

James R. Johnsen, Ed.D.
President
Butrovich Bldg, Ste. 202, 2025 Yukon Drive
P.O. Box 755000, Fairbanks, AK 99775-5000
Phone: (907) 450-8000; Fax: (907) 450-8012
Email: ua.president@alaska.edu
www.alaska.edu



UNIVERSITY
of ALASKA
Many Traditions One Alaska

February 6, 2018

The Honorable John Coghill
Alaska State Capitol
Juneau, AK 99801

Re: Senate Bill 116

Dear Senator Coghill,

The University of Alaska strongly endorses continuation of the Alaska Education Tax Credit, which sunsets at the end of 2018. The Alaska Education Tax Credit has benefitted the university in a myriad of ways including attracting Alaskans to the university through funded scholarships and supporting critical industries through world class research programs. Equally as important, it directly influences the decision of many Alaska businesses to support the university and has generated more than \$12.2 million in private contributions over the past several years. The tax credit program directly impacts many of our programs, including:

- Workforce Development
- Centers and Institutes
- Scholarships
- Facilities
- Endowments
- Fellowships/Internships
- Chairs/Professorships

This program is a critical component as the university manages its way through these challenging times and works to meet the needs of the state and develop the workforce of tomorrow. By endorsing and extending the program, you support the creation of more productive relationships between the university and partners in the private sector.

The tax credit program has allowed the university to effectively collaborate with many industries critical to the state's economy including mining, seafood, tourism and banking. For example, the

participation of Alaska's mining companies bolsters our research and scholarships, and helps create jobs for Alaska's growing mining industry.

Likewise, the seafood industry has contributed support to student fellowships and to fund sustainable oceans and fisheries research. These programs are critical to attracting more college-going young adults from our high schools and to increase our enrollment – achievements we can all agree are extremely important.

I ask for your timely consideration of SB 116 and ask you to support the extension of this very impactful program.

Sincerely,

James R. Johnsen

Jim Johnsen



P.O. Box 145, Delta Junction, AK 99737, USA
3204 International Street, Fairbanks, AK 99701, USA

Tel: +1 907 895 2841
Fax: +1 907 895 2866

Senator John Coghill
Subject: SB116 Education Tax Credits

February 6, 2018

Senator Coghill,

I am in favor of SB 166, Extension of State of Alaska Education Tax credits and the current level credit. As General Manager for the Pogo mine and a longtime resident of Alaska I believe it is very important to keep this tax credit active. Providing support to help educate our youth is important on a personal and company level.

Between 2011 and 2017 Pogo has utilized the tax credit supporting Alaska's education efforts with over 3.5 million dollars. Without the tax credit and its current levels funding could be impacted.

Continuing the education tax credit will help promote funding both private and corporate.

Thank You for supporting this effort.

Respectfully

Chris Kennedy



February 7, 2018

**The Honorable John Coghill
State Capitol Room 119
Juneau, AK 99801**

Subject: Senate Bill No. 116, Education Tax Credit

Dear Senator Coghill:

I write this letter to encourage continuation of the Education Tax Credit in my capacity as President of the University of Alaska Foundation and as a third generation Alaskan. Education is a privilege that's held dear by Americans, in general, and Alaskans, in particular. It is viewed as a way to better one's situation in times of challenge and fundamental to Alaska's status as a land of opportunity; the Last Frontier where each generation believes the next will be able to surpass its own accomplishments.

The University of Alaska and the University of Alaska Foundation have received substantial benefit as a result of the Education Tax Credit; according to the Alaska Department of Revenue, contributions of more than \$12 million have been received in the three years ending with CY 17 alone. These numbers are significant. What's more important, though, are the benefits that accrue to the state as a result of this small reduction in tax revenue. The paragraphs that follow discuss some of those benefits.

Companies and their employees identify with Alaska. Each organization that donates to UA/UA Foundation through the tax credit becomes a part of the UA family. Administrators, advancement professionals, students, faculty and staff work together to convey the impact of investment at UA. Corporate employees are invited to see the tremendous work that's being done as a result of their generosity. They may meet scholarship recipients whose futures are brighter because of their company's contributions. They bring their families to events on campus. They hire interns and graduates. They partner with UA for research, innovation, projects. In short, the companies and their employees are woven into the fabric of Alaska as they learn about the significance of their contributions. They are encouraged to view Alaska as home, instead of just a place where they work for a while. Alaska's future will be richer because they are Alaskans. Their families may contribute to Alaska's economy for generations.

