SENATE BILL NO. 3002

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - THIRD SPECIAL SESSION

BY SENATORS BEGICH, Gray-Jackson, Olson

Introduced: 9/1/21
Referred: Finance

A BILL

FOR AN ACT ENTITLED

"An Act establishing an income tax on certain entities in the state; relating to the motor
fuel tax; relating to nontransferable tax credits against the oil and gas production tax;
and providing for an effective date."

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

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

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

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

(c) The department may aggregate the qualified taxable income of two or
more entities for the purpose of determining the tax due under this section if the
department determines that, without the provisions of this section, the qualified
taxable income would reasonably be expected to be attributed to a single entity.
(d) In this section, "entity" means a sole proprietorship, partnership, or entity that has elected to file federal returns under 26 U.S.C. 1361 - 1379 (Internal Revenue Code).

* Sec. 2. AS 43.40.005(a) is amended to read:

(a) Every dealer or user of refined fuels shall pay a surcharge of $0.015 [$0.0095] a gallon on refined fuel sold, transferred, or used in the state.

* Sec. 3. AS 43.40.010(a) is amended to read:

(a) In addition to the surcharge levied under AS 43.40.005, there is levied a tax of 16 [EIGHT] cents a gallon on all motor fuel sold or otherwise transferred within the state, except that

1. the tax on aviation gasoline is four and seven-tenths cents a gallon;
2. the tax on motor fuel used in and on watercraft of all descriptions is 10 [FIVE] cents a gallon;
3. the tax on all aviation fuel other than gasoline is three and two-tenths cents a gallon; and
4. the tax rate on motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, in an area and during the months in which fuel containing alcohol is required to be sold, transferred, or used in an effort to attain air quality standards for carbon monoxide as required by federal or state law or regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon less than the tax on other motor fuel not described in (1) - (3) of this subsection.

* Sec. 4. AS 43.40.010(b) is amended to read:

(b) In addition to the surcharge levied under AS 43.40.005, there is levied a tax of 16 [EIGHT] cents a gallon on all motor fuel consumed by a user, except that

1. the tax on aviation gasoline consumed is four and seven-tenths cents a gallon;
2. the tax on motor fuel used in and on watercraft of all descriptions is 10 [FIVE] cents a gallon;
3. the tax on all aviation fuel other than gasoline is three and two-tenths cents a gallon; and
4. the tax rate on motor fuel that is blended with alcohol is the same
tax rate a gallon as other motor fuel; however, in an area and during the months in
which fuel containing alcohol is required to be sold, transferred, or used in an effort to
attain air quality standards for carbon monoxide as required by federal or state law or
regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon
less than the tax on other motor fuel not described in (1) - (3) of this subsection.

* Sec. 5. AS 43.40.030(a) is amended to read:
   (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
operate

   (1) an internal combustion engine is entitled to a motor fuel tax refund
of 12 [SIX] cents a gallon if

   (A) [(1)] the tax on the motor fuel has been paid;

   (B) [(2)] the motor fuel is not aviation fuel, or motor fuel used
in or on watercraft; and

   (C) [(3)] the internal combustion engine is not used in or in
conjunction with a motor vehicle licensed to be operated on public ways; or

   (2) a watercraft licensed under AS 16.05.490 or 16.05.530 and used
for commercial fishing is entitled to a motor fuel tax refund of five cents a gallon
if the tax on the motor fuel has been paid.

* Sec. 6. AS 43.55.024(j) is amended to read:
   (j) A producer may apply against the producer's tax liability for the calendar
year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for
each barrel of oil taxable under AS 43.55.011(e) that does not receive a reduction in
the gross value at the point of production under AS 43.55.160(f) or (g) and that is
produced during a calendar year after December 31, 2013, from leases or properties
north of 68 degrees North latitude. A tax credit under this subsection may not reduce a
producer's tax liability for a calendar year under AS 43.55.011(e) below the amount
calculated under AS 43.55.011(f). The amount of the tax credit for a barrel of taxable
oil subject to this subsection produced during a month of the calendar year is

   (1) [$8 FOR EACH BARREL OF TAXABLE OIL IF THE
   AVERAGE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE
   MONTH IS LESS THAN $80 A BARREL;
(2) $7 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $80 a barrel, but less than $90 a barrel;

(3) $6 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $90 a barrel, but less than $100 a barrel;

(4) $5 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $100 a barrel, but less than $110 a barrel;

(2) (5) $4 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $110 a barrel, but less than $120 a barrel;

(3) (6) $3 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $120 a barrel, but less than $130 a barrel;

(4) (7) $2 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $130 a barrel, but less than $140 a barrel;

(5) (8) $1 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to $140 a barrel, but less than $150 a barrel;

(6) (9) zero if the average gross value at the point of production for the month is greater than or equal to $150 a barrel.

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

APPLICABILITY. Section 1 of this Act applies to an entity with qualified taxable income over $4,000,000 for a tax year beginning on or after January 1, 2022.

* Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to read:
TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations necessary to implement the changes made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before January 1, 2022.

* Sec. 9. Section 8 of this Act takes effect immediately under AS 01.10.070(c).

* Sec. 10. Except as provided in sec. 9 of this Act, this Act takes effect January 1, 2022.