

SENATE BILL NO. 63

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

BY SENATOR MCGUIRE

Introduced: 1/24/11

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing a renewable energy refundable tax credit."**

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

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

4 **Sec. 43.20.047. Renewable energy credit.** For purposes of calculating the tax
5 payable under this chapter, a taxpayer shall apply as a credit against tax liability any
6 renewable energy refundable tax credits earned under AS 43.98.040.

7 * **Sec. 2.** AS 43.98 is amended by adding a new section to read:

8 **Sec. 43.98.040. Renewable energy refundable tax credit.** (a) A person that
9 produces renewable energy may claim a renewable energy refundable tax credit in the
10 amount of 15 percent of the retail rate charged by the person, as determined by the
11 Regulatory Commission of Alaska for each kilowatt-hour of electricity produced from
12 renewable energy.

13 (b) A person may claim a credit under this section in the first year the capital
14 investment used to produce electricity from renewable energy is placed into service
15 and for the four years following that year.

1 (c) A person may claim a credit under this section only for a capital
2 investment

3 (1) to produce electricity from renewable energy that is placed into
4 service on or after the effective date of this Act; or

5 (2) to expand production of electricity from renewable energy if the
6 investment for production expansion is made on or after the effective date of this Act.

7 (d) A person

8 (1) shall use a credit under this section to offset taxes imposed under
9 AS 43.20 (Alaska Net Income Tax Act); and

10 (2) may not calculate and apply the credit against the alternative
11 minimum tax levied under the authority of AS 43.20.021(f).

12 (e) The department shall prescribe a form or format and adopt procedures to
13 allow a person to claim a refundable credit under this section. The commissioner shall
14 pay the amount of a tax credit under this section to a person who submits a form and
15 follows procedures adopted under this subsection. A credit under this section shall be
16 paid in the manner provided in AS 43.20.030(e) for the payment of refunds. Payments
17 may not be made under the authority of this subsection without an appropriation for
18 that purpose.

19 (f) A credit claimed under this section may not exceed 10 percent of the
20 person's capital investment for the production of electricity from renewable energy or
21 \$30,000,000 for each project, whichever is less. In calculating a person's capital
22 investment, a person may not include any state or federal grant the person received for
23 the capital investment.

24 (g) In this section,

25 (1) "capital investment" means an expenditure made

26 (A) for real property or tangible personal property used in this
27 state in the production of electricity from renewable energy; and

28 (B) for an asset first placed in service for the production of
29 electricity from renewable energy in the state during or before the tax year in
30 which the credit is claimed; in this subparagraph, "placed in service for the
31 production of electricity from renewable energy in the state" means that the

1 first use of the capital investment is in this state; if the property on which the
2 claim of the credit is based has been used outside the state in the tax year of
3 acquisition and is brought to this state during that year or a subsequent year,
4 the property does not qualify as a capital investment;

5 (2) "credit" means the renewable energy refundable tax credit
6 authorized by this section;

7 (3) "project" means a plant, works, system, or facility, together with
8 related or necessary facilities and appurtenances, including a divided or undivided
9 interest in or a right to the capacity of a power project or project, that is used or is
10 useful for the purpose of renewable energy production;

11 (4) "renewable energy" means geothermal, solar, hydroelectric, wind,
12 biomass, hydrokinetic or tidal, and wave energy.

13 * **Sec. 3.** AS 43.20.047, enacted by sec. 1 of this Act, and AS 43.98.040, enacted by sec. 2
14 of this Act, are repealed January 1, 2021.

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

17 EXHAUSTION OF UNUSED RENEWABLE ENERGY REFUNDABLE TAX
18 CREDITS. Notwithstanding the repeal of AS 43.98.040 by sec. 3 of this Act, an unused
19 portion of a tax credit acquired under AS 43.98.040, enacted by sec. 2 of this Act, may be
20 carried forward until exhausted, except that the unused portion of the tax credit may not be
21 carried forward to tax years beginning after December 31, 2026.