns of the utility corporations. Loss of tax revenues to the state will likely be significantly less than the \$8,768,000 in book taxes reported to the Alaska Public Utilities Commission in 1981. The variance between financial statement basis taxes and actual taxes paid to the state arises from timing and other differences allowed by accounting rules and consolidated effective tax rates for corporations with other enterprises.

From the consumers' perspective, this Act will reduce utility bills that are now paid for with after-federal-tax income. For this reason, the net effect for most consumers will be greater savings than direct distributions which generally are taxable by the federal government. Rate reductions from this source will be welcome relief from the recent successive rate increases required by many utilities.

The utility revenues and tax expense will be reduced in an equal amount; therefore, there will be no effect on net income. Rolling back rates as a result of this Act should be pleasant news to send to customers. It should also be noted that extraordinary expenses or tax credits from large capital programs resulted in some utilities showing no state income tax or a loss. These same utilities showed a significant tax position in other years, and absent this exemption would be expected to show a positive tax position over time.

An Act exempting public utility income from the net income tax; and providing for an effective date.

Section 1.

The Alaska Public Utilities Commission (APUC) sets rates for utilities based on projected revenues to cover three major categories: (1) operating expenses, (2) returns on debt and equity capital employed, and (3) an allowance for income taxes for corporate utilities. The effect of this section is to direct the APUC to determine the component of rates attributable to state corporate income tax exempted hereunder and reduce rates by that amount. The effect should be a direct flow through of the benefits of this Act to the utility's customers.

Section 2.

Refers to the exemption set forth at the new Sec. 43.20.018 provided in the next section.

Section 3.

Exempts public utility income and removes the apportionment factors related to the public utility from apportionment formulas relevant to the Multistate Tax Compact.

Section 4.

Exempts public utility income from definition of income from sources in the state.

Section 5.

Exempts utilities that transport oil or gas by pipeline from state corporate income tax if they are regulated by the APUC as a defined "public utility". Pipelines defined as "public carriers", such as the pipelines formerly regulated by the Alaska Pipeline Commission, would not be exempted under these amendments.

Section 6.

The effect of this section is to limit the tax exemption to utility income. Other net income of a utility company from unrelated operations would remain subject to state corporate income tax.

Section 7.

Set effective date as January 1, 1983 to coincide with fiscal years of most utilities.

Section 8.

Immediate effective date follows statutory form.

<u>Corporate Utility</u>	<u>Customers Served</u>	<u>State Income Tax Financial Statement Basis Reported to APUC (1981)</u>
Alascom, Inc.	4,189	\$ 6,881,205
Alaska Electric Light & Power Co.	8,434	LOSS
Alaska Power & Telephone Co.	1,223	-0-
Alyeska Utilities, Inc.	363	-0-
Anchorage Refuse, Inc.	17,669	32,158
Aniak Light & Power Co. Inc.	143	-0-
Arctic Utilities, Inc.	38	61,715
Bethel Utilities Corporation	1,401	-0-
Bettles Light & Power, Inc.	29	57
Burton Carver & Company, Inc.	32	-0-
Bush-Tell Incorporated	408	-0-
Central Alaska Utilities, Inc.	11,505	128,006
College Utilities Corporation	870	1,557
Dawn Development Corporation	106	552
Eagle River Heights Utilities, Inc.	395	1,383
Eagle River Refuse, Inc.	2,168	-0-
Eklutna Utilities, Inc.	75	-0-
ENSTAR Natural Gas Company	46,606	491,256
Far North Sanitation Service, Inc.	637	-0-
Fort Yukon Utilities	232	-0-
General Telephone Company of Alaska	8,097	88,649
Glacier State Telephone Company	16,162	611,890
Haines Light & Power Co. Inc.	619	-0-
Interior Telephone Company	1,789	35,530

<u>Corporate Utility</u>	<u>Customers Served</u>	<u>State Income Tax Financial Statement Basis Reported to APUC (1981)</u>
Juneau & Douglas Telephone Company	11,489	\$ 310,040
Kenai Utility Service Corporation	1,380	10,135
Kodiak Sanitation, Inc.	231	-0-
McGrath Light & Power	187	-0-
Mendenhaven Improvement and Maintenance Corporation	178	-0-
Mukluk Telephone Company, Inc.	126	LOSS
National Utilities, Inc.	968	27,472
Norfolk Utilities, Inc.	215	-0-
Northern Power & Engineering Corporation, Inc.	63	-0-
Northway Power & Light Inc.	65	-0-
Pelican Utility Company	74	LOSS
Peninsula Sanitation Company	872	-0-
Settler's Bay Properties, Inc.	25	LOSS
Sitka Telephone Company	3,981	32,200
Tanana Power Company	137	-0-
Telephone Utilities Of Alaska, Inc.	1,579	26,500
United Utilities, Inc.	1,310	27,790
Valley Water Company, Inc.	310	LOSS
Whittier Telephone Company	100	LOSS
Yakutat Power, Inc.	264	-0-
Yukon Telephone Company	232	-0-
Total State Income Tax reported to APUC for 1981 (financial statement basis)		<u>\$8,768,095</u>

