

SENATE BILL NO. 186

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - SECOND SESSION

BY SENATOR WIELECHOWSKI

Introduced: 2/12/20

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing a tax on certain entities producing or transporting oil or gas in the**
2 **state; and providing for an effective date."**

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

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

6 SHORT TITLE. This Act may be known as the Petroleum Corporate Tax Loophole
7 Elimination Act.

8 * **Sec. 2.** AS 43.20 is amended by adding a new section to read:

9 **Sec. 43.20.019. Tax on income attributable to a qualified entity.** (a) If an
10 entity has qualified taxable income over \$4,000,000 in a tax year, the entity shall pay a
11 tax of 9.4 percent on the qualified taxable income over \$4,000,000.

12 (b) The tax under this section does not apply to a corporation paying tax under
13 AS 43.20.011.

14 (c) The department may aggregate the qualified taxable income of two or

1 more entities for the purpose of determining the tax due under this section if the
 2 department determines that, without the provisions of this section, the qualified
 3 taxable income would reasonably be expected to be attributed to a single entity.

4 (d) In this section,

5 (1) "entity" means a sole proprietorship, partnership, or entity that has
 6 elected to file federal returns under 26 U.S.C. 1361 - 1379 (Internal Revenue Code);

7 (2) "qualified taxable income" means income from the production of
 8 oil or gas from a lease or property in the state or from the transportation of oil or gas
 9 by pipeline in the state.

10 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
 11 read:

12 APPLICABILITY. Section 2 of this Act applies to an entity with qualified taxable
 13 income over \$4,000,000 for a tax year beginning on or after the effective date of sec. 2 of this
 14 Act.

15 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
 16 read:

17 TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations
 18 necessary to implement the changes made by this Act. The regulations take effect under
 19 AS 44.62 (Administrative Procedure Act), but not before July 1, 2020.

20 * **Sec. 5.** Section 4 of this Act takes effect immediately under AS 01.10.070(c).

21 * **Sec. 6.** Except as provided in sec. 5 of this Act, this Act takes effect July 1, 2020.