

**SENATE CS FOR CS FOR HOUSE BILL NO. 252(L&C)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SEVENTH LEGISLATURE - SECOND SESSION**

**BY THE SENATE LABOR AND COMMERCE COMMITTEE**

**Offered: 4/11/12**

**Referred: Finance**

**Sponsor(s): REPRESENTATIVES COSTELLO, Lynn, Keller, Feige, Pruitt, Thomas, Tuck, Holmes, Peggy Wilson, Stoltze, Herron, Foster, Johnson, Gara, Olson, Guttenberg, Petersen, Kawasaki, Kerttula, Millett, Gardner, Johansen, Saddler**

**SENATORS Dyson, Davis, Ellis, Meyer, McGuire**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act exempting certain small businesses from the corporate income tax; and**  
2 **providing for an effective date."**

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

4 **\* Section 1.** AS 43.20.012 is amended to read:

5 **Sec. 43.20.012. Limitation on application of chapter; credits. (a)** The tax  
6 imposed by this chapter does not

7 **(1) apply to an individual;**

8 **(2) apply to a fiduciary; or**

9 **(3) for the 10 tax years beginning after December 31, 2012, or for**  
10 **the 10 tax years immediately following the first year a corporation has taxable**  
11 **income, apply to an Alaska corporation that is a qualified small business and that**  
12 **meets the active business requirement in 26 U.S.C. 1202(e) as that subsection**  
13 **read on January 1, 2012** [APPLY TO INDIVIDUALS OR TO FIDUCIARIES].

14 **(b) An** [HOWEVER, AN] individual may file a return under this chapter in

1 order to receive a tax credit under AS 43.20.013.

2 \* **Sec. 2.** AS 43.20.012 is amended by adding new subsections to read:

3 (c) For the purposes of (a)(3) of this section,

4 (1) whether a corporation qualifies under (a)(3) of this section shall be  
5 determined on the first day of the tax year for which the corporation claims it qualifies  
6 under (a)(3) of this section;

7 (2) all corporations that are members of the same parent-subsiary  
8 controlled group shall be treated as one corporation.

9 (d) In this section,

10 (1) "Alaska corporation" means a corporation that has been  
11 incorporated in the state or is authorized to do business in the state;

12 (2) "parent-subsiary controlled group" has the meaning given in 26  
13 U.S.C. 1202 as that section read on January 1, 2012;

14 (3) "qualified small business" has the meaning given in 26 U.S.C. 1202  
15 as that section read on January 1, 2012, and does not include a construction,  
16 transportation, utility, or fisheries business.

17 \* **Sec. 3.** AS 43.20.012 is repealed and reenacted to read:

18 **Sec. 43.20.012. Limitation on application of chapter; credits.** The tax  
19 imposed by this chapter does not apply to individuals or to fiduciaries. However, an  
20 individual may file a return under this chapter to receive a tax credit under  
21 AS 43.20.013.

22 \* **Sec. 4.** Sections 1 and 2 of this Act take effect July 1, 2012.

23 \* **Sec. 5.** Section 3 of this Act takes effect July 1, 2023.