<u>Community Served</u>	<u>Corporate Utility</u>	<u>Utility Service</u>
All communities	Alascom, Inc.	Telecommunications
Alakanuk	United Utilities, Inc.	Phone
Anchorage	Anchorage Refuse, Inc. Central Alaska Utilities, Inc. ENSTAR Natural Gas Company Rangeview Utilities	Refuse Water Gas Water & Sewer
Anchor Point	Glacier State Telephone Company	Phone
Angoon	Sitka Telephone Company	Phone
Aniak	Aniak Light & Power Company, Inc. Bush-Tell, Incorporated	Electric Phone
Anvik	Bush-Tell, Incorporated	Phone
Auke Bay	Alaska Electric Light & Power Company Juneau & Douglas Telephone Company	Electric Phone
Barrow	General Telephone Company of Alaska	Phone
Bethel	Bethel Utilities Corporation, Inc. General Telephone Company of Alaska	Electric Phone
Bettles	Bettles Light & Power, Inc.	Electric
Brevig Mission	Mukluk Telephone Company, Inc.	Phone
Chugiak	Dawn Development Corporation Eklutna Utilities, Inc. ENSTAR Natural Gas Company	Water Water Gas
Clam Gulch	Glacier State Telephone Company	Phone
College	College Utilities Corporation	Sewer & Water
Cold Bay	Interior Telephone Company Northern Power & Engineering Corp., Inc.	Phone Electric
Cooper Landing	Burton Carver & Company Inc. Interior Telephone Company	Refuse Phone
Craig	Alaska Power & Telephone Company National Utilities	Electric Phone
Crooked Creek	Bush-Tell, Incorporated	Phone

Deadhorse	Arctic Utilities, Inc.	Electric
Delta Junction	Glacier State Telephone Company	Phone
Dot Lake	Alaska Power & Telephone Company	Electric
Douglas	Alaska Electric Light & Power Company Juneau & Douglas Telephone Company	Electric Phone
Eagle River	Eagle River Heights Utilities, Inc. Eagle River Refuse, Inc. ENSTAR Natural Gas Company Norfolk Utilities	Water Refuse Gas Water
Emmonak	United Utilities, Inc.	Phone
Fairbanks	Far North Sanitation Service, Inc. Valley Water Company, Inc.	Refuse Water
Ft. Wainwright	Telephone Utilities of Alaska, Inc.	Phone
Fort Yukon	Fort Yukon Utilities Interior Telephone Company	Electric Phone
Galena	Interior Telephone Company	Phone
Gambell	United Utilities, Inc.	Phone
Girdwood	Alyeska Utilities, Inc.	Water
Grayling	Bush-Tell, Incorporated	Phone
Gustavus	Sitka Telephone Company	Phone
Haines	General Telephone Company of Alaska Haines Light & Power	Phone Electric
Holy Cross	Bush-Tell, Incorporated	Phone
Homer	Glacier State Telephone Company	Phone
Hoonah	Sitka Telephone Company	Phone
Hooper Bay	United Utilities, Inc.	Phone
Hope	Burton Carver & Company, Inc.	Refuse
Hydaburg	Alaska Power & Telephone Company National Utilities, Inc.	Electric Phone
Hyder	General Telephone Company of Alaska	Phone
Iliamna	Interior Telephone Company	Phone

