

SENATE BILL NO. 140

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/14/97

Referred: HESS, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to credits against certain taxes for contributions for educational
2 purposes; and providing for an effective date."

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

4 * **Section 1.** FINDINGS AND PURPOSE. (a) The legislature finds that

5 (1) academic and vocational education programs are vital to an expanding
6 economy and to preparing young Alaskans for good jobs;

7 (2) Alaska businesses benefit from the educational infrastructure provided
8 by Alaska school districts and universities, and should be encouraged to invest in this
9 infrastructure; and

10 (3) Alaska's school districts and universities, in turn, should be encouraged
11 to seek support from Alaska businesses and to respond to the needs of the business
12 community.

13 (b) The purpose of this Act is to encourage

14 (1) business and school partnerships by offering an increase in the education

1 tax credit for contributions to postsecondary education and by creating a tax credit for
2 contributions to school districts;

3 (2) Alaska schools and universities to offer academic and vocational
4 programs that meet the needs of Alaska's business community; and

5 (3) the continuation of these business and school partnerships after these
6 credits expire.

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

8 (a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or
9 AS 21.66.110 for cash contributions for direct instruction, research, and educational
10 support purposes, including library and museum acquisitions, and contributions to
11 endowment, that are accepted by a nonprofit, public or private, Alaska two-year or
12 four-year college or university accredited by a regional accreditation association or that
13 are accepted by an Alaska university foundation that supports a university or college
14 that could receive a contribution for which a taxpayer may obtain a credit under this
15 section. The amount of the credit is the lesser of

16 (1) an amount equal to

17 (A) 50 percent of contributions of not more than \$100,000;

18 [AND]

19 (B) 100 percent of the next \$100,000 of contributions; **and**

20 **(C) 50 percent of the next \$150,000 of contributions made**
21 **in a tax year beginning before January 1, 2002;** or

22 (2) 50 percent of the taxpayer's tax liability under this title.

23 * **Sec. 3.** AS 21.89.070(c) is amended to read:

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

25 (1) be claimed as a credit under more than one provision of this title;

26 and

27 (2) when combined with credits taken during the taxpayer's tax year
28 under AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or
29 AS 43.77.045, exceed \$150,000, **except that for contributions made in a tax year**
30 **beginning before January 1, 2002, the yearly combined tax credit claimed under**
31 **these provisions may not exceed \$225,000.**

1 * **Sec. 4.** AS 21.89.070 is amended by adding a new subsection to read:

2 (d) A taxpayer may not claim the tax credit allowed under this section if the
3 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
4 this title. For purposes of this subsection, a taxpayer is not in arrears if the
5 contribution or tax liability is under administrative or judicial appeal.

6 * **Sec. 5.** AS 21.89 is amended by adding a new section to read:

7 **Sec. 21.89.071. Insurance tax credit for contributions to school districts.**

8 (a) A taxpayer may claim as a credit against the tax due under AS 21.09.210 or
9 AS 21.66.110 an amount equal to 50 percent of cash contributions made in a tax year
10 beginning after December 31, 1996, but beginning before January 1, 2002, of not more
11 than \$100,000 accepted by a school district in this state.

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

13 (1) be claimed as a credit under another provision of this title; and

14 (2) when combined with credits taken during the taxpayer's tax year
15 under AS 43.20.018, AS 43.55.021, AS 43.56.019, or AS 43.65.019, exceed \$50,000.

16 (c) A taxpayer may not claim the tax credit allowed under this section if the
17 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
18 this title. For purposes of this subsection, a taxpayer is not in arrears if the
19 contribution or tax liability is under administrative or judicial appeal.

20 (d) For purposes of this section, "school district" has the meaning given the
21 term "district" in AS 14.17.250.

22 * **Sec. 6.** AS 43.20.014(a) is amended to read:

23 (a) For cash contributions accepted for direct instruction, research, and
24 educational support purposes, including library and museum acquisitions, and
25 contributions to endowment, by an Alaska university foundation or by a nonprofit,
26 public or private, Alaska two-year or four-year college accredited by a regional
27 accreditation association, a taxpayer is allowed as a credit against the tax due under
28 this chapter

29 (1) 50 percent of contributions of not more than \$100,000; [AND]

30 (2) 100 percent of the next \$100,000 of contributions; **and**

31 **(3) 50 percent of the next \$150,000 of contributions made in a tax**

1 year beginning before January 1, 2002.

2 * **Sec. 7.** AS 43.20.014(d) is amended to read:

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

4 (1) be claimed as a credit under another provision of this title;

5 (2) also be allowed as a deduction under 26 U.S.C. 170 against the tax
6 imposed by this chapter; and

7 (3) when combined with credits taken during the taxpayer's tax year
8 under AS 21.89.070, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or
9 AS 43.77.045, exceed \$150,000, **except that for contributions made in a tax year**
10 **beginning before January 1, 2002, the yearly combined tax credit claimed under**
11 **these provisions may not exceed \$225,000.**

12 * **Sec. 8.** AS 43.20.014 is amended by adding a new subsection to read:

13 (e) A taxpayer may not claim the tax credit allowed under this section if the
14 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
15