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Bullock
3/22/10

CS FOR HOUSE BILL NO. 367()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES MUÑOZ, Kelly, Peggy Wilson, Ramras

A BILL

FOR AN ACT ENTITLED

"An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes and facilities; and providing for an effective date."

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

*** Section 1.** AS 21.06.110 is amended to read:

Sec. 21.06.110. Director's annual report. As early in each calendar year as is reasonably possible, the director shall prepare and deliver an annual report to the commissioner, who shall notify the legislature that the report is available, showing, with respect to the preceding calendar year,

(1) a list of the authorized insurers transacting insurance in this state, with a summary of their financial statement as the director considers appropriate;

(2) the name of each insurer whose certificate of authority was surrendered, suspended, or revoked during the year and the cause of surrender, suspension, or revocation;

(3) the name of each insurer authorized to do business in this state

1 against which delinquency or similar proceedings were instituted and, if against an
2 insurer domiciled in this state, a concise statement of the facts with respect to each
3 proceeding and its present status;

4 (4) a statement in regard to examination of rating organizations,
5 advisory organizations, joint underwriters, and joint reinsurers as required by
6 AS 21.39.120;

7 (5) the receipt and expenses of the division for the year;

8 (6) recommendations of the director as to amendments or
9 supplementation of laws affecting insurance or the office of director;

10 (7) statistical information regarding health insurance, including the
11 number of individual and group policies sold or terminated in the state; this paragraph
12 does not authorize the director to require an insurer to release proprietary information;

13 (8) the annual percentage of health claims paid in the state that meets
14 the requirements of AS 21.36.128(a) and (d); [AND]

15 (9) the total amount of contributions reported and the total
16 amount of credit claimed under AS 21.89.070 and 21.89.075; and

17 (10) other pertinent information and matters the director considers
18 proper.

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

20 (a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or
21 AS 21.66.110 for cash contributions accepted

22 (1) for direct instruction, research, and educational support purposes,
23 including library and museum acquisitions, and contributions to endowment, by an
24 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
25 four-year college accredited by a regional accreditation association;

26 (2) for secondary school level vocational education courses, [AND]
27 programs, and facilities by a school district in the state; [AND]

28 (3) for vocational education courses, programs, and facilities by a
29 state-operated vocational technical education and training school; and

30 (4) for a facility by a nonprofit, public or private, Alaska two-year
31 or four-year college accredited by a regional accreditation association.

1 * **Sec. 3.** AS 21.89.070(b) is amended to read:

2 (b) The amount of the credit is [THE LESSER OF

3 (1)] an amount equal to

4 (1) [(A)] 50 percent of contributions of not more than \$100,000;

5 (2) [AND (B)] 100 percent of the next \$100,000 of contributions; and

6 (3) 50 percent of the amount of contributions that exceed \$200,000

7 [OR

8 (2) 50 PERCENT OF THE TAXPAYER'S TAX LIABILITY UNDER

9 THIS TITLE].

10 * **Sec. 4.** AS 21.89.070(d) is amended to read:

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

12 (1) be the basis for a credit claimed [AS A CREDIT] under more
13 than one provision of this title; and

14 (2) when combined with contributions that are the basis for credits
15 taken during the taxpayer's tax year under AS 21.89.075, AS 43.20.014,
16 AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in
17 the total amount of credits exceeding \$5,000,000; if the taxpayer is a member of
18 an affiliated group, then the total amount of credits may not exceed \$5,000,000
19 for the affiliated group [EXCEED \$150,000].

20 * **Sec. 5.** AS 21.89.070(e) is amended by adding a new paragraph to read:

21 (3) "affiliated group" has the meaning given in AS 43.20.073.

22 * **Sec. 6.** AS 21.89.075(c) is amended to read:

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

24 (1) be the basis for a credit claimed [AS A CREDIT] under more
25 than one provision of this title;

26 (2) when combined with contributions that are the basis for credits
27 taken during the taxpayer's tax year under AS 21.89.070, AS 43.20.014,
28 AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in
29 the total amount of credits exceeding \$5,000,000; if the taxpayer is a member of
30 an affiliated group, then the total amount of credits may not exceed \$5,000,000
31 for the affiliated group; in this paragraph, "affiliated group" has the meaning

1 given in AS 43.20.073 [EXCEED \$150,000]; or

2 (3) be claimed as a credit unless the contribution qualifies for the credit
3 under (d) of this section.