Indian	Burton Carver & Company, Inc.	Refuse
Juneau	Alaska Electric Light & Power Company Juneau & Douglas Telephone Company Mendenhaven Improvement and Maintenance Corp.	Electric Phone Water
Kake	Sitka Telephone Company	Phone
Kalsag	Bush-Tell Incorporated	Phone
Kasilof	ENSTAR Natural Gas Company Glacier State Telephone Company	Gas Phone
Kenai	Glacier State Telephone Company Kenai Utility Service Corporation Peninsula Sanitation Company	Phone Gas Refuse
Kenai (North)	ENSTAR Natural Gas Company	Gas
King Cove	Interior Telephone Company	Phone
Klawock	Sitka Telephone Company	Phone
Kodiak	Glacier State Telephone Company Kodiak Sanitation	Phone Refuse
McGrath	General Telephone Company of Alaska McGrath Light & Power Company	Phone Electric
Mt. Edgecumbe	Sitka Telephone Company	Phone
Nenana	Glacier State Telephone Company	Phone
Nome	General Telephone Company of Alaska	Phone
North Pole	Glacier State Telephone Company	Phone
Northway	Northway Power & Light, Inc. Sitka Telephone Company	Electric Phone
Pelican	Sitka Telephone Company	Phone
Petersburg	General Telephone Company of Alaska	Phone
Port Lions	Interior Telephone Company	Phone
Red Devil	Bush-Tell Incorporated	Phone
Sand Point	Interior Telephone Company Pelican Utility Company	Phone CATV, Electric
St. Mary's	United Utilities, Inc.	Phone

Savoonga	United Utilities, Inc.	Phone
Settler's Bay	Settler's Bay Properties, Inc.	Sewer & Water
Seward	General Telephone Company of Alaska	Phone
Shageluk	Bush-Tell, Incorporated	Phone
Shishmaref	Mukluk Telephone Company	Phone
Sitka	Sitka Telephone Company	Phone
Skagway	Alaska Power & Telephone Company National Utilities, Inc.	Electric Phone
Sleetmute	Bush-Tell Incorporated	Phone
Sterling	ENSTAR Natural Gas Company	Gas
Stony River	Bush-Tell, Incorporated	Phone
Soldotna	ENSTAR Natural Gas Company Glacier State Telephone Company	Gas Phone
Tanana	Tanana Power Company Yukon Telephone Company	Electric Phone
Tanacross	Alaska Power & Telephone Company	Electric
Tee Harbor	Juneau & Douglas Telephone Company	Phone
Teller	Mukluk Telephone Company	Phone
Tetlin	Alaska Power & Telephone Company	Electric
Thorne Bay	Sitka Telephone Company	Phone
Togiak	United Utilities, Inc.	Phone
Tok	Alaska Power & Telephone Company National Utilities, Inc.	Electric Phone
Unalaska	Interior Telephone Company	Phone
Wales	Mukluk Telephone Company	Phone
Whittier	Whittier Telephone Company	Phone
Wrangell	General Telephone Company of Alaska	Phone
Yakutat	Sitka Telephone Company Yakutat Power, Inc.	Phone Electric

SPONSOR STATEMENT

SSi.B 346.

PUBLIC UTILITY TAX EXEMPTION

MR. CHAIRMAN,

I AM APPEARING TODAY TO TESTIFY IN SUPPORT OF MY SPONSOR SUBSTITUTE FOR HOUSE BILL 346. THIS BILL, IF ENACTED, WILL EXEMPT PUBLIC UTILITY INCOME IN THE STATE FROM ALASKA STATE CORPORATE INCOME TAX. MY SPONSOR SUBSTITUTE FURTHER REQUIRES THAT THE TAX SAVINGS RESULTING FROM THIS EXEMPTION BE PASSED DIRECTLY TO THE CONSUMER IN THE FORM OF RATE REDUCTIONS.

CONSUMERS THROUGHOUT THE STATE HAVE EXPERIENCED INCREASING UTILITY BILLS. IT IS A GROWING CONCERN THAT AFFECTS NEARLY EVERY HOUSEHOLD; BOTH RURAL AND URBAN. UTILITIES ARE BASIC TO THE NEEDS OF OUR PEOPLE. EACH MONTH A PORTION OF THEIR TELEPHONE, GAS, AND ELECTRIC BILLS CONTAIN A CHARGE TO REIMBURSE UTILITIES FOR ANY CORPORATE TAXES UTILITIES ARE REQUIRED TO PAY. THIS BILL WILL ELIMINATE THESE UNSEEN TAXES AND REDUCE RATES.

I UNDERSTAND THAT THE IMPACT ON STATE REVENUES WILL BE MINIMAL, AND I BELIEVE THAT THE EFFECT OF THIS BILL IS PROPER PUBLIC POLICY FOR THE STATE. I URGE YOUR FAVORABLE ACTION, TODAY.

