

HOUSE CS FOR CS FOR SENATE BILL NO. 267(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/13/02

Referred: Today's Calendar

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Alaska veterans' memorial endowment fund and providing for**
2 **credits against certain taxes for contributions to that fund; providing that the amount of**
3 **each tax credit for contributions to the Alaska veterans' memorial endowment fund on**
4 **amounts that do not exceed \$100,000 is 50 percent and on amounts that exceed \$100,000**
5 **but do not exceed \$200,000 is 75 percent; relating to other tax credits for certain**
6 **contributions; and providing for an effective date."**

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

8 * **Section 1.** AS 21.89.070(c) is amended to read:

9 (c) A contribution claimed as a credit under this section may not

10 (1) be claimed as a credit under more than one provision of this title;

11 and

12 (2) when combined with credits taken during the taxpayer's tax year

13 under AS 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021,

AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, [OR]
 AS 43.77.045, or 43.77.046, exceed \$150,000.

* **Sec. 2.** AS 21.89.070(c) is amended to read:

(c) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under more than one provision of this title;

and

(2) when combined with credits taken during the taxpayer's tax year
 under AS 21.89.075 [AS 21.89.071, 21.89.075], AS 43.20.014, [43.20.018,]
 AS 43.55.019, [43.55.021,] AS 43.56.018, [43.56.019,] AS 43.65.018, [43.65.019,]
 AS 43.75.018, [43.75.019,] or AS 43.77.045, [OR 43.77.046,] exceed \$150,000.

* **Sec. 3.** AS 21.89 is amended by adding a new section to read:

**Sec. 21.89.071. Insurance tax credit for gifts to Alaska veterans' memorial
 endowment fund.** (a) A taxpayer is allowed a credit against the tax due under
 AS 21.09.210 or AS 21.66.110 for cash contributions that are accepted for the Alaska
 veterans' memorial endowment fund established in AS 37.14.700. The amount of the
 credit is the lesser of

(1) an amount equal to

(A) 50 percent of contributions of not more than \$100,000; and

(B) 75 percent of the next \$100,000 of contributions; or

(2) 50 percent of the taxpayer's tax liability under this title.

(b) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under more than one provision of this title;

and

(2) when combined with credits taken during the taxpayer's tax year
 under AS 21.89.070, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021,
 AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019,
 AS 43.77.045, or 43.77.046, exceed \$150,000.

(c) A taxpayer may not claim the tax credit allowed under this section if the
 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
 this title or AS 43. For purposes of this subsection, a taxpayer is not in arrears if the
 payment is under administrative or judicial appeal.

1 * **Sec. 4.** AS 21.89.075(c) is amended to read:

2 (c) A contribution claimed by a taxpayer as a credit under this section may not

3 (1) be claimed as a credit under more than one provision of this title;

4 (2) when combined with credits taken during the taxpayer's tax year

5 under AS 21.89.070, 21.89.071, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021,

6 AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, [OR]

7 AS 43.77.045, or 43.77.046, exceed \$150,000; or

8 (3) be claimed as a credit unless the contribution qualifies for the credit

9 under (d) of this section.

10 * **Sec. 5.** AS 21.89.075(c) is amended to read:

11 (c) A contribution claimed by a taxpayer as a credit under this section may not

12 (1) be claimed as a credit under more than one provision of this title;

13 (2) when combined with credits taken during the taxpayer's tax year

14 under AS 21.89.070, [21.89.071,] AS 43.20.014, [43.20.018,] AS 43.55.019,

15 [43.55.021,] AS 43.56.018, [43.56.019,] AS 43.65.018, [43.65.019,] AS 43.75.018,

16 [43.75.019,] or AS 43.77.045, [OR 43.77.046,] exceed \$150,000; or

17 (3) be claimed as a credit unless the contribution qualifies for the credit

18 under (d) of this section.

