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Mischel/Bullock  
4/1/13

**CS FOR SENATE BILL NO. 89( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-EIGHTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): SENATOR DUNLEAVY**

**A BILL**  
**FOR AN ACT ENTITLED**

1 **"An Act relating to education tax credits and a tax credit for gifts to the Alaska Fire**  
2 **Standards Council; providing for an effective date by repealing the effective dates in sec.**  
3 **57, ch. 92, SLA 2010, as amended by sec. 15, ch. 7, FSSLA 2011, and in sec 32, ch. 74,**  
4 **SLA 2012; and providing for an effective date."**

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

6 **\* Section 1.** AS 21.96.070(a) is amended to read:

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

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

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

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

(4) for a facility or an annual intercollegiate sports tournament by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(5) for 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; [AND]

(6) for 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; and

(7) for direct instruction or educational support purposes by a public or private nonprofit elementary or secondary school, including a religious school, in the state.

\* Sec. 2. AS 21.96.070(a), as amended by sec. 1 of this Act, is amended to read:

(a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or AS 21.66.110 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 [;

(4) FOR A FACILITY OR AN ANNUAL INTERCOLLEGIATE SPORTS TOURNAMENT BY A NONPROFIT, PUBLIC OR PRIVATE, ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A REGIONAL

1 ACCREDITATION ASSOCIATION;

2 (5) FOR ALASKA NATIVE CULTURAL OR HERITAGE  
3 PROGRAMS AND EDUCATIONAL SUPPORT, INCLUDING MENTORING AND  
4 TUTORING, PROVIDED BY A NONPROFIT AGENCY FOR PUBLIC SCHOOL  
5 STAFF AND FOR STUDENTS WHO ARE IN GRADES KINDERGARTEN  
6 THROUGH 12 IN THE STATE;

7 (6) FOR EDUCATION, RESEARCH, REHABILITATION, AND  
8 FACILITIES BY AN INSTITUTION THAT IS LOCATED IN THE STATE AND  
9 THAT QUALIFIES AS A COASTAL ECOSYSTEM LEARNING CENTER  
10 UNDER THE COASTAL AMERICA PARTNERSHIP ESTABLISHED BY THE  
11 FEDERAL GOVERNMENT; AND

12 (7) FOR DIRECT INSTRUCTION OR EDUCATIONAL SUPPORT  
13 PURPOSES BY A PUBLIC OR PRIVATE NONPROFIT ELEMENTARY OR  
14 SECONDARY SCHOOL, INCLUDING A RELIGIOUS SCHOOL, IN THE  
15 STATE].

16 \* Sec. 3. AS 21.96.070(b) is repealed and reenacted to read:

17 (b) The amount of the credit is an amount equal to 70 percent of the  
18 contributions made under this section.

19 \* Sec. 4. AS 21.96.070(d) is amended to read:

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

21 (1) be the basis for a credit claimed under more than one provision of  
22 this title; and

23 (2) when combined with contributions that are the basis for credits  
24 taken during the taxpayer's tax year under AS 21.96.075 or AS 43.98.040 [,  
25 AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, OR  
26 AS 43.77.045], result in the total amount of credits exceeding \$25,000,000  
27 [\$5,000,000]; if the taxpayer is a member of an affiliated group, then the total amount  
28 of credits may not exceed \$25,000,000 [\$5,000,000] for the affiliated group; in this  
29 paragraph, "affiliated group" has the meaning given in AS 43.20.145.

30 \* Sec. 5. AS 21.96.070(d), as amended by sec. 4 of this Act, is amended to read:

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

(1) be the basis for a credit claimed under more than one 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 21.96.075 or AS 43.98.040, result in the total amount of credits exceeding \$150,000 [\$25,000,000; IF THE TAXPAYER IS A MEMBER OF AN AFFILIATED GROUP, THEN THE TOTAL AMOUNT OF CREDITS MAY NOT EXCEED \$25,000,000 FOR THE AFFILIATED GROUP; IN THIS PARAGRAPH, "AFFILIATED GROUP" HAS THE MEANING GIVEN IN AS 43.20.145].

\* Sec. 6. AS 21.96.070(f)(2) is amended to read:

(2) "vocational education" has the meaning given in AS 43.98.040 [AS 43.20.014].

\* Sec. 7. AS 21.96.075(c) is amended to read:

(c) A contribution claimed by a taxpayer as a credit under this section may not (1) be the basis for a credit claimed under more than one provision of this title;

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070 and AS 43.98.040 [, AS 43.20.014, 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 \$25,000,000 [\$5,000,000]; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$25,000,000 [\$5,000,000] for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.145; or

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

\* Sec. 8. AS 21.96.075(c), as amended by sec. 7 of this Act, is amended to read:

(c) A contribution claimed by a taxpayer as a credit under this section may not (1) be the basis for a credit claimed under more than one provision of this title;

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070 and AS 43.98.040, result in

1 the total amount of credits exceeding \$150,000 [\$25,000,000; IF THE TAXPAYER IS  
2 A MEMBER OF AN AFFILIATED GROUP, THEN THE TOTAL AMOUNT OF  
3 CREDITS MAY NOT EXCEED \$25,000,000 FOR THE AFFILIATED GROUP; IN  
4 THIS PARAGRAPH, "AFFILIATED GROUP" HAS THE MEANING GIVEN IN  
5 AS 43.20.145]; or

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

8 \* **Sec. 9.** AS 43.05.010 is amended to read:

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

10 (1) exercise general supervision and direct the activities of the  
11 Department of Revenue;

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

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

14 (4) keep a record of all departmental proceedings, record and file all  
15 bonds, and assume custody of returns, reports, papers, and documents of the  
16 department;

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

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

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

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

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

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

31 (11) administer oaths and take acknowledgments;

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

(13) call upon the attorney general to institute actions for recovery of 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 43.98.040 [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].