Amendment #2

add a new section 6 and remember subsequent sections

" This Act only applies to Public Utilities whose rates are established by the public utilities commission "

AMENDMENT

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY: Representative Lindauer

TO: SS HB 346 HOUSE BILL NO. _____

SENATE BILL NO. _____

PAGE: _____ LINE: _____

Page 1, Line 13:

Insert after "first." Exempt public utility income shall be fully calculated and reported on the appropriate state tax forms just as if it is taxable.

Insert after section 3 a new section 4 and renumber subsequent sections:

*Section 4. AS 42.05.381(a) is repealed and reenacted to read:

(a) All rates demanded or received by a public utility, or by any two or more public utilities jointly, for a service furnished or to be furnished for THE PURPOSE OF GENERATING EXEMPT PUBLIC UTILITY INCOME shall be just and reasonable. ~~such a~~ rate may not include an allowance for the costs of

For the purpose of generating exempt public utility income

- (1) political contributions;
- (2) lobbying;
- (3) public relations;
- (4) advertising;
- (5) consulting or management fees paid to the owner of the public utility or to a subsidiary or affiliate of the owner;
- (6) products purchased from the owner of the public utility or from a subsidiary or affiliate of the owner, in excess of the actual value of the products; or
- (7) services purchased from the owner of the public utility or from a subsidiary or affiliate of the owner.

Introduced: 4/22/83
Referred: Labor and Commerce
and Finance

1 IN THE HOUSE

BY CATO

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 346

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act exempting public utility income from the net
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18 (e) Except as provided in AS 43.20.018, there [THERE] is imposed
19 for each taxable year upon the entire taxable income of every corpora-
20 tion derived from sources within the state a tax computed as follows:

21 If the taxable income is:	Then the tax is:
22 Less than \$10,000	1 percent of the taxable income
23 \$10,000 but less than \$20,000	\$100 plus 2 percent of the taxable 24 income over \$10,000
25 \$20,000 but less than \$30,000	\$300 plus 3 percent of the taxable 26 income over \$20,000
27 \$30,000 but less than \$40,000	\$600 plus 4 percent of the taxable 28 income over \$30,000
29 \$40,000 but less than \$50,000	\$1,000 plus 5 percent of the tax-

1		able income over \$40,000
2	\$50,000 but less than \$60,000	\$1,500 plus 6 percent of the tax-
3		able income over \$50,000
4	\$60,000 but less than \$70,000	\$2,100 plus 7 percent of the tax-
5		able income over \$60,000
6	\$70,000 but less than \$80,000	\$2,800 plus 8 percent of the tax-
7		able income over \$70,000
8	\$80,000 but less than \$90,000	\$3,600 plus 9 percent of the tax-
9		able income over \$80,000
10	\$90,000 or more	\$4,500 plus 9.4 percent of the tax-
11		able income over \$90,000.

12 * Sec. 3. AS 43.20 is amended by adding a new section to read:

13 Sec. 43.20.018. PUBLIC UTILITY INCOME EXEMPTION. (a) Public
14 utility income of a taxpayer from utility service provided in the
15 state is exempt from taxation under this chapter.

16 (b) The property, sales, payroll, production, income, business
17 income, and federal taxable income of a corporation attributable to
18 the public utility income of that corporation derived from sources in
19 the state may not be included in the allocation and apportionment of
20 net income of a taxpayer under AS 43.20.065 - 43.20.072.

21 * Sec. 4. AS 43.20.040 is amended by adding a new subsection to read:

22 (d) The provisions of this section do not apply to public
23 utility income. Public utility income is not income from a source
24 having a taxable or business situs in the state.

25 * Sec. 5. AS 43.20.072 is amended by adding a new subsection to read:

26 (h) For the purposes of this section, a taxpayer has not engaged
27 in the transportation of oil or gas by pipeline in the state if the
28 taxpayer is a corporation which is regulated as a public utility by
29 the Alaska Public Utilities Commission under AS 42.05 for the

1 transportation of that oil or gas.

2 * Sec. 6. AS 43.20.340 is amended by adding a new paragraph to read:

3 (18) "public utility income" means income of a taxpayer
4 derived from the ownership or operation of a public utility that is
5 regulated under AS 42.05.

6 * Sec. 7. This Act is retroactive to January 1, 1983.

7 * Sec. 8. This Act takes effect immediately in accordance with AS 01.-
8 10.070(c).