19 * **Sec. 6.** AS 37.14 is amended by adding new sections to read:

20 **Article 8. Alaska Veterans' Memorial Endowment Fund.**

21 **Sec. 37.14.700. Alaska veterans' memorial endowment fund established.**

22 (a) The Alaska veterans' memorial endowment fund is established as a separate
23 endowment trust fund of the state. The fund consists of

24 (1) appropriations to the fund;

25 (2) donations to the fund; and

26 (3) income earned on investments of fund assets.

27 (b) The commissioner of revenue shall manage the fund as an endowment,
28 with the goal that the purchasing power of the fund will not diminish over time
29 without regard to additional contributions that may be made to the fund. The
30 commissioner shall invest the assets of the fund in a manner likely to yield at least a
31 five percent real rate of return over time.

1 (c) Nothing in this section creates a dedicated fund.

2 **Sec. 37.14.720. Powers and duties of the commissioner of revenue.** In
3 carrying out the investment duties under AS 37.14.700 - 37.14.740, the commissioner
4 of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall
5 provide reports to the adjutant general of the Department of Military and Veterans'
6 Affairs on the condition and investment performance of the fund.

7 **Sec. 37.14.730. Use of fund.** (a) As soon as practicable after July 1 of each
8 year, the commissioner of revenue shall determine the average month-end market
9 value of the fund for the immediately preceding three fiscal years. The commissioner
10 shall identify five percent of that amount as available for appropriation by the
11 legislature for uses described in (b) of this section.

12 (b) Appropriations of the amount identified in (a) of this section may be used
13 for the following purposes:

14 (1) grants for the maintenance, repair, replacement, and enhancement
15 of, or addition to, veterans' memorials or monuments to the military;

16 (2) grants for the development and construction of new veterans'
17 memorials or monuments to the military if the adjutant general determines that the
18 purposes set out in (1) of this subsection have been met in a fiscal year;

19 (3) reimbursement of the costs of establishment, management, and
20 administration of the fund.

21 (c) After consultation with appropriate veterans' organizations, the adjutant
22 general of the Department of Military and Veterans' Affairs shall administer the grant
23 program and award grants from the money appropriated from the fund. The adjutant
24 general may adopt regulations under AS 44.62 (Administrative Procedure Act) to
25 establish procedures and standards to administer the grant program and for the award
26 of grants. The standards may include requirements for recipients to match grant
27 awards, if appropriate.

28 **Sec. 37.14.740. Definition.** In AS 37.14.700 - 37.14.740, "fund" means the
29 Alaska veterans' memorial endowment fund established in AS 37.14.700.

30 * **Sec. 7.** AS 43.20.014(d) is amended to read:

31 (d) A contribution claimed as a credit under this section may not

- (1) be claimed as a credit under another provision of this title;
- (2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and
- (3) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.018, AS 43.55.019, 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, [OR] AS 43.77.045, or 43.77.046, exceed \$150,000.

* **Sec. 8.** AS 43.20.014(d) is amended to read:

- (d) A contribution claimed as a credit under this section may not
- (1) be claimed as a credit under another provision of this title;
- (2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and
- (3) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, [21.89.071,] 21.89.075, [AS 43.20.018,] AS 43.55.019, [43.55.021,] AS 43.56.018, [43.56.019,] AS 43.65.018, [43.65.019,] AS 43.75.018, [43.75.019,] or AS 43.77.045, [OR 43.77.046,] exceed \$150,000.

* **Sec. 9.** AS 43.20 is amended by adding a new section to read:

- Sec. 43.20.018. Alaska veterans' memorial endowment fund contribution credit.** (a) For cash contributions accepted for the Alaska veterans' memorial endowment fund established in AS 37.14.700, a taxpayer is allowed as a credit against the tax due under this chapter
- (1) 50 percent of contributions of not more than \$100,000; and
- (2) 75 percent of the next \$100,000 of contributions.
- (b) A contribution claimed as a credit under this section may not
- (1) be claimed as a credit under another provision of this title;
- (2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and
- (3) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, AS 43.55.019, 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, AS 43.77.045, or 43.77.046, exceed \$150,000.

(c) A taxpayer may not claim the tax credit allowed under this section if the taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under this title or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the payment is under administrative or judicial appeal.

