

SENATE BILL NO. 109

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

BY SENATORS MCGUIRE, Wagoner, Wielechowski

Introduced: 3/21/11

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act providing for a tax credit for investment in a facility that produces liquids from
2 gas, coal, or biomass."

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

4 * **Section 1.** AS 43.20 is amended by adding a new section to article 1 to read:

5 **Sec. 43.20.047. Special investment tax credit to produce liquids from gas,**
6 **coal, or biomass.** (a) Subject to (b) of this section, for purposes of calculating eligible
7 taxes, the taxpayer may apply as a credit against eligible taxes the following
8 percentage on only the first \$1,000,000,000 of investment in the state for each taxable
9 year after December 31, 2010, for a facility that produces liquids from gas, coal, or
10 biomass: (1) 100 percent on the first \$50,000,000 of investment; (2) 80 percent on
11 investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on
12 investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on
13 investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on
14 investment over \$200,000,000 but not exceeding \$1,000,000,000. A credit may not be

1 allowed under this subsection for leased property. The credit under this subsection
2 may not exceed \$475,000,000 for a single facility.

3 (b) A taxpayer may not claim an investment tax credit under (a) of this section
4 unless the facility that produces liquids from gas, coal, or biomass or the mining
5 project began operation and production after December 31, 2010. A facility for
6 producing liquids from gas, coal, or biomass or a mining project is considered to have
7 begun operation and production when the first liquids from gas, coal, or biomass or
8 the first minerals are produced that are ultimately either sold or transferred for further
9 processing or ultimate use.

10 (c) The investment tax credit for a taxable year allowed by (a) of this section
11 may not exceed 60 percent of the eligible tax liability. Any unused portion of the
12 investment tax credit may be carried forward.

13 (d) A tax credit under this section may not be claimed for investments made
14 after December 31, 2020.

15 (e) In this section,

16 (1) "biomass" has the meaning given in 26 U.S.C. 45K(c)(3) (Internal
17 Revenue Code);

18 (2) "facility for producing liquids" means the integrated plant,
19 facilities, and equipment used for producing liquids from natural gas, coal, or biomass;

20 (3) "liquids" means a product stream of commercial quality that is a
21 mixture of hydrocarbon molecules, each of which has between five and 20 carbon
22 atoms with attached hydrogen atoms, none of which contain oxygen or other elements.