STATE OF ALASKA
FISCAL NOTE

Revision Date Dec., 1983

I. REQUEST

Bill/Resolution No: CSSSHB 346(Fin)
 Title: Exempting public utility income
 Sponsor: Cato
 Requestor: House Rules

II. FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: Coll & Mgmt
 BRU, Program of Subprogram(s) Affected: Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-

CAPITAL	-	-	-	-	-	-
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REVENUE	-	(2000)	(2000)	(2000)	-	-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	(2000)	(2000)	(2000)	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Maureen O'Brien
 Division: Audit Division

Phone: 465-2320
 Date: 12/01/83

Approved by Commissioner: *Rob O'Leary*
 Department: Revenue

Date: 12/19/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

IV. Analysis for CSSHB 346(Fin)

The fiscal note is based on data extracted from returns as filed for tax year 1981 and adjusted for anticipated increases in tax liabilities.

No administrative impact.

Original sponsor: Cato

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 346 (2d Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act exempting public utility income from the net
7 income tax, and providing for an effective date."

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

9 * Section 1. The Alaska Public Utilities Commission (AS 42.05) shall
10 ascertain the amount of tax savings of a public utility as a result of the
11 exemption from the corporate net income tax enacted in sec. 3 of this Act
12 at the time of the next tariff filing of the public utility or within one
13 year of the effective date of this Act, whichever occurs first. Exempt
14 public utility income shall be fully calculated and reported on the appro-
15 priate state tax forms just as if it were taxable. The determination of a
16 just and reasonable rate that a public utility may charge under AS 42.05.-
17 381 shall reflect the decreased expenses of the public utility as a result
18 of the tax exemption enacted by this Act.

19 * Sec. 2. AS 43.20.011(e) is amended to read:

20 (e) Except as provided in AS 43.20.018, there [THERE] is imposed
21 for each taxable year upon the entire taxable income of every corpora-
22 tion derived from sources within the state a tax computed as follows:

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* Sec. 3. AS 43.20 is amended by adding a new section to read:

Sec. 43.20.018. PUBLIC UTILITY INCOME EXEMPTION. (a) Public utility income of a taxpayer from utility service provided in the state is exempt from taxation under this chapter.

(b) The property, sales, payroll, production, income, business income, and federal taxable income of a corporation attributable to the public utility income of that corporation derived from sources in the state may not be included in the allocation and apportionment of net income of a taxpayer under AS 43.20.065 - 43.20.072.

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(d) The provisions of this section do not apply to public utility income. Public utility income is not income from a source having a taxable or business situs in the state.

* Sec. 5. AS 43.20.072 is amended by adding a new subsection to read:

(h) For the purposes of this section, a taxpayer has not engaged in the transportation of oil or gas by pipeline in the state if the

1 taxpayer is a corporation which is regulated as a public utility by
2 the Alaska Public Utilities Commission under AS 42.05 for the trans-
3 portation of that oil or gas.

4 * Sec. 6. AS 43.20.340 is amended by adding a new paragraph to read:

5 (18) "public utility income" means income of a taxpayer
6 derived from the ownership or operation of a public utility that is
7 regulated under AS 42.05.

8 * Sec. 7. This Act only applies to public utilities that have rates
9 established by the public utilities commission.

10 * Sec. 8. This Act takes effect June 30, 1984.

SECTIONAL ANALYSIS OF PROPOSED
CSSS HB 346 (2nd Finance)

Title: An Act exempting public utility income from the net income tax; and providing for an effective date.

Section 1.

The Alaska Public Utilities Commission (APUC) sets rates for utilities based on projected revenues to cover three major categories: (1) operating expenses, taxes for corporate utilities. The effect of this section is to direct the APUC to determine the component of rates attributable to state corporate income tax exempted hereunder and reduce rates by that amount. The effect should be a direct flow through of the benefits of this Act to the utility's customers.

Section 2.

Refers to the exemption set forth at the new Sec. 43.20.018 provided in the next section.

Section 3.

Exempts public utility income and removes the apportionment factors related to the public utility from apportionment formulas relevant to the Multistate Tax Compact.

Section 4.

Exempts public utility income from definition of income from sources in the state.

Section 5.

Exempts utilities that transport oil or gas by pipeline from state corporate income tax if they are regulated by the APUC as a defined "public utility." Pipelines defined as "public carriers," such as the pipelines formerly regulated by the Alaska Pipeline Commission, would; not be exempted under these amendments.

Section 6.

The effect of this section is to limit the tax exemption to utility income. Other net income of a utility company from unrelated operations would remain subject to state corporate income tax.

Section 7.

States that the Act only affects utilities that have rates established by the Public Utilities Commission.

