

ALASKA STATE LEGISLATURE



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Department of Revenue Overview: Education Tax Credit

The Education Credit is a nontransferable and nonrefundable credit applicable to the corporate income tax, fisheries business tax, fishery resource landing tax, oil and gas production tax, oil and gas property tax, and mining license tax.

Taxpayers can claim a credit for contributions to Alaska universities and accredited nonprofit Alaska two- or four-year colleges for facilities, direct instruction, research and educational support purposes.

The tax credit can also be taken for donations to a school district or state-operated vocational technical education and training school for vocational education courses, programs and facilities. Donations for Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership also qualify. Contributions to the Alaska Higher Education Investment Fund established in 2012 qualify as well.

The credit was set to end Dec. 31, 2018, but the Alaska Legislature in 2018 made changes to the law, and extended the credit to Dec. 31, 2024.

Before Jan. 1, 2019, the credit is only for cash contributions. As of Jan. 1, 2019, the credit will be for contributions of cash or equipment.

Before the year 2019, the credit allows the deduction of 50% of a business's annual contributions up to \$100,000, 100% of the next \$200,000 in donations, then 50% of donations above \$300,000. A business, for example, is able to have \$250,000 deducted from its taxes by paying \$300,000 in donations. A business is allowed to claim up to \$5 million in Education Credits per year across all eligible tax types.

As of Jan. 1, 2019, the deduction amounts and cap will be reduced. The credit, including the contribution categories eligible for the credit, will remain the same as before 2019, with two exceptions. First, the contributions between \$100,000 and \$300,000 – those contributions will allow a deduction of 75% of the contribution, not 100% like before 2019. Second, a business will be allowed to claim up to \$1 million in education credits per year across eligible tax types, not up to \$5 million like before 2019.

On Jan. 1, 2021, the credit will be further reduced to 50% of all contributions. A business will still be allowed to claim up to \$1 million in education credits per year across eligible tax types.

Qualifying Education Tax Credits include contributions by taxpayers to a public or private nonprofit elementary or secondary school in the state, a nonprofit regional training center recognized by the Alaska Department of Labor and Workforce Development, or an apprenticeship program in the state that is registered with the U.S. Department of Labor under 29 U.S.C. 50-50b for direct instruction, research and educational support purposes.

In addition, tax credits for certain taxpayers are available for contributions accepted for a facility by a public or private nonprofit elementary or secondary school in the state, for a scholarship awarded by a nonprofit organization to a dual-credit student for certain educational expenses, for a residential school in the state approved by the Alaska Department of Education and Early Development, or certain qualified childhood early learning and development programs.

Tax credits are also available for contributions by certain taxpayers for science, technology, engineering and math (STEM) programs by a nonprofit agency or school district for school staff and for students in grades kindergarten through 12 in the state and for the operation of a nonprofit organization dedicated to providing educational opportunities that foster public service leadership for future generations of residents of the state.

[Source: AK Dept of Revenue](#)