

# Alaska State Legislature

## Representative Eric Croft

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## News Release

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## The Corporate Income Tax Reform Act of 2000

**Juneau**—Stating that tax reform is long overdue, Representative Eric Croft (D-Anchorage) today introduced The Corporate Income Tax Reform Act of 2000 (“CITRA”). The legislation makes changes to Alaska’s corporate income tax system by encouraging small business growth, increasing the fairness of the tax structure, and providing for additional revenue.

“CITRA helps small Alaskan businesses by exempting the first \$10,000 of corporate income from tax. This exemption gives small corporations a chance to reinvest their initial profits into growing their business,” said Rep. Croft. “Because small business development is the primary engine for modern economic growth, this exemption helps to expand Alaska’s economic base.”

Additional revenue would be captured by a return to separate accounting.

“All corporations operating in the State of Alaska are expected to pay 9.4% on corporate profits over \$90,000. For corporations operating only in Alaska, this is a simple calculation,” said Rep. Croft, “for corporations that also operate in other states or countries Alaska currently uses a complex formula apportionment method that greatly understates the amount of corporate income tax owed to the state. Instead of 9.4%, most oil and gas corporations pay an effective Alaska income tax rate closer to 6%. CITRA closes this corporate tax loophole by changing the formula apportionment method to the separate accounting method of calculating corporate profits. The separate accounting method requires oil and gas corporations to calculate the actual amount of profits made in Alaska and pay the full corporate tax on those profits.”

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