Section 8.

Sets effective date for bill: 6/30/87.

Revenue Effect
Public Utility Exemption

The effect of exempting public utility income from Alaska corporate income tax can be estimated by the Department of Revenue by reviewing the most recent tax returns of the utility corporations. Loss of tax revenues to the state will likely be significantly less than the \$8,768,000 in book taxes reported to the Alaska Public Utilities Commission in 1981. The variance between financial statement basis taxes and actual taxes paid to the state arises from timing and other differences allowed by accounting rules and consolidated effective tax rates for corporations with other enterprises.

From the consumers' perspective, this Act will reduce utility bills that are now paid for with after-federal-tax income. For this reason, the net effect for most consumers will be greater savings than direct distributions which generally are taxable by the federal government. Rate reductions from this source will be welcome relief from the recent successive rate increases required by many utilities.

The utility revenues and tax expense will be reduced in an equal amount; therefore, there will be no effect on net income. Rolling back rates as a result of this Act should be pleasant news to send to customers. It should also be noted that extraordinary expenses or tax credits from large capital programs resulted in some utilities showing no state income tax or a loss. These same utilities showed a significant tax position in other years, and absent this exemption would be expected to show a positive tax position over time.

An Act exempting public utility income from the net income tax; and providing for an effective date.

Section 1.

The Alaska Public Utilities Commission (APUC) sets rates for utilities based on projected revenues to cover three major categories: (1) operating expenses, (2) returns on debt and equity capital employed, and (3) an allowance for income taxes for corporate utilities. The effect of this section is to direct the APUC to determine the component of rates attributable to state corporate income tax exempted hereunder and reduce rates by that amount. The effect should be a direct flow through of the benefits of this Act to the utility's customers.

Section 2.

Refers to the exemption set forth at the new Sec. 43.20.018 provided in the next section.

Section 3.

Exempts public utility income and removes the apportionment factors related to the public utility from apportionment formulas relevant to the Multistate Tax Compact.

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Section 6.

The effect of this section is to limit the tax exemption to utility income. Other net income of a utility company from unrelated operations would remain subject to state corporate income tax.

Section 7.

Set effective date as January 1, 1983 to coincide with fiscal years of most utilities.

Section 8.

Immediate effective date follows statutory form.

<u>Corporate Utility</u>	<u>Customers Served</u>	<u>State Income Tax Financial Statement Basis Reported to APUC (1981)</u>
Alascom, Inc.	4,189	\$ 6,881,205
Alaska Electric Light & Power Co.	8,434	LOSS
Alaska Power & Telephone Co.	1,223	-0-
Alyeska Utilities, Inc.	363	-0-
Anchorage Refuse, Inc.	17,669	32,158
Aniak Light & Power Co. Inc.	143	-0-
Arctic Utilities, Inc.	38	61,715
Bethel Utilities Corporation	1,401	-0-
Bettles Light & Power, Inc.	29	57
Burton Carver & Company, Inc.	32	-0-
Bush-Tell Incorporated	408	-0-
Central Alaska Utilities, Inc.	11,505	128,006
College Utilities Corporation	870	1,557
Dawn Development Corporation	106	552
Eagle River Heights Utilities, Inc.	395	1,383
Eagle River Refuse, Inc.	2,168	-0-
Eklutna Utilities, Inc.	75	-0-
ENSTAR Natural Gas Company	46,606	491,256
Far North Sanitation Service, Inc.	637	-0-
Fort Yukon Utilities	232	-0-
General Telephone Company of Alaska	8,097	88,649
Glacier State Telephone Company	16,162	611,890
Haines Light & Power Co. Inc.	619	-0-
Interior Telephone Company	1,789	35,530

<u>Corporate Utility</u>	<u>Customers Served</u>	<u>State Income Tax Financial Statement Basis Reported to APUC (1981)</u>
Juneau & Douglas Telephone Company	11,489	\$ 310,040
Kenai Utility Service Corporation	1,380	10,135
Kodiak Sanitation, Inc.	231	-0-
McGrath Light & Power	187	-0-
Mendenhaven Improvement and Maintenance Corporation	178	-0-
Mukluk Telephone Company, Inc.	126	LOSS
National Utilities, Inc.	968	27,472
Norfolk Utilities, Inc.	215	-0-
Northern Power & Engineering Corporation, Inc.	63	-0-
Northway Power & Light Inc.	65	-0-
Pelican Utility Company	74	LOSS
Peninsula Sanitation Company	872	-0-
Settler's Bay Properties, Inc.	25	LOSS
Sitka Telephone Company	3,981	32,200
Tanana Power Company	137	-0-
Telephone Utilities Of Alaska, Inc.	1,579	26,500
United Utilities, Inc.	1,310	27,790
Valley Water Company, Inc.	310	LOSS
Whittier Telephone Company	100	LOSS
Yakutat Power, Inc.	264	-0-
Yukon Telephone Company	232	-0-
Total State Income Tax reported to APUC for 1981 (financial statement basis)		<u>\$8,768,095</u>