4 * **Sec. 7.** AS 43.05.010 is amended to read:

5 **Sec. 43.05.010. Duties of commissioner.** The commissioner of revenue shall

6 (1) exercise general supervision and direct the activities of the
7 Department of Revenue;

8 (2) supervise the fiscal affairs and responsibilities of the department;

9 (3) prescribe uniform rules for investigations and hearings;

10 (4) keep a record of all departmental proceedings, record and file all
11 bonds, and assume custody of returns, reports, papers, and documents of the
12 department;

13 (5) adopt a seal and affix it to each order, process, or certificate issued
14 by the commissioner;

15 (6) keep a record of each order, process, and certificate issued by the
16 commissioner, and keep the record open to public inspection at all reasonable times;

17 (7) hold hearings and investigations necessary for the administration of
18 state tax and revenue laws;

19 (8) except as provided in AS 43.05.405 - 43.05.499 and in
20 AS 44.64.030, hear and determine appeals of a matter within the jurisdiction of the
21 Department of Revenue and enter orders on the appeals that are final unless reversed
22 or modified by the courts;

23 (9) issue subpoenas to require the attendance of witnesses and the
24 production of necessary books, papers, documents, correspondence, and other things;

25 (10) order the taking of depositions before a person competent to
26 administer oaths;

27 (11) administer oaths and take acknowledgments;

28 (12) request the attorney general for rulings on the interpretation of the
29 tax and revenue laws administered by the department;

30 (13) call upon the attorney general to institute actions for recovery of
31 unpaid taxes, fees, excises, additions to tax, penalties, and interest;

(14) issue warrants for the collection of unpaid tax penalties and interest and take all steps necessary and proper to enforce full and complete compliance with the tax, license, excise, and other revenue laws of the state;

(15) report to the legislature before February 15 of each year the total amount of contributions reported and the total amount of credit claimed during the previous calendar year under AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, and AS 43.77.045 [REPEALED].

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

(a) A taxpayer is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, and facilities by a school district in the state; [AND]

(3) for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school; and

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association.

* Sec. 9. AS 43.20.014(b) is amended to read:

(b) The amount of the credit is

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

(2) 100 percent of the next \$100,000 of contributions; and

(3) 50 percent of the amount of contributions that exceed \$200,000.

* Sec. 10. AS 43.20.014(d) is amended to read:

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

(1) be the basis for a credit 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 contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding \$5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$5,000,000 for the affiliated group [EXCEED \$150,000].

* Sec. 11. AS 43.20.014(e) is amended by adding new paragraphs to read:

(3) "affiliated group" has the meaning given in AS 43.20.073;

(4) "tax due under this chapter" means the tax due after application of the credit allowed under AS 43.20.043 and before the application of any other credit allowable under this chapter.

* Sec. 12. AS 43.55.019(a) is amended to read:

(a) A producer of oil or gas is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, and facilities by a school district in the state; [AND]

(3) for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school; and

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association.

* Sec. 13. AS 43.55.019(b) is amended to read:

(b) The amount of the credit is

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

(2) 100 percent of the next \$100,000 of contributions; and

(3) 50 percent of the amount of contributions that exceed \$200,000.

* Sec. 14. AS 43.55.019(d) is amended to read:

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

(1) be the basis for a credit claimed [AS A CREDIT] under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding \$5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$5,000,000 for the affiliated group [EXCEED \$150,000].

* Sec. 15. AS 43.55.019(f) is amended by adding a new paragraph to read:

(3) "affiliated group" has the meaning given in AS 43.20.073.

* Sec. 16. AS 43.56.018(a) is amended to read:

(a) The owner of property taxable under this chapter is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, and facilities by a school district in the state; [AND]

(3) for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school; and

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association.

* Sec. 17. AS 43.56.018(b) is amended to read:

(b) The amount of the credit is

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

(2) 100 percent of the next \$100,000 of contributions; and

(3) 50 percent of the amount of contributions that exceed \$200,000.

* Sec. 18. AS 43.56.018(d) is amended to read:

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

(1) be the basis for a credit claimed [AS A CREDIT] under another

1 provision of this title; and

2 (2) when combined with contributions that are the basis for credits
3 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
4 AS 43.55.019, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
5 amount of credits exceeding \$5,000,000; if the taxpayer is a member of an
6 affiliated group, then the total amount of credits may not exceed \$5,000,000 for
7 the affiliated group [EXCEED \$150,000].

