

# Fiscal Note

State of Alaska  
2024 Legislative Session

Bill Version: HB 148  
 Fiscal Note Number: \_\_\_\_\_  
 () Publish Date: \_\_\_\_\_

Identifier: HB148SCSCS(FIN)-DOR-TAX-5-13-24  
 Title: AK PERFORMANCE SCHOLARSHIP;  
 ELIGIBILITY  
 Sponsor: EDUCATION  
 Requester: (S) Finance

Department: Department of Revenue  
 Appropriation: Taxation and Treasury  
 Allocation: Tax Division  
 OMB Component Number: 2476

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates					
			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

1004 Gen Fund (UGF)	(3,200.0)		(4,800.0)	(4,800.0)	(4,800.0)	(2,300.0)	
<b>Total</b>	<b>(3,200.0)</b>	<b>0.0</b>	<b>(4,800.0)</b>	<b>(4,800.0)</b>	<b>(4,800.0)</b>	<b>(2,300.0)</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2024) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2025) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.

Prepared By:	Michael Williams, Acting Deputy Director	Phone:	(907)269-6632
Division:	Tax Division	Date:	05/13/2024
Approved By:	Janelle Earls, Administrative Services Director	Date:	05/13/24
Agency:	Department of Revenue		

**FISCAL NOTE ANALYSIS**

**STATE OF ALASKA  
2024 LEGISLATIVE SESSION**

**BILL NO. SCS CSHB 148(FIN)**

**Analysis**

**Background**

The education tax credit is a credit for qualifying contributions to Alaska universities and accredited nonprofit Alaska two- or four-year colleges for facilities, direct instruction, research and educational support purposes; donations to a school district or a state- or regional-operated technical and training school for vocational education courses, programs and facilities; and donations for Alaska Native cultural or heritage programs for public school staff and students; and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership.

The credit is available to be claimed against insurance premiums tax, title insurance premiums tax, corporate income tax, oil and gas production tax, oil and gas property tax, mining license tax, fisheries business tax, and fishery resource landing tax. The credit for any one taxpayer cannot exceed \$1 million annually across all tax types. The credit is currently scheduled to be repealed effective January 1, 2025.

This bill would expand the education tax credit to include donations made to nonprofit resource centers that support academic achievement in grades 9 through 12 for curricula and competition in various subject areas. The new provisions would take effect July 1, 2024. This bill also would increase the credit limit from \$1 million to \$3 million annually per taxpayer. The bill extends the sunset provisions to January 1, 2029.

**Revenue Impact**

The change in revenues reflected in this fiscal note only include those eligible tax programs administered by the Department. The bill's fiscal impacts can be divided into two categories: (1) increase to the annual tax credit limit, and (2) extend the credit repeal date. The department estimates nominal impact for the additional donation category.

- (1) The revenue impact of the increase in the credit limit is estimated by applying historical information at higher credit limits and interpolating the impact of the \$3 million annual credit limit. See the table below.
- (2) The revenue impact of the increase in the extension of the repeal date is estimated by using the average of the last three years of actual credits claimed as a basis going forward. See the table below.

HB 148: Head Start; Education Credits						
Estimated Revenue Impacts (\$ Millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
	***	***	***	***	N/A	N/A
1. Raise the Annual Credit Limit to \$3 million effective 7/1/24	\$ (1.7)	\$ (1.7)	\$ (1.7)	\$ (1.7)	\$ (0.8)	N/A
2. Extend the Repeal from 1/1/25 to 1/1/29	\$ (1.5)	\$ (3.1)	\$ (3.1)	\$ (3.1)	\$ (1.5)	N/A
*** Indeterminate						
N/A the credit would no longer be available in FY 2030						

**Implementation Cost**

This legislation would require the Department of Revenue to make minor changes to its Tax Revenue Management System ("TRMS"). Resources required to implement this bill would include staff time to updated tax forms, TRMS, and Revenue Online, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.