Community ServedCorporate UtilityUtility Service

All communities	Alascom, Inc.	Telecommunications
Alakanuk	United Utilities, Inc.	Phone
Anchorage	Anchorage Refuse, Inc. Central Alaska Utilities, Inc. ENSTAR Natural Gas Company Rangeview Utilities	Refuse Water Gas Water & Sewer
Anchor Point	Glacier State Telephone Company	Phone
Angoon	Sitka Telephone Company	Phone
Aniak	Aniak Light & Power Company, Inc. Bush-Tell, Incorporated	Electric Phone
Anvik	Bush-Tell, Incorporated	Phone
Auke Bay	Alaska Electric Light & Power Company Juneau & Douglas Telephone Company	Electric Phone
Barrow	General Telephone Company of Alaska	Phone
Bethel	Bethel Utilities Corporation, Inc. General Telephone Company of Alaska	Electric Phone
Bettles	Bettles Light & Power, Inc.	Electric
Brevig Mission	Mukluk Telephone Company, Inc.	Phone
Chugiak	Dawn Development Corporation Eklutna Utilities, Inc. ENSTAR Natural Gas Company	Water Water Gas
Clam Gulch	Glacier State Telephone Company	Phone
College	College Utilities Corporation	Sewer & Water
Cold Bay	Interior Telephone Company Northern Power & Engineering Corp., Inc.	Phone Electric
Cooper Landing	Burton Carver & Company Inc. Interior Telephone Company	Refuse Phone
Craig	Alaska Power & Telephone Company National Utilities	Electric Phone
Crooked Creek	Bush-Tell, Incorporated	Phone

Deadhorse	Arctic Utilities, Inc.	Electric
Delta Junction	Glacier State Telephone Company	Phone
Dot Lake	Alaska Power & Telephone Company	Electric
Douglas	Alaska Electric Light & Power Company Juneau & Douglas Telephone Company	Electric Phone
Eagle River	Eagle River Heights Utilities, Inc. Eagle River Refuse, Inc. ENSTAR Natural Gas Company Norfolk Utilities	Water Refuse Gas Water
Emmonak	United Utilities, Inc.	Phone
Fairbanks	Far North Sanitation Service, Inc. Valley Water Company, Inc.	Refuse Water
Ft. Wainwright	Telephone Utilities of Alaska, Inc.	Phone
Fort Yukon	Fort Yukon Utilities Interior Telephone Company	Electric Phone
Galena	Interior Telephone Company	Phone
Gambell	United Utilities, Inc.	Phone
Girdwood	Alyeska Utilities, Inc.	Water
Grayling	Bush-Tell, Incorporated	Phone
Gustavus	Sitka Telephone Company	Phone
Haines	General Telephone Company of Alaska Haines Light & Power	Phone Electric
Holy Cross	Bush-Tell, Incorporated	Phone
Homer	Glacier State Telephone Company	Phone
Hoonah	Sitka Telephone Company	Phone
Hooper Bay	United Utilities, Inc.	Phone
Hope	Burton Carver & Company, Inc.	Refuse
Hydaburg	Alaska Power & Telephone Company National Utilities, Inc.	Electric Phone
Hyder	General Telephone Company of Alaska	Phone
Iliamna	Interior Telephone Company	Phone

