

# ALASKA STATE SENATE

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SENATOR JOHN COGHILL

## **SPONSOR STATEMENT**

*“Senate Bill 116 – “An Act relating to the insurance tax education credit, the income tax education credit, the oil or gas producer education credit, the property tax education credit, the mining business education credit, the fisheries business education credit, and the fisheries resource landing tax education credit; providing for an effective date by repealing the effective dates of secs. 3, 5, 7, 10, 14, 16, 18, 21, 23, 25, 28, 30, 32, 35, 37, 39, 42, 44, 46, 49, 51, 53, and 55, ch. 92, SLA 2010, sec. 14, ch. 7, FSSLA 2011, secs. 15, 17, 19, 21, 23, and 25, ch. 74, SLA 2012, sec. 49, ch. 14, SLA 2014, secs. 37, 40, 43, and 46, ch. 15, SLA 2014, and secs. 26 and 31, ch. 61, SLA 2014; and providing for an effective date by amending the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014; and providing for an effective date.”*

This bill does the following:

1. Extends the effective date for the repeal of the education tax credits from December 31, 2018 to January 1, 2025.
2. Ensures that the credits that exist in statute today, will maintain until January 1, 2025 (instead of narrowing in scope and decreasing in value on January 1, 2021).

Education tax credits encourage private businesses to make charitable contributions to certain educational institutions and programs in Alaska, including contributions to the University of Alaska. In total, eligible recipient entities include: non-profit, public or private accredited Alaska two-year or four-year colleges; non-profit elementary or secondary schools and school districts; state operated vocational education and training schools; non-profit regional vocational training centers; apprenticeship programs; Alaska Native cultural programs; the Alaska higher education investment fund; and postsecondary institutions providing dual-credit courses.

The credits are non-transferable and non-refundable and can be used against the following taxes: corporate income tax; fisheries business tax/fisheries resource landing tax; insurance premium tax/title insurance premium tax; mining license tax; oil and gas production tax; and the oil and gas property tax.

Currently, the credit provision allows for 50% of the annual contributions up to \$100,000, 100% of the next \$200,000, and 50% of annual contributions beyond \$300,000. The total credit per taxpayer, across all tax types, may not exceed \$5 million.

Historically, well over two dozen companies have used this benefit. The contributions are good for the companies, and good for the recipient institutions. Passage of SB 116 is a great benefit for Alaska.