Companies demonstrate the value of education. For the past four decades or so, some Alaskans have received excellent wages without postsecondary education by pursuing extensive on-the-job training. The rest of the world contrasts starkly: excellent elementary, secondary and postsecondary education systems are widely viewed as being prerequisites for economic development and healthy fiscal climates. The economy of the 21st century is fueled by companies that demand well educated employees, employees who seek skills, certificates, and degrees outside of work hours. Companies that make use of the Education Tax Credit demonstrate the importance they attribute to education.

Companies help inform the University through their investments. The Education Tax Credit enables businesses to partner with educational institutions, providing input through investment in scholarships and programs that address perceived future needs. Mining, Engineering and Fisheries are examples of disciplines that have benefitted from industry interest, demonstrated through donations.

Corporate employees contribute. Charitable giving engenders pride in employees of corporations that choose to take advantage of the Education Tax Credit. Employees and their families take pride in the place they call home. When they see investment in the community by their companies, they and their children are more likely to stay. They contribute to the economy financially, work to build a resilient social climate and encourage entry by new industries because they live here.

According to the Department of Revenue, for FY16 the amount of state revenue offset by the Education Tax Credit amount to less than 2.8% of the total tax liability owed. Foregoing this very small amount of revenue encourages companies and their employees to develop long term ties to Alaska. The benefit of their contribution to the state economy and the taxes that will be added to state coffers as a result far outweigh the small short term loss.

Companies that make use of the Education Tax Credit are not required to report their use of the credit to educational organizations they donate to. As a result, the UA Foundation cannot say with certainty which contributions result from the tax credit, but corporate donations form a significant portion of receipts every year. The UA Foundation will provide any information that will be helpful to the committee.

In short, continuation of the Education Tax Credit is a wise choice for the future of Alaska.

Sincerely,



Susan Behlke Foley

President, University of Alaska Foundation



AT-SEA PROCESSORS ASSOCIATION

Partners for Healthy Fisheries

www.atsea.org

February 7, 2018

Senator Mia Costello, Chair
Senate Labor and Commerce Committee
State Capitol, Room 504
Juneau, Alaska 99801

RE: SB 116 Education Tax Credits Sunset Extension

Dear Senator Costello:

The At-sea Processors Association (APA) is writing today to express our support for Senate Bill 116 sponsored by Senator John Coghill. APA is a trade association representing six companies that own and operate 16 U.S. flagged catcher/processor vessels that participate principally in the federal Alaska pollock fishery.

SB 116 would extend the sunset date for education tax credits that incentivize the private sector partnerships with the State of Alaska and other institutions by investing in the education and training of Alaskans. Specifically, the current education tax credits encourage private businesses to make contributions to educational institutions and programs in Alaska, including the University of Alaska.

Since 2000, this program has allowed the members of APA to invest in programs ranging from undergraduate and graduate fellowships to research addressing current fishery management concerns to technical training for youth throughout the Norton Sound and Bering Strait Region.

Here are a few examples of the programs education tax credit funds support:

University of Alaska Fairbanks, College of Fisheries and Ocean Science
Established the Pollock Conservation Cooperative Research Center (PCCRC) which funds:
The Ted Stevens Distinguished Professorship of Marine Policy
Research Endowment
Graduate Fellowships

University of Alaska Anchorage
Kodiak College – Developing pilot Seafood Processing Industry Mini-Academy

University of Alaska Southeast
Fisheries Technology Program-Exposing HS Students to Introductory College
Fisheries Coursework through Dual-Enrollment.



JUNEAU
P.O. Box 32817
Juneau, AK 99803
Tel: (907) 523-0970
Fax: (907) 523-0798

SEATTLE
4039 21st Avenue W., Suite 400
Seattle, WA 98199
Tel: (206) 285-5139
Fax: (206) 285-1841

Alaska Pacific University

Scholarships

Support for programs such as Fisheries, Aquatic Science and Technology Lab

Northwestern Alaska Career and Technical Center (NACTEC)

Support for vocational education training center in Nome

We believe it is important for the Legislature to extend the education tax credit to January 1, 2025 to continue to incentivize significant private sector investment to Alaskans training and education as well as supporting research improving understanding of our fishery resources.

Thank you for the opportunity to comment and please let us know if additional or more specific information would be helpful.

Sincerely,

Stephanie D. Madsen

Stephanie Madsen

Executive Director



**Comments SB116
Education Tax Credits**

**Council of
Alaska Producers**

February 5, 2018

Senator John Coghill
Alaska State Legislature
State Capitol
Juneau, AK 99801

Dear Senator Coghill,

The Council of Alaska Producers (CAP) is writing to support 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."

CAP is a non-profit trade association formed in 1992 to represent the interests of large metal mines and mine developmental projects in Alaska. CAP informs members on legislative and regulatory issues, supports and advances the mining industry, educates members, the media, and the general public on mining related issues, and promotes economic opportunity and environmentally sound mining practices.