Indian	Burton Carver & Company, Inc.	Refuse
Juneau	Alaska Electric Light & Power Company Juneau & Douglas Telephone Company Mendenhaven Improvement and Maintenance Corp.	Electric Phone Water
Kake	Sitka Telephone Company	Phone
Kalsag	Bush-Tell Incorporated	Phone
Kasilof	ENSTAR Natural Gas Company Glacier State Telephone Company	Gas Phone
Kenai	Glacier State Telephone Company Kenai Utility Service Corporation Peninsula Sanitation Company	Phone Gas Refuse
Kenai (North)	ENSTAR Natural Gas Company	Gas
King Cove	Interior Telephone Company	Phone
Klawock	Sitka Telephone Company	Phone
Kodiak	Glacier State Telephone Company Kodiak Sanitation	Phone Refuse
McGrath	General Telephone Company of Alaska McGrath Light & Power Company	Phone Electric
Mt. Edgecumbe	Sitka Telephone Company	Phone
Nenana	Glacier State Telephone Company	Phone
Nome	General Telephone Company of Alaska	Phone
North Pole	Glacier State Telephone Company	Phone
Northway	Northway Power & Light, Inc. Sitka Telephone Company	Electric Phone
Pelican	Sitka Telephone Company	Phone
Petersburg	General Telephone Company of Alaska	Phone
Port Lions	Interior Telephone Company	Phone
Red Devil	Bush-Tell Incorporated	Phone
Sand Point	Interior Telephone Company Pelican Utility Company	Phone CATV, Electric
St. Mary's	United Utilities, Inc.	Phone

Savoonga	United Utilities, Inc.	Phone
Settler's Bay	Settler's Bay Properties, Inc.	Sewer & Water
Seward	General Telephone Company of Alaska	Phone
Shageiuk	Bush-Tell, Incorporated	Phone
Shishmaref	Mukluk Telephone Company	Phone
Sitka	Sitka Telephone Company	Phone
Skagway	Alaska Power & Telephone Company National Utilities, Inc.	Electric Phone
Sleetmute	Bush-Tell Incorporated	Phone
Sterling	ENSTAR Natural Gas Company	Gas
Stony River	Bush-Tell, Incorporated	Phone
Soldotna	ENSTAR Natural Gas Company Glacier State Telephone Company	Gas Phone
Tanana	Tanana Power Company Yukon Telephone Company	Electric Phone
Tanacross	Alaska Power & Telephone Company	Electric
Tee Harbor	Juneau & Douglas Telephone Company	Phone
Teller	Mukluk Telephone Company	Phone
Tetlin	Alaska Power & Telephone Company	Electric
Thorne Bay	Sitka Telephone Company	Phone
Togiak	United Utilities, Inc.	Phone
Tok	Alaska Power & Telephone Company National Utilities, Inc.	Electric Phone
Unalaska	Interior Telephone Company	Phone
Wales	Mukluk Telephone Company	Phone
Whittier	Whittier Telephone Company	Phone
Wrangell	General Telephone Company of Alaska	Phone
Yakutat	Sitka Telephone Company Yakutat Power, Inc.	Phone Electric

Offered: 5/25/83
Referred: Rules

Original sponsor: Cato

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 346 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act exempting public utility income from the net
7 income tax; and providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. The Alaska Public Utilities Commission (AS 42.05) shall
10 ascertain the amount of tax savings of a public utility as a result of the
11 exemption from the corporate net income tax enacted in sec. 2 of this Act
12 at the time of the next tariff filing of the public utility or within one
13 year of the effective date of this Act, whichever occurs first. Exempt
14 public utility income shall be fully calculated and reported on the appro-
15 priate state tax forms just as if it were taxable. The determination of a
16 just and reasonable rate that a public utility may charge under
17 AS 42.05.381 shall reflect the decreased expenses of the public utility as
18 a result of the tax exemption enacted by this Act.
19 * Sec. 2. AS 42.05.381(a) is repealed and reenacted to read:
20 (a) All rates demanded or received by a public utility for the
21 purpose of generating exempt public utility income, or by any two or
22 more public utilities jointly, for a service furnished or to be fur-
23 nished for the purpose of generating exempt public utility income
24 shall be just and reasonable. A rate may not include an allowance for
25 the costs of
26 (1) political contributions;
27 (2) lobbying;
28 (3) public relations;
29 (4) advertising;

1 (5) consulting or management fees paid to the owner of the
2 public utility or to a subsidiary or affiliate of the owner;

3 (6) products purchased from the owner of the public utility
4 or from a subsidiary or affiliate of the owner, in excess of the
5 actual value of the products; or

6 (7) services purchased from the owner of the public utility
7 or from a subsidiary or affiliate of the owner.

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Introduced: 4/22/83
Referred: Labor and Commerce
and Finance

1 IN THE HOUSE

BY CATO

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 346
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

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4 derived from the ownership or operation of a public utility that is
5 regulated under AS 42.05.

6 * Sec. 7. This Act is retroactive to January 1, 1983.

7 * Sec. 8. This Act takes effect immediately in accordance with AS 01.-
8 10.070(c).