

Title:

Education Tax Credit Information - Detail of Credits Claimed & Potential Contribution Cases, CY 2015 - CY 2017

Preparer: Ky Clark, Economist, 465-8222

Date: 4/24/2018

Purpose: Provide the number of companies that claimed certain amounts of education tax credit, as well as specific amounts taken by fiscal year. Also includes the number of companies within credit amount "brackets", by fiscal year.

Data Source: Education Tax Credit values are from the Tax Revenue Management System as of April 3, 2018.

Key Assumptions: This analysis reports the values of claimed education credits for CY 2015 through CY 2017. The outlined cases 1 and 2 use the data for the previously mentioned 3 calendar years and adapts the data to the constraints outlined by each case. This analysis does not account for potential changes in taxpayer behavior, rather the analysis reports education credits claimed under the different cases based on past (CY 2015 - CY 2017) taxpayer behavior.

Education Tax Credit Claimed amounts for each calendar year are based on returns that were received during the corresponding calendar year.

This analysis is customized and will not match cash revenue collections reported in other Department of Revenue reports and/or publications due to the methodology in developing the variables explained in the preceding paragraphs.

History: This is the second version of this analysis; This version includes two cases and was requested on April 24, 2018.

Disclaimer: The Department of Revenue is in the process of reviewing and updating the data on which this analysis is based. As a result, future analysis could have different results.

The information contained in this workbook may be privileged, confidential or otherwise protected from disclosure. If you are not the intended recipient, any use, dissemination, disclosure, distribution or copying is strictly prohibited.

Education Tax Credit Information - Detail of Credits Claimed & Potential Contribution Cases, CY 2015 - CY 2017

Status Quo Case: Education Credit capped at \$5,000,000 per taxpayer. The credit is 50% of the first \$100,000, and 100% of any amount over \$100,000 and up to \$300,000, and 50% of the remaining amount over \$300,000.

Data from CY 2015-2017	Claims <150K	Claims 150-250K	Claims >250K	Totals
Number of Credit Claims	61	27	28	116
Avg. Credit Claimed	43,575	237,200	487,652	195,834
Education Credit Claimed	2,658,051	6,404,395	13,654,257	22,716,702
Yearly Credit Claimed	886,017	2,134,798	4,551,419	7,572,234

Case 1: Education Credit capped at \$250,000 per taxpayer. The credit is 50% of the first \$100,000, and 100% of the next \$200,000. *This case represents the pre-2011 law that is scheduled to resume in 2021 if no changes are made.*

Data from CY 2015-2017	Claims <150K	Claims 150-250K	Claims >250K	Totals
Number of Credit Claims	61	27	28	116
Potential Credit Claimed	2,658,051	6,404,395	7,000,000	16,062,445
Yearly Credit Claimed	886,017	2,134,798	2,333,333	5,354,148

Case 2: Education Credit capped at \$1,000,000 per taxpayer. The credit is 50% of \$2,000,000 in contributions.

Data from CY 2015-2017	Claims <150K	Claims 150-250K	Claims >250K	Totals
Number of Credit Claims	61	27	28	116
Potential Credit Claimed	2,147,397	3,878,773	10,246,677	16,272,846
Yearly Credit Claimed	715,799	1,292,924	3,415,559	5,424,282

Note: This analysis does not account for potential changes in taxpayer behavior. The analysis reports education credits claimed under the different cases based on past (CY 2015 - CY 2017) taxpayer behavior.

Education Tax Credit Information - Contributions Made by Category & Contributions Received by Recipient for Tax Year 2016

Preparer: Ky Clark, Economist, 465-8222

Date: 4/13/2018

Purpose: Provide education tax credit contribution amounts by category type and by recipient for tax year 2016 (where each reported recipient has at least three different donors).

Data Source: Education Tax Credit values are from the Tax Revenue Management System as of April 3, 2018.

Key Assumptions: The tables on the following page are composed of education tax credit contribution amounts that were made on 2016 tax returns and have primarily been reported in CY 2017. Each company made contribution amounts on their tax return to a specific entity and marked each donation with code A through L, denoting different uses for donated amounts. Some contributions were not marked with a code and were therefore summated as "Unknown".

This analysis is customized and will not match cash revenue collections reported in other Department of Revenue reports and/or publications due to the methodology in developing the variables explained in the preceding paragraphs.