\* **Sec. 10.** AS 43.75.130(g) is amended to read:

(g) In this section, "tax revenue collected" includes the amount credited under AS 43.98.040 against taxes under this chapter [AS 43.75.018].

\* **Sec. 11.** AS 43.77.060(e), as amended by sec. 21, ch. 51, SLA 2012, is amended to read:

(e) For purposes of this section, tax revenue collected under AS 43.77.010 from a person entitled to a credit under AS 43.77.035, [43.77.045, OR] AS 43.98.030, or 43.98.040 shall be calculated as if the person's tax had been collected without applying the credits.

\* **Sec. 12.** AS 43.98 is amended by adding a new section to read:

**Sec. 43.98.040. Education tax credit.** (a) A taxpayer is allowed a credit against the tax due under AS 43.20, AS 43.55, AS 43.56, AS 43.65, AS 43.75, and AS 43.77 for cash contributions accepted for

(1) 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) secondary school level vocational education courses, programs, and facilities by a school district in the state;

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

(4) a facility or an annual intercollegiate sports tournament by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association;

(5) 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;

(6) 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;

(7) the Alaska higher education investment fund under AS 37.14.750;  
or

(8) direct instruction or educational support purposes by a public or private nonprofit elementary or secondary school, including a religious school, in the state.

(b) The amount of the credit is an amount equal to 70 percent of contributions under this section.

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not  
(1) be the basis for a credit claimed under more than one 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 21.96.070 and 21.96.075, result in the total amount of credits exceeding \$25,000,000; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$25,000,000 for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.145.

(e) The credit under this section may not reduce a person's tax liability under this title, AS 21.96.070, and 21.96.075 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.

(f) In this section,

(1) "school district" means a borough school district, a city school district, a regional educational attendance area, or a state boarding school;

(2) "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.

\* **Sec. 13.** AS 43.98.040(a), added by sec. 12 of this Act, is amended to read:

(a) A taxpayer is allowed a credit against the tax due under AS 43.20, AS 43.55, AS 43.56, AS 43.65, AS 43.75, and AS 43.77 for cash contributions accepted for

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

(3) [VOCATIONAL EDUCATION COURSES, PROGRAMS, AND FACILITIES BY] a state-operated vocational technical education and training school;

(4) [A FACILITY OR AN ANNUAL INTERCOLLEGIATE SPORTS TOURNAMENT BY A NONPROFIT, PUBLIC OR PRIVATE, ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A REGIONAL ACCREDITATION ASSOCIATION;

(5) 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;

(6) EDUCATION, RESEARCH, REHABILITATION, AND FACILITIES BY AN INSTITUTION THAT IS LOCATED IN THE STATE AND THAT QUALIFIES AS A COASTAL ECOSYSTEM LEARNING CENTER

1 UNDER THE COASTAL AMERICA PARTNERSHIP ESTABLISHED BY THE  
2 FEDERAL GOVERNMENT;

3 (7)] the Alaska higher education investment fund under AS 37.14.750  
4 [; OR

5 (8) DIRECT INSTRUCTION OR EDUCATIONAL SUPPORT  
6 PURPOSES BY A PUBLIC OR PRIVATE NONPROFIT ELEMENTARY OR  
7 SECONDARY SCHOOL, INCLUDING A RELIGIOUS SCHOOL, IN THE  
8 STATE].

9 \* **Sec. 14.** AS 43.98.040(b) is repealed and reenacted to read:

10 (b) The amount of the credit is

11 (1) 50 percent of contributions of not more than \$100,000; and

12 (2) 100 percent of the next \$100,000 of contributions.

13 \* **Sec. 15.** AS 43.98.040(d) is repealed and reenacted to read:

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

15 (1) be the basis for a credit claimed under more than one provision of  
16 this title;

17 (2) also be allowed as a deduction under 26 U.S.C. 170 against the  
18 taxes imposed by AS 43.20; and

19 (3) when combined with contributions that are the basis for credits  
20 taken during the taxpayer's tax year under AS 21.96.070 and 21.96.075 and this  
21 section, result in the total amount of credits exceeding \$150,000.

22 \* **Sec. 16.** AS 43.20.014; AS 43.55.019; AS 43.56.018; AS 43.65.018; AS 43.75.018; and  
23 AS 43.77.045 are repealed.

24 \* **Sec. 17.** AS 21.06.110(9); AS 21.96.070(e), 21.96.075(f); AS 43.05.010(15); and  
25 AS 43.98.040(e) are repealed.

26 \* **Sec. 18.** Sections 3, 5, 7, 10, 14, 16, 18, 21, 23, 25, 28, 30, 32, 35, 37, 39, 42, 44, 46, 49,  
27 51, 53, 55, and 57, ch. 92, SLA 2010; secs. 14 and 15, ch. 7, FSSLA 2011; and secs. 15 - 23  
28 and 32, ch. 74 SLA 2012, are repealed.

29 \* **Sec. 19.** Sections 2, 3, 5, 8, 13, 14, 15, and 17 of this Act take effect January 1, 2021.

30 \* **Sec. 20.** Except as provided in sec. 19 of this Act, this Act takes effect July 1, 2013.