

# FISCAL NOTE

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

Bill Version SCSCSHB 278 (FIN)  
Fiscal Note Number \_\_\_\_\_  
( ) Publish Date \_\_\_\_\_

Identifier (file name) HB278SCSCS(FIN)-DOR-TAX-04-17-14 - DRAFT Dept. Affected Revenue  
Title Education Appropriation Taxation and Treasury  
Allocation Tax Division  
Sponsor Governor  
Requester (S) FIN OMB Component Number 2476

## Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY15 Appropriation Requested	Included in Governor's FY15 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY15	FY15	FY16	FY17	FY18	FY19	FY20
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>

FUND SOURCE (Thousands of Dollars)							
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1007	I/A Rcpts (Other)						
1156	Rcpt Svcs (DGF)						
		<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							

<b>CHANGE IN REVENUES</b>	<b>***</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>
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Estimated SUPPLEMENTAL (FY14) operating costs \_\_\_\_\_ (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY15) costs \_\_\_\_\_ (separate capital appropriation required)  
(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If yes, by what date are the regulations to be adopted, amended, or repealed? \_\_\_\_\_ Discuss details in analysis section.

### Why this fiscal note differs from previous version (if initial version, please note as such)

Updated to reflect changes made in version 28-GH2716\K by SFIN

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Approved by Angela M. Rodell, Commissioner  
Division Department of Revenue

Phone (907) 269-6628  
Date/Time 4/17/2014 10:10 a.m.  
Date 4/17/2014

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. SCSCSHB 278 (FIN)

### Analysis

#### Bill Language:

This bill expands the education credit allowed against corporate income tax, mining license tax, fisheries business tax, and fishery resource landing tax to include contributions made for:

- direct instruction, research, and educational support purposes by a public or private nonprofit elementary or secondary school in the state;
- vocational education courses, programs, equipment, and facilities by a state operated voc-tech and training school, 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 US Dept. of Labor. It should be noted that expansion of this section of the education credit was only done in AS 43.20, corporate income taxes;
- a facility by a public or private nonprofit elementary or secondary school in the state;
- funding scholarships awarded to dual-credit students for tuition and textbooks; registration, course and program fees; on campus room and board; transportation costs; and other related education and program expenses;
- contributions made for the construction, operation, or maintenance of a residential housing facility by a residential school approved by the Department of Education and Early Development;
- contributions made for childhood early learning and development programs provided by a nonprofit corporation, a tribal entity, a school district, the Department of Education and Early Development, or through a state grant;
- 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
- the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational that foster public service leadership for future generations of residents of the state.

It also removes contributions for "annual intercollegiate sports tournaments" as a qualifying for the credit.

Finally, with the effective dates in the bill, it contracts some of the qualifying contributions for the education tax credit after January 1, 2021.

#### Revenues:

This bill does not increase or decrease the aggregate amount of total education tax credits allowed against the tax types identified above. It merely identifies additional types of contributions that can qualify for the credit. It is possible that taxpayers, who have not made qualifying contributions and not claimed an education tax credit in the past, may contribute to one or more of these types of entities and claim a credit. However, it is difficult to determine the affect th is bill will have on taxpayer behavior and, therefore, it is difficult to determine if this bill will affect revenue from the tax types identified above. It is important to note that the total education tax credit allowed for each entity each year is currently capped at \$5 million across all tax types. This bill does not increase the maximum contribution amount.

#### Expenditures:

Department of Revenue can implement and administer the provisions of this bill with existing resources.