History: This is the first version of this analysis.

Disclaimer: The Department of Revenue is in the process of reviewing and updating the data on which this analysis is based. As a result, future analysis could have different results.

The information contained in this workbook may be privileged, confidential or otherwise protected from disclosure. If you are not the intended recipient, any use, dissemination, disclosure, distribution or copying is strictly prohibited.

Education Tax Credit Information - Contributions Made by Category & Contributions Received by Recipient for Tax Year 2016

Prepared 4/13/2018

Code	Category	Contributions
A	Alaska university foundation, 2 or 4-year college or an elementary or secondary school	\$4,323,308
B	Secondary school level vocational courses operated by an Alaska school district	\$125,000
C	State-operated vocational technical education and training school, regional training center, certain apprenticeship programs	\$135,120
D	Alaska 2 or 4-year college, elementary, or secondary school for facilities	\$316,200
E	Alaska Native cultural or heritage program for public school staff and students K-12	\$112,600
F	Coastal ecosystem learning center qualified under the Coastal America Partnership	\$75,000
G	Alaska higher education investment fund under AS 37.14.750	\$0
H	Non-profit organization to fund scholarship for a dual-credit student under AS 43.20.014	\$128,937
I	Residential school approved under AS 14.16.200	\$58,275
J	Childhood learning and development programs provided by a non-profit organization	\$12,500
K	Certain science, technology, engineering and math programs	\$235,580
L	Non-profit organization that provides certain educational opportunities	\$752,983
¹ Unknown		\$3,080,502
		\$9,356,005

Note: Education tax credit contribution amounts were made on 2016 tax returns and have primarily been reported in CY 2017. Each company made contribution amounts on their tax return to a specific entity and marked each donation with code A through L, denoting different uses for donated amounts.

¹ Some contributions were not marked with a code and were therefore summated as "Unknown"

Education Tax Credit Information - Contributions Made by Category & Contributions Received by Recipient for Tax Year 2016

Prepared 4/13/2018

Recipients	Contributions
University of Alaska	\$2,034,937
Alaska Pacific University	\$1,617,438
University of Alaska Foundation	\$1,055,739
Northwestern Alaska Career & Technical Center	\$320,500
Alaska Native Heritage Center	\$37,600
Cook Inlet Tribal Council	\$75,000
¹ Other	\$4,214,791
	\$9,356,005

Recipient, Contribution Bracket	Contributions
Secondary/Vocational, Less than \$50,000 in Contributions	\$209,421
Secondary/Vocational, More than \$50,000 in Contributions	\$2,984,000
² Other - Secondary/Vocational	\$3,193,421
Other, Less than \$50,000 in Contributions	\$435,170
Other, More than \$50,000 in Contributions	\$586,200
² Other	\$1,021,370

Note: Education tax credit contribution amounts were made on 2016 tax returns and have primarily been reported in CY 2017. Each company made contribution amounts on their tax return to a specific entity and marked each donation with code A through L, denoting different uses for donated amounts.

¹ A combined total of recipients with less than 3 donors

² The sum of these "Other" totals equals the Other total reported in the table above.

Education Tax Credit Eligible Recipients

Analysis by Statutory Subsection among Seven Different Tax Types

<u>(a) A taxpayer is allowed a credit against the tax due under this chapter for cash contributions accepted for...</u>	Alaska Net Income Tax AS 43.20.014	Mining License Tax AS 43.65.018	Fisheries Business Tax AS 43.75.018	Fishery Resource Landing Tax AS 43.77.045	Oil & Gas Production Tax AS 43.55.019	Oil & Gas Property Tax AS 43.56.018	Insurance Tax AS 21.96.070
...direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by the Alaska university foundation, by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association...	(a)1	(a)1	(a)1	(a)1	(a)1	(a)1	(a)1
...or by a public or private nonprofit elementary or secondary school in the state;	(a)1	(a)1	(a)1	(a)1	N/A	N/A	N/A
...secondary school level vocational education courses, programs, and facilities by a school district in the state;	(a)2	(a)2	(a)2	(a)2	(a)2	(a)2	(a)2
...vocational education courses, programs, and facilities by a state - operated vocational technical education and training school,...	(a)3	(a)3	(a)3	(a)3	(a)3	(a)3	(a)3
...a nonprofit regional training center recognized by the Department of Labor and Workforce Development, and an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 - 50b (National Apprenticeship Act);	(a)3	N/A	N/A	N/A	(a)3	N/A	N/A
...a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association....	(a)4	(a)4	(a)4	(a)4	(a)4	(a)4	(a)4
...or an annual intercollegiate sports tournament...	N/A	N/A	N/A	N/A	(a)4	(a)4	(a)4
...or by a public or private nonprofit elementary or secondary school in the state;	(a)4	(a)4	(a)4	(a)4	N/A	N/A	N/A
...Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;	(a)5	(a)5	(a)5	(a)5	(a)5	(a)5	(a)5
...education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;	(a)6	(a)6	(a)6	(a)6	(a)6	(a)6	(a)6