8 * Sec. 19. AS 43.56.018(e) is amended by adding a new paragraph to read:

9 (3) "affiliated group" has the meaning given in AS 43.20.073.

10 * Sec. 20. AS 43.65.018(a) is amended to read:

11 (a) A person engaged in the business of mining in the state is allowed a credit
12 against the tax due under this chapter for cash contributions accepted

13 (1) for direct instruction, research, and educational support purposes,
14 including library and museum acquisitions, and contributions to endowment, by an
15 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
16 four-year college accredited by a regional accreditation association;

17 (2) for secondary school level vocational education courses, [AND]
18 programs, and facilities by a school district in the state; [AND]

19 (3) for vocational education courses, programs, and facilities by a
20 state-operated vocational technical education and training school; and

21 (4) for a facility by a nonprofit, public or private, Alaska two-year
22 or four-year college accredited by a regional accreditation association.

23 * Sec. 21. AS 43.65.018(b) is amended to read:

24 (b) The amount of the credit is

25 (1) 50 percent of contributions of not more than \$100,000; [AND]

26 (2) 100 percent of the next \$100,000 of contributions; and

27 (3) 50 percent of the amount of contributions that exceed \$200,000.

28 * Sec. 22. AS 43.65.018(d) is amended to read:

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

30 (1) be the basis for a credit claimed [AS A CREDIT] under another
31 provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, result in the total amount of the credits exceeding \$5,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$5,000,000 for the affiliated group [EXCEED \$150,000].

* Sec. 23. AS 43.65.018(e) is amended by adding a new paragraph to read:

(3) "affiliated group" has the meaning given in AS 43.20.073.

* Sec. 24. AS 43.75.018(a) is amended to read:

(a) A person engaged in a fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(2) for secondary school level vocational education courses, [AND] programs, and facilities by a school district in the state; [AND]

(3) for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school; and

(4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association.

* Sec. 25. AS 43.75.018(b) is amended to read:

(b) The amount of the credit is

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

(2) 100 percent of the next \$100,000 of contributions; and

(3) 50 percent of the amount of contributions that exceed \$200,000.

* Sec. 26. AS 43.75.018(d) is amended to read:

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

(1) be the basis for a credit claimed [AS A CREDIT] under another provision of this title; and

(2) when combined with contributions that are the basis for credits

1 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
2 AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, **result in the total**
3 **amount of the credits exceeding \$5,000,000; if the taxpayer is a member of an**
4 **affiliated group, then the total amount of credits may not exceed \$5,000,000 for**
5 **the affiliated group** [EXCEED \$150,000].

6 * Sec. 27. AS 43.75.018(e) is amended by adding a new paragraph to read:

7 (3) "affiliated group" has the meaning given in AS 43.20.073.

8 * Sec. 28. AS 43.77.045(a) is amended to read:

9 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
10 a floating fisheries business is allowed a credit against the tax due under this chapter
11 for cash contributions accepted

12 (1) for direct instruction, research, and educational support purposes,
13 including library and museum acquisitions, and contributions to endowment, by an
14 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
15 four-year college accredited by a regional accreditation association;

16 (2) for secondary school level vocational education courses, [AND]
17 programs, **and facilities** by a school district in the state; [AND]

18 (3) **for vocational education courses, programs, and facilities** by a
19 state-operated vocational technical education and training school; **and**

20 **(4) for a facility by a nonprofit, public or private, Alaska two-year**
21 **or four-year college accredited by a regional accreditation association.**

22 * Sec. 29. AS 43.77.045(b) is amended to read:

23 (b) The amount of the credit is

24 (1) 50 percent of contributions of not more than \$100,000; [AND]

25 (2) 100 percent of the next \$100,000 of contributions; **and**

26 **(3) 50 percent of the amount of contributions that exceed \$200,000.**

27 * Sec. 30. AS 43.77.045(d) is amended to read:

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

29 (1) be **the basis for a credit** claimed [AS A CREDIT] under another
30 provision of this title; and

31 (2) when combined with **contributions that are the basis for** credits

1 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
2 AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, result in the total
3 amount of the credits exceeding \$5,000,000; if the taxpayer is a member of an
4 affiliated group, then the total amount of credits may not exceed \$5,000,000 for
5 the affiliated group [EXCEED \$150,000].

6 * Sec. 31. AS 43.77.045(e) is amended by adding a new paragraph to read:

7 (3) "affiliated group" has the meaning given in AS 43.20.073.

8 * Sec. 32. This Act takes effect January 1, 2011.