



LAWS OF ALASKA

1984

Source

CCSHB 258

Chapter No.

60

AN ACT

Establishing a special investment tax credit; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 9

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: May 28, 1984
Actual Effective Date: January 1, 1985

AN ACT

Establishing a special investment tax credit; and
providing for an effective date.

* Section 1. LEGISLATIVE FINDINGS AND INTENT. The legislature finds and declares that

(1) development of gas processing facilities in the state will promote full and stable employment, promote the creation of export markets for the natural energy resources of the state, and promote the long-term development of other natural resources in the state;

(2) it is in the statewide public interest, and is declared to be a public purpose, to promote the prosperity and general welfare of all citizens of the state by stimulating the development of gas processing facilities in the state;

(3) it is further in the statewide public interest, and is declared to be a public purpose, to promote the exploration, drilling of wells, development, and mining of minerals and other natural deposits (other than oil and gas) in the state, to assist the state by diversifying its economy, to make it less dependent on oil and gas, provide increased employment opportunities and provide an incentive for investment in the state; and

(4) the establishment of a special industrial incentive investment tax credit is necessary in order to promote and accomplish the objectives listed in (1) - (3) of this section.

* Sec. 2. AS 43.20.021(d) is amended to read:

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1 (d) Where a credit allowed under the Internal Revenue Code is
2 also allowed in computing Alaska income tax, it is limited to 18
3 percent for corporations of the amount of credit determined for fed-
4 eral income tax purposes which is attributable to Alaska. This limi-
5 tation does not apply to a special industrial incentive tax credit
6 under AS 43.20.042.

7 * Sec. 3. AS 43.20.036(b) is amended to read:

8 (b) For purposes of calculating the income tax payable under
9 this chapter, the taxpayer may apply as a credit against tax liability
10 the investment credit allowed as to federal taxes under 26 U.S.C. 38
11 (Internal Revenue Code) upon only the first \$20,000,000 of qualified
12 investment, other than qualified investment for a special industrial
13 incentive investment tax credit under AS 43.20.042, put into use in
14 the state for each taxable year. This limitation does not apply to
15 the amounts invested in equipment that [WHICH] meets the definition of
16 a certified pollution control facility as defined in 26 U.S.C. 169
17 (Internal Revenue Code) as in effect on June 19, 1975, except that the
18 date specified in 26 U.S.C. 169(d) (Internal Revenue Code) as a condi-
19 tion of qualifying a certified pollution control facility for a deduc-
20 tion does not apply.

21 * Sec. 4. AS 43.20 is amended by adding a new section to read:

22 Sec. 43.20.042. SPECIAL INDUSTRIAL INCENTIVE INVESTMENT TAX
23 CREDITS. (a) Subject to (c) of this section, for purposes of calcu-
24 lating eligible taxes the taxpayer may apply as a credit against
25 eligible taxes the following percentage of the investment credit
26 allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code)
27 on only the first \$250,000,000 of qualified investment in the state
28 for each taxable year after December 31, 1984, for a gas processing
29 project: (1) 100 percent on the first \$50,000,000 of qualified

1 investment; (2) 80 percent on qualified investment over \$50,000,000
2 but not exceeding \$100,000,000; (3) 70 percent on qualified investment
3 over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on
4 qualified investment over \$150,000,000 but not exceeding \$200,000,000;
5 and (5) 40 percent on qualified investment over \$200,000,000 but not
6 exceeding \$250,000,000. A credit may not be allowed under this sub-
7 section for an investment credit that is allowed as to federal taxes
8 for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue
9 Code). In this subsection, "gas processing project" means the inte-
10 grated plant, facilities, and equipment, including pollution control
11 equipment, used for (1) preparation of consumer or transportation gas,
12 or (2) conditioning, fractionation, storage, handling or processing of
13 a product, other than crude oil, of an oil or gas well, into liquefied
14 natural gas, methanol, ammonia, urea, olefins, propanes, butanes,
15 polymers and intermediate hydrocarbon products; it does not include a
16 pipeline from oil and gas wells to or from a plant and facilities.

17 (b) Subject to (c) of this section, for purposes of calculating
18 eligible taxes the taxpayer may apply as a credit against eligible
19 taxes the following percentage of the investment credit allowed as to
20 federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the
21 first \$250,000,000 of qualified investment in the state for each
22 taxable year after December 31, 1984, for exploration, drilling of
23 wells, development, or mining of the minerals and other natural depos-
24 its listed in 26 U.S.C. 613(b) (Internal Revenue Code) other than sand
25 or gravel unless the mining of sand or gravel is ancillary to a mining
26 development involving a qualified natural deposit other than sand or
27 gravel: (1) 100 percent on the first \$50,000,000 of qualified invest-
28 ment; (2) 80 percent on qualified investment over \$50,000,000 but not
29 exceeding \$100,000,000; (3) 70 percent on qualified investment over

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1 \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on quali-
2 fied investment over \$150,000,000 but not exceeding \$200,000,000; and
3 (5) 40 percent on qualified investment over \$200,000,000 but not
4 exceeding \$250,000,000. A credit may not be allowed under this sub-
5 section for any investment credit that is allowed as to federal taxes
6 for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue
7 Code). In this subsection, "mining" has the meaning given in 26
8 U.S.C. 613(c)(2) (Internal Revenue Code).

9 (c) A taxpayer may not claim an investment tax credit under (a)
10 or (b) of this section unless the gas processing project or mining
11 project began operation and production after December 31, 1984. A gas
12 processing or mining project is considered to have begun operation and
13 production when the first product or mineral is produced that is
14 ultimately either sold or transferred for further processing or
15 ultimate use.

16 (d) A taxpayer may not claim an additional investment tax credit
17 under AS 43.20.036(b) for an investment for which a special industrial
18 incentive investment tax credit is claimed under (a) or (b) of this
19 section.

20 (e) If a taxpayer making an investment that qualifies for the
21 investment tax credit under this section is a member of a group of
22 affiliated corporations filing a consolidated return under the pro-
23 visions of this chapter, the amount of the investment tax credit that
24 may be claimed on the consolidated return is limited to the amount the
25 taxpayer making the qualified investment would have been eligible to
26 claim had a consolidated return not been filed.

27 (f) The investment tax credit per taxable year allowed by (a)
28 and (b) of this section may not exceed 60 percent of the eligible tax
29 liability. Any unused portion of the investment tax credit shall be

1 subject to the carry forward provisions in 26 U.S.C. 46(b)(3)
2 (Internal Revenue Code) except that the unused credit may not be
3 carried forward to tax years beginning after December 31, 1999.

4 (g) Except as provided in (f) of this section, a tax credit
5 under this section may not be claimed on investments made after
6 December 31, 1994.

7 (h) In this section "eligible taxes" means the total tax liabil-
8 ity of a taxpayer for the annual taxes due under the provisions of
9 this chapter and AS 43.65.

10 * Sec. 5. This Act takes effect January 1, 1985.