...the Alaska higher education investment fund under AS 37.14.750;	(a)7	(a)7	(a)7	(a)7	(a)7	(a)7	N/A
...funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of (A) tuition and textbooks; (B) registration, course, and programmatic student fees; (C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course; (D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and (E) other related educational and programmatic costs;	(a)8	(a)8	(a)8	(a)8	N/A	N/A	N/A
...constructing, operating, or maintaining a residential housing facility by a residential school in the state approved by the Department of Education and Early Development under AS 14.16.200;	(a)9	(a)9	(a)9	(a)9	N/A	N/A	N/A
...childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;	(a)10	(a)10	(a)10	(a)10	N/A	N/A	N/A
...science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; and	(a)11	(a)11	(a)11	(a)11	N/A	N/A	N/A
...the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and future generations of residents of the state.	(a)12	(a)12	(a)12	(a)12	N/A	N/A	N/A

Other Statutory Sections and Definitions	Alaska Net Income Tax AS 43.20.014	Mining License Tax AS 43.65.018	Fisheries Business Tax AS 43.75.018	Fishery Resource Landing Tax AS 43.77.045	Oil & Gas Production Tax AS 43.55.019	Oil & Gas Property Tax AS 43.56.018	Insurance Tax AS 21.96.070
(b) The amount of the credit is (1) 50 percent of contributions if not more than \$100,000; (2) 100 percent of the next \$200,000 of contributions; and (3) 50 percent of the amount of contributions that exceed \$300,000.	(b)	(b)	(b)	(b)	(b)	(b)	(b)
(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.	(c)	(c)	(c)	(c)	(c)	(c)	(c)

(d) A contribution claimed as a credit under this section may not be the basis for a credit claimed under another provision of this title; and when combined with contributions that are the basis for credits taken during the taxpayer's tax year under [list of other education tax credit statutes], result in the total credits exceeding \$5,000,000 for the affiliated group.	(d)						
...(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter...	(d)	N/A	N/A	N/A	N/A	N/A	N/A
(e) the credit under [section] may not reduce a person's tax liability under this chapter to below zero for any tax year. An unused credit or portion of a credit not used under this section for a tax year may not be sold, traded, transferred, or applied in a subsequent tax year.	(e)						
(f) 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...	N/A	N/A	N/A	N/A	(f)	N/A	N/A
..."duel-credit student" means a secondary level student in the state who simultaneously earns college and high school credit for a course.	(f)1	(f)1	(f)1	(f)1	N/A	N/A	N/A
..."nonprofit organization" means a charitable or educational organization in the state that is exempt from taxation under 26 U.S.C. 501(c)(3)(Internal Revenue Code);	(f)2	(f)2	(f)2	(f)2	N/A	N/A	N/A
..."school district" means a borough school district, a city school district, a regional educational attendance area, or a state boarding school;	(f)3	N/A	N/A	N/A	N/A	N/A	N/A
..."school district" has the meaning given in AS 43.20.014;	N/A	(f)3	(f)3	(f)3	(g)1	(f)1	(f)1
..."vocational education" means organized educational activities that offer a sequence of courses that provides individuals with the academic and technical knowledge and skills the individuals need to prepare for further education and for careers other than careers requiring a baccalaureate, master's or doctoral degree;	(f)4	N/A	N/A	N/A	N/A	N/A	N/A
..."vocational education" has the meaning given in AS 43.20.014;	N/A	(f)4	(f)4	(f)4	(g)2	(f)2	(f)2