* **Sec. 10.** AS 43.55.019(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, [OR] AS 43.77.045, or 43.77.046, exceed \$150,000.

* **Sec. 11.** AS 43.55.019(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, [21.89.071,] 21.89.075, AS 43.20.014, [43.20.018, AS 43.55.021,] AS 43.56.018, [43.56.019,] AS 43.65.018, [43.65.019,] AS 43.75.018, [43.75.019,] or AS 43.77.045, [OR 43.77.046,] exceed \$150,000.

* **Sec. 12.** AS 43.55 is amended by adding a new section to read:

Sec. 43.55.021. Alaska veterans' memorial endowment fund contribution credit. (a) For cash contributions accepted for the Alaska veterans' memorial endowment fund established in AS 37.14.700, a producer of oil or gas is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 75 percent of the next \$100,000 of contributions.

(b) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, AS 43.77.045, or 43.77.046, exceed \$150,000.

(c) A taxpayer may not claim the tax credit allowed under this section if the taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under this title or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the payment is under administrative or judicial appeal.

(d) The department may, by regulation, establish procedures by which a taxpayer may allocate a pro rata share of a credit claimed under this section against monthly tax payments made during the tax year.

* **Sec. 13.** AS 43.56.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021, AS 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, [OR] AS 43.77.045, or 43.77.046, exceed \$150,000.

* **Sec. 14.** AS 43.56.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, [21.89.071,] 21.89.075, AS 43.20.014, [43.20.018,] AS 43.55.019, [43.55.021, AS 43.56.019,] AS 43.65.018, [43.65.019,] AS 43.75.018, [43.75.019,] or AS 43.77.045, [OR 43.77.046,] exceed \$150,000.

* **Sec. 15.** AS 43.56 is amended by adding a new section to read:

Sec. 43.56.019. Alaska veterans' memorial endowment fund contribution credit. (a) For cash contributions accepted for the Alaska veterans' memorial endowment fund established in AS 37.14.700, the owner of property taxable under this chapter is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 75 percent of the next \$100,000 of contributions.

(b) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year

under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021, AS 43.56.018, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, AS 43.77.045, or 43.77.046, exceed \$150,000.

(c) A taxpayer may not claim the tax credit allowed under this section if the taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under this title or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the payment is under administrative or judicial appeal.

(d) The department may, by regulation, establish procedures by which a taxpayer may allocate a pro rata share of a credit claimed under this section against monthly tax payments made during the tax year.

* **Sec. 16.** AS 43.65.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021, AS 43.56.018, 43.56.019, 43.65.019, AS 43.75.018, 43.75.019, [OR] AS 43.77.045, or 43.77.046, exceed \$150,000.

* **Sec. 17.** AS 43.65.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, [21.89.071,] 21.89.075, AS 43.20.014, [43.20.018,] AS 43.55.019, [43.55.021,] AS 43.56.018, [43.56.019, 43.65.019,] AS 43.75.018, [43.75.019,] or AS 43.77.045, [OR 43.77.046,] exceed \$150,000.

* **Sec. 18.** AS 43.65 is amended by adding a new section to read:

Sec. 43.65.019. Alaska veterans' memorial endowment fund contribution

credit. (a) For cash contributions accepted for the Alaska veterans' memorial endowment fund established in AS 37.14.700, a person engaged in the business of mining in the state is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 75 percent of the next \$100,000 of contributions.

(b) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, AS 43.75.018, 43.75.019, AS 43.77.045, or 43.77.046, exceed \$150,000.

(c) A taxpayer may not claim the tax credit allowed under this section if the taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under this title or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the payment is under administrative or judicial appeal.

* **Sec. 19.** AS 43.75.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.019, [OR] AS 43.77.045, or 43.77.046, exceed \$150,000.

* **Sec. 20.** AS 43.75.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, [21.89.071,] 21.89.075, AS 43.20.014, [43.20.018,] AS 43.55.019, [43.55.021,] AS 43.56.018, [43.56.019,] AS 43.65.018, [43.65.019, AS 43.75.019,] or AS 43.77.045, [OR 43.77.046,] exceed \$150,000.

