



THE STATE  
*of* **ALASKA**  
GOVERNOR MIKE DUNLEAVY

## Department of Revenue

### COMMISSIONER'S OFFICE

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April 10, 2023

The Honorable Löki Tobin  
Senate Education Committee, Chair  
Alaska State Legislature  
State Capitol, Room 11  
Juneau, AK 99801

Dear Chair Tobin:

Thank you for providing us the opportunity to address the fiscal note and questions that were raised during the hearing on Senate Bill 120 Extend Education Tax Credits to Senate Education on April 5, 2023. Please find below the questions and corresponding responses.

**1. For the shared taxes, does the education tax credit come off the state share, the local share, or both?**

There are six tax programs administered by the Department of Revenue (Department) that qualify for the education tax credit:

1. Corporate Income Tax
2. Fisheries Business Tax
3. Fish Resource Landing Tax
4. Mining License Tax
5. Oil and Gas Production Tax
6. Oil and Gas Property Tax

Only three of these programs have some type of sharing or municipal credit: Fisheries Business Tax, Fish Resource Landing Tax, and Oil and Gas Property Tax.

For the Fisheries Business Tax and the Fish Resource Landing Tax, the education tax credit is first applied against the state's portion and is only applied against the municipality's portion if the state's 50 percent share is exceeded. The education tax credit could reduce both the state and municipal share of either tax to zero.

For the Oil and Gas Property Tax, the education tax credit can only be used against the state portion of the tax or net of the municipal credit. The education tax credit could reduce only the state's net tax to zero.

For all the tax programs, the education tax credit cannot reduce the tax liability below zero and an unused credit cannot be carried forward or applied in a subsequent year. Therefore, the credit is only good for the year in which the contribution is made.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Crum', with a stylized, cursive script.

Adam Crum  
Commissioner-Designee