House Bill 233
Education Tax Credits

Education Tax Credit

- 1987: Education Tax Credit (ETC) established to encourage private businesses to make charitable contributions to Alaska educational institutions and facilities

- 2010: Credit increased from 50% to 100% on contributions between $101-$300k; maximum annual credit expanded from $150k to $5 million (SB236)

- 2011 and 2014: List of institutions and programs eligible for donation were expanded; eligibility varies by tax-type (SB84 & HB278)

- 2014: ETC sunset established for Dec 2018 as part of newly established Indirect Expenditure Report (HB306)

House Bill 233

- HB233 extends the effective date for the repeal of the education tax credits from December 31, 2018 to January 1, 2025.
- Ensures that the credit that exists in statute today will be maintained until January 1, 2025, instead of narrowing in scope and decreasing in value on January 1, 2021.

Education Tax Credit

- Today, there are many opportunities to make private donations to a variety of educational institutions, facilities and programs
- However, there are specific eligibility requirements for both organizations and tax type
- Selection of eligible entities:
  - 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 higher education investment fund
  - Postsecondary institutions providing dual-credit courses

Education Tax Credit

- Non-transferable, non-refundable credit that a donor can apply against the following categories of State of Alaska taxes. The use and deductibility of contributions varies by tax type:
  - 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
  - Oil and Gas Property Tax

- General Credit Provisions:
  - 50% of annual contributions up to $100,000
  - 100% of the next $200,000
  - 50% of annual contributions beyond $300,000
  - Total annual credit per taxpayer, across all tax types not-to-exceed $5 million

Why are ETC Important?

- ETC allows a need to be filled directly.
- Encourages private industry to partner with education institutions, creating more opportunity in our state.
- Expanding our educational programs to provide more opportunities for our students.
- Training our future workforce for Alaskan jobs.

Benefits to Education

Alaska Department of Revenue
Tax Division

Summary of 2015

Tax Program	Credits Claimed	Total of Contributions	*Beneficiary* U of A	APU	Secondary Vocational	Other
Corporation Net Income	$3,720,856	$5,766,002	$2,848,112	$200,100	$691,325	$2,026,465
Insurance Premiums	151,000	202,000	202,000	-	-	-
Fishery Resource Landing	925,000	1,150,000	727,778	346,222	76,000	-
Mining License	2,098,668	3,397,891	997,891	-	2,400,000	-
Fisheries Business	535,000	700,000	396,667	109,333	194,000	-
Oil and Gas Production (No credits claimed)	-	-	-	-	-	-
Oil and Gas Property (No credits claimed)	-	-	-	-	-	-
Total - All Tax Types	**$7,430,524**	**$11,215,893**	**$5,172,448**	**$655,655**	**$3,361,325**	**$2,026,465**

To be eligible for the Education Tax Credit, a contribution to the University of Alaska must be used for:

- Direct instruction
- Research
- Education support including libraries, museums and contributions to a UA Foundation Endowment
- Facilities
- Intercollegiate Sports

Benefits to Education

Alaska Department of Revenue
Tax Division

Summary of CY 2017
Alaska Education Credits

Tax Program	Credits Claimed	Total of Contributions	Beneficiary: U of A	Beneficiary: APU	Beneficiary: Secondary Vocational	Beneficiary: Other
Corporation Net Income	$2,179,531	$3,296,329	$1,605,017	$162,437	$483,075	$1,045,800
Insurance Premiums	975	1,950	1,950	-	-	-
Fishery Resource Landing	1,628,042	2,003,042	323,354	1,304,688	375,000	-
Mining License	1,828,267	3,062,836	647,490	-	2,413,346	2,000
Fisheries Business	475,149	653,771	240,789	150,313	221,500	41,169
Oil and Gas Production (No credits claimed)	-	-	-	-	-	-
Oil and Gas Property	178,000	228,000	116,000	-	100,000	12,000
Total - All Tax Types	**$6,289,964**	**$9,245,928**	**$2,934,599**	**$1,617,438**	**$3,592,921**	**$1,100,969**

Through the existing ETC program contributions brought in over $9 million in CY2017 for education that we may not have seen otherwise.

Industry Investment in Education

- In 2000, members of the At-Sea Processors Association began making private contributions to support student fellowships and to fund sustainable oceans and fisheries research
- Association members established the Ted Stevens Professorship of Marine Policy
- UA and the At-Sea Processors created the Pollock Conservation Cooperative Research Center (PCCRC) within the College of Fisheries and Ocean Sciences at UAF
- The PCCRC has put over $20 million into marine research and education since 2000, the largest single contributor to marine research at the University of Alaska.
- The work done over the years has had an impact far beyond what the University could have accomplished alone.
- Participating companies have included Trident, American, Starbound, Glacier Fish, Arctic Storm, and the Coastal Villages Region Fund

Thank you.

Any questions?