* **Sec. 21.** AS 43.75 is amended by adding a new section to read:

Sec. 43.75.019. Alaska veterans' memorial endowment fund contribution

credit. (a) For cash contributions accepted for the Alaska veterans' memorial endowment fund established in AS 37.14.700, a person engaged in a fisheries business is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 75 percent of the next \$100,000 of contributions.

(b) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, AS 43.77.045, or 43.77.046, exceed \$150,000.

(c) A taxpayer may not claim the tax credit allowed under this section if the taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under this title or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the payment is under administrative or judicial appeal.

* **Sec. 22.** AS 43.77.045(c) is amended to read:

(c) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, [OR] AS 43.75.018, 43.75.019, or AS 43.77.046, exceed \$150,000.

* **Sec. 23.** AS 43.77.045(c) is amended to read:

(c) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, [21.89.071,] 21.89.075, AS 43.20.014, [43.20.018,] AS 43.55.019, [43.55.021,] AS 43.56.018, [43.56.019,] AS 43.65.018, [43.65.019,] or AS 43.75.018, [43.75.019, OR AS 43.77.046,] exceed \$150,000.

* **Sec. 24.** AS 43.77 is amended by adding a new section to read:

Sec. 43.77.046. Alaska veterans' memorial endowment fund contribution

credit. (a) In addition to the credit allowed under AS 43.77.040, for cash contributions accepted for the Alaska veterans' memorial endowment fund established in AS 37.14.700, a person engaged in a floating fisheries business is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

1 (2) 75 percent of the next \$100,000 of contributions.

2 (b) A contribution claimed as a credit under this section may not

3 (1) be claimed as a credit under another provision of this title; and

4 (2) when combined with credits taken during the taxpayer's tax year
5 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019,
6 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018,
7 43.75.019, or AS 43.77.045, exceed \$150,000.

8 (c) A taxpayer may not claim the tax credit allowed under this section if the
9 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under this title
10 or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the payment is under
11 administrative or judicial appeal.

12 * **Sec. 25.** AS 21.89.071; AS 43.20.018; AS 43.55.021; AS 43.56.019; AS 43.65.019;
13 AS 43.75.019; and AS 43.77.046 are repealed.

14 * **Sec. 26.** The uncoded law of the State of Alaska is amended by adding a new section to
15 read:

16 TRANSITION: AMOUNT AVAILABLE FOR APPROPRIATION. (a)
17 Notwithstanding AS 37.14.730(a), enacted by sec. 6 of this Act, the commissioner of revenue
18 shall identify five percent of the balance of the Alaska veterans' memorial endowment fund on
19 July 1, 2002, as being the amount available for appropriation to support efforts authorized by
20 this Act for fiscal year 2003.

21 (b) Notwithstanding the requirement in AS 37.14.730(a), enacted by sec. 6 of this
22 Act, that the commissioner of revenue make a determination based on the market value of the
23 fund for the immediately preceding three fiscal years, the commissioner of revenue shall
24 make the determination under AS 37.14.730(a) based on the average ending balance in the
25 fund

26 (1) from July 31, 2002, to June 30, 2003, for fiscal year 2004;

27 (2) from July 31, 2002, to June 30, 2004, for fiscal year 2005;

28 (3) from July 31, 2002, to June 30, 2005, for fiscal year 2006.

29 (c) In this section,

30 (1) "Alaska veterans' memorial endowment fund" means the fund established
31 in AS 37.14.700, enacted by sec. 6 of this Act;

- 1 (2) "fund" means the Alaska veterans' memorial endowment fund.
- 2 * **Sec. 27.** Sections 1, 3, 4, 6, 7, 9, 10, 12, 13, 15, 16, 18, 19, 21, 22, 24, and 26 of this Act
- 3 take effect immediately under AS 01.10.070(c).
- 4 * **Sec. 28.** Sections 2, 5, 8, 11, 14, 17, 20, 23, and 25 of this Act take effect July 1, 2003.