CAP's members have welcomed the opportunity to partner with the State of Alaska and provide funding directly to Alaska's higher education projects and programs that support and enhance the mining industry. Between 2011 and 2017, mining companies in Alaska education tax credit program to invest \$19.6 million in programs such as:

- UAF Mining Engineering research endowment
- UAF Mining Engineering scholarship fund
- UAA Geology Scholarships
- Mining and Petroleum Training Services (MAPTS), UAF Cooperative Extension Services, Anchorage, Soldotna, Juneau
- UAS Pathways to Mining
- UAA Institute of Social and Economic Research
- Northwest Arctic Borough School District
- Angoon High School Vocational Technical program

MAPTS and the Pathways program provide educational opportunities and training that lead directly to good jobs in the industry. The importance of these educational and training programs is underscored by a survey of Alaska's mining workforce which revealed that there is

considerable aging of skilled employees; for example, 47.1 percent of mechanics, 51.1 percent of mining materials engineers and 65.4 percent of mining machine operators are 45 years of age or older. Faced with the challenges of attrition and aging within the current workforce, and competition from the global mining industry, the mining industry embarked on a workforce development planning process which resulted in the Alaska Mining Workforce Development Plan. <http://alaskaminers.org/mining-workforce-development-plan/>.

SB116 extends the education tax credit program so it will continue to promote private investment in higher education in our state, an essential component of realizing the objective of ensuring that Alaskans learn the skills needed to sustain and grow Alaska's mining industry. Thank you for sponsoring this bill.

Sincerely,



Karen Matthias
Executive Director

cc: Senator Mia Costello, Chair, Senate Labor and Commerce Committee



KAWERAK, INC. • P.O. Box 948 • Nome, AK 99762

TEL: (907) 443-5231 • FAX: (907) 443-4452

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TELLER

UNALAKLEET

WALES

WHITE MOUNTAIN

February 6, 2018

To: The Honorable Senator John Coghill

RE: SB116 Education Tax Credits Legislation

Dear Senator Coghill,

Kawerak, Inc., supports extending the Education Tax Credit sunset from December 31, 2018 to January 1, 2025.

As State and Federal funding streams have been eliminated from NACTEC's budget in recent years, the Education Tax Credit has provided a mechanism to seek funding through industry partners that has grown enrollment in Nome's Regional Training Center. As enrollment in NACTEC vocational training has increased, high school graduation rates began a steadily climb from an average of 30% in the years before tax credit availability (FY05-FY09), increasing to an average of 76% in FY13-FY17.

A 2009 research study by Northeastern University determined the lifetime cost of a dropout was \$292,000 in incarceration costs and lower tax revenues. The Bering Strait School District has seen its 12th grade dropouts decrease from an average of 38 in FY07-FY09 to an average of 9 in FY15-FY17; resulting in a savings of \$8.5M per graduating class, as more students are now engaged and staying in school. NACTEC's vocational training programs have been recognized as critical to this remarkable transformation, with education tax credits as a primary source of funding support.

The education tax credit is a program that should be recognized as working for intended outcomes and one deserving of a sunset extension.

Sincerely,

KAWERAK, INC.

Melanie Bahnke, President

Cc: Senator Donald Olson
Senator Tom Begich
Senator Click Bishop



Northwestern Alaska Career and Technical Center

Douglas J. Walrath, Ph.D.
P.O. Box 131
Nome, AK 99762
Tel: 907-443-3507
Fax: 907-443-7076
<http://www.nacteconline.org>

January 29, 2018

To: The Honorable Senator John Coghill

RE: SB116 Education Tax Credits Legislation

Dear Senator Coghill,

The Northwestern Alaska Career and Technical Center (NACTEC) supports extending the Education Tax Credit sunset from December 31, 2018 to January 1, 2025.

As State and Federal funding streams have been eliminated from NACTEC's budget in recent years, the Education Tax Credit has provided a mechanism to seek funding through industry partners that has grown enrollment in Nome's Regional Training Center. As enrollment in NACTEC vocational training has increased, high school graduation rates began a steadily climb from an average of 39% in the years before tax credit availability (FY05-FY09), increasing to an average of 76% in FY13-FY17.

A 2009 research study by Northeastern University determined the lifetime cost of a dropout was \$292,000 in incarceration costs and lower tax revenues. Bering Strait School District has seen its 12th grade dropouts decrease from an average of 38 in FY07-FY09 to an average of 9 in FY15-FY17; resulting in a savings of \$8.5M per graduating class, as more students are now engaged and staying in school. NACTEC's vocational training programs have been recognized as critical to this remarkable transformation, with education tax credits as a primary source of funding support.

