

**HOUSE BILL NO. 48**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES GARA, TARR, AND JOSEPHSON

Introduced: 1/11/13  
Referred: Prefiled

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act bearing the short title of the 'New Business Development Act'; and reducing the  
2 corporate income tax by two-thirds in the three years immediately after the  
3 incorporation of a new corporation not owned by an existing corporation or a new  
4 corporation in a separate line of business owned by an existing corporation."

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

6 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
7 to read:

8 SHORT TITLE. This Act may be known as the New Business Development Act.

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

10 (e) There is imposed for each taxable year upon the entire taxable income of  
11 every corporation derived from sources within the state a tax. **Except as provided in**  
12 **(g) of this section, the tax is** computed as follows:

13	If the taxable income is:	Then the tax is:
14	Less than \$10,000	1 percent of the taxable income

1	\$10,000 but less than \$20,000	\$100 plus 2 percent of the taxable
2		income over \$10,000
3	\$20,000 but less than \$30,000	\$300 plus 3 percent of the taxable
4		income over \$20,000
5	\$30,000 but less than \$40,000	\$600 plus 4 percent of the taxable
6		income over \$30,000
7	\$40,000 but less than \$50,000	\$1,000 plus 5 percent of the taxable
8		income over \$40,000
9	\$50,000 but less than \$60,000	\$1,500 plus 6 percent of the taxable
10		income over \$50,000
11	\$60,000 but less than \$70,000	\$2,100 plus 7 percent of the taxable
12		income over \$60,000
13	\$70,000 but less than \$80,000	\$2,800 plus 8 percent of the taxable
14		income over \$70,000
15	\$80,000 but less than \$90,000	\$3,600 plus 9 percent of the taxable
16		income over \$80,000
17	\$90,000 or more	\$4,500 plus 9.4 percent of the taxable
18		income over \$90,000.

19 \* **Sec. 3.** AS 43.20.011 is amended by adding a new subsection to read:

20 (g) For the three taxable years immediately following incorporation, the tax  
 21 due under (e) of this section shall be reduced by two-thirds. The tax reduction  
 22 provided by this subsection does not apply to the purchase of an existing corporation  
 23 or to the expansion of an existing corporation. The tax reduction provided by this  
 24 subsection does not apply to a new corporation that is owned 50 percent or more by a  
 25 person or combination of persons that also own 50 percent or more of a corporation  
 26 existing at the time of the incorporation of the new corporation, unless the new  
 27 corporation is in a separate line of business. The commissioner of commerce,  
 28 community, and economic development may adopt regulations that identify the  
 29 method and means for determining whether a corporation is in a separate line of  
 30 business. In this subsection, "separate line of business" means a business that provides  
 31 services or products that are materially different from the services or products of the

1 existing business; for purposes of a corporation engaged primarily in resource  
2 extraction, exploration is not a separate line of business from production.