

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS



MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

Sponsor Statement for CS for Senate Bill 236

An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes or for a facility...

CS for SB 236 amends current the current statutes regarding higher education tax credits by expanding the range of the "second tier" of tax credits and by adding a third tier.

Under current law, state income tax payers who make cash contributions to an Alaskan educational or vocational institution receive a tax credit of 50 percent for contributions up to \$100,000 and 100 percent for contributions between \$100,000 and \$200,000. Therefore, maximum tax credit allowable in any given year is \$150,000. This limit appears to be having a constraining effect on corporate donations to & investments in educational and vocational institutions in Alaska.

Under CS for SB 236, cash contributions to an Alaskan educational or vocational institution receive a tax credit of 50 percent for contributions up to \$100,000, a 100 percent tax credit for contributions between \$100,000 and \$300,000 and a 50 percent tax credit for contributions over \$300,000, for a maximum allowable credit accrual of \$25 Million per year.

Many major employers in Alaska understand that the future success of their businesses requires a highly skilled workforce. These businesses want to hire Alaskans from Alaska's vocational schools, colleges and universities. In addition, many businesses are interested in, through commercialization of university-generated information and technologies, helping Alaska's universities expand their existing scientific research & development capacities – a process that has become a major source for economic development and diversification in other states.

By facilitating greater cooperation between Alaska's business and education sectors, and encouraging greater financial support from the former to the latter, SB 236 hopes important workforce and economic development goals such as the following can be achieved:

- Strengthening workforce development and job opportunities for Alaskans
- Increasing collaboration between Alaska's employers and its higher education institutions
- Diversifying funding sources for Alaska's higher education institutions
- Enhancing student success through internships, K-12 outreach, camps, and other developmental programs
- Developing research programs that contribute to economic development in Alaska

26-LS1191\M

2/20/10

Jomo Stewart, Committee Aide
(907) 465 - 6874

Murray Richmond, Committee Aide
(907) 465 - 6443