The education tax credit is a program that should be recognized as working for intended outcomes and one deserving of a sunset extension.

Sincerely,

Douglas J. Walrath, Director

Cc:

Senator Donald Olson
Senator Tom Begich
Senator Click Bishop



210 S. Harbor Dr. / P.O. Box 1129 Valdez, AK

Phone: 907-835-8910 Fax: 907.835-8913

February 12, 2018

The Honorable John Coghill
State Capitol, Room 119
Juneau, Alaska 99801-1182

RE: Letter of Support for Senate Bill 116

Dear Senator Coghill:

Silver Bay Seafoods, LLC (Silver Bay, or SBS) is writing to support Alaska 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."

SBS is a vertically integrated, primarily fishermen-owned processor of frozen salmon, herring, and other seafoods products for both domestic and export markets. Silver Bay began in 2007 as a single salmon processing facility in Sitka, Alaska, and has since grown into one of the largest seafoods companies in Alaska. Silver Bay has state of the art, high volume processing and freezing facilities throughout Alaska, currently operating in Sitka, Craig, Valdez, Naknek and Metlakatla. SBS is dependent upon a large and diverse workforce, the likes of which can and do receive their training through the University of Alaska Southeast's (UAS) School of Career Education, which includes the following programs of relevance to Silver Bay's operations: Construction Technology, Diesel Technology, Welding, and Fisheries Technology.

With regards to the lattermost program, industry funding made possible through education credits have resulted in increased training opportunities for Alaskan youth. For example, in fall of 2017 36 Alaskan high school students took UAS courses, thanks to financial assistance from the At-Sea Processors Association (APA) and Goldbelt Inc. APA previously assisted with a pilot UAS program in spring 2017, allowing 13 high school students to complete four credits of college coursework. Goldbelt Inc. has worked to engage Juneau-based Alaska Native students in the sciences, beginning with a summer 2017 oceanography learning experience and culminating with 22 students taking an iPad-based Introduction to Oceanography class for University of Alaska General Education credit. Altogether, in 2017 APA and Goldbelt Inc. helped over 50 high school students take on university-level coursework all over the state, from Kodiak, Juneau, and Sitka to Unalaska, Galena, and Petersburg.

I personally benefitted from similar financial assistance several years ago as a student in UAS's Fisheries Technology Program. With financial assistance made possible by donations from Icicle Seafoods, I completed an Undergraduate Certificate in Fisheries Technology before going on to complete graduate-level programs at Oregon State University.

Extension of the education tax credit program through Senate Bill 116 will continue to promote private investment in Alaskan higher education, which is essential to ensuring that Alaskans learn the skills needed to sustain and grow Alaska's commercial fishing industry. Our thanks to you for sponsoring this important bill.

Sincerely,

Tommy Sheridan
Director of Government Affairs
Silver Bay Seafoods
Email: tommy.sheridan@silverbayseafoods.com
Cell: (907) 738-7202



USIBELLI COAL MINE, INC.

PO Box 1000 Healy, Alaska 99743

Telephone (907) 683-2226 • Facsimile (907) 683-2253

February 8, 2018

The Honorable Senator John Coghill
State Capitol
Juneau, Alaska 99801

Re: Support for SB 116 Education Tax Credits

Dear Senator Coghill:

Usibelli Coal Mine, Inc. (UCM), located in Healy, Alaska is a fourth generation, family-owned business. As the only operating coal mine in the state, UCM supplies 100 percent of the in-state demand to six coal-fired power plants in Interior Alaska. UCM employs approximately 100 people and is the largest year-round private sector employer in the Denali Borough.

As a company which is subject to Alaska's Mining License Tax, UCM has participated in the Education Tax Credit program for many years. UCM has made many meaningful contributions to the University of Alaska to endow student scholarships, support faculty research, and provide program support in various departments at the University of Alaska Fairbanks, such as the School of Management, and the College of Engineering and Mines. Additionally, UCM's contributions have supported capital projects such as the new Engineering building, the Museum of the North, and the staff meeting and locker room at the new University power plant.

If SB 116 does not pass this session, the Education Tax Credit program will sunset. While UCM understands that the legislature is reexamining many programs such as this one, we urge you to extend the Education Tax Credit program. The Education Tax Credit program directly leverages additional private funds. Should this program sunset, a large vacuum effect will be felt statewide as scores of educational institutions – not just the University, will turn to the State to cover the loss in private funding.

Thank you for the opportunity to provide support for SB 116. Should you have any questions, please do not hesitate to contact me at (907) 982-6744, or lorali@usibelli.com.

Sincerely,

Lorali M. Simon
Vice President, External Affairs