

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:

Bill Version:

HB 367

() Publish Date:

Identifier (file name): HB367-REV-TAX-03-09-10

Title Tax Credits for Educational Contributions

Dept. Affected: Revenue

RDU Taxation and Treasury

Component Tax Division

Sponsor Representative Munoz

Requester (H)Education

Component Number 2476

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()	0.0	***	***	***	***	0.0	0.0

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Tim Harper, Economist III/Johanna Bales, Deputy Director

Division Tax Division

Approved by: Ginger Blaisdell, Director

Administrative Services Division

Phone (907) 269-1020

Date/Time 3-9-10; 1:59pm

Date 3-9-10; 2:45pm

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BILL NO. HB 367

ANALYSIS CONTINUATION

Bill Language:

This bill increases the amount of the education credit currently allowed under AS 21.89.070, AS 21.89.075, AS 43.56.018, AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, and AS 43.77.045. Currently, taxpayers may take a maximum credit of \$150,000 on the first \$200,000 in contributions made to qualifying organizations. This bill expands the credit to 50% of the first \$100,000 in contributions, 100% of the next \$200,000 in contributions, and 50% of contributions in excess of \$300,000, with a maximum credit of \$25,000,000.

Currently the credit is only allowed for instruction and programs. This bill would expand the use of the contributions and allow a taxpayer to take a credit for contributions made for construction and maintenance of facilities by a state-operated vocational education school and two-year or four-year college. The bill would become effective January 1, 2011 and would sunset before January 1, 2014. On January 1, 2014, the bill reinstates the current education credit statutes and limits.

The intent of this bill is to provide increased contributions to qualifying higher education and vocational institutions by expanding the credit cap currently in place and allowing the credit for contributions made for facilities.

Revenues:

Revenues to the State of Alaska would decline if companies increase their contributions to qualifying higher education institutions. The amount of decline cannot be determined at this time, because it is impractical and impossible to speculate on taxpayer behavior in taking advantage of this credit. However, if all corporate income tax taxpayers took the maximum credit as allowed by this bill in FY 2009, the decline in corporate income tax for that year alone would have been approximately \$200 million.

Since the credit can be taken against Petroleum Production and Property Taxes, Corporate Income Taxes, Fisheries Business Taxes, Fisheries Landing Taxes, Mining License Taxes, and Insurance Taxes, the decline in tax revenues could be much higher.

This legislation would become effective for tax years beginning January 1, 2011. Therefore this credit would be allowed against tax liabilities due beginning in fiscal year 2011. In addition, the legislation provides that only contributions made prior to January 1, 2014 would be allowed as a credit. Therefore, the effects of this legislation would run through fiscal year 2014.

Expenditures:

The provisions of this bill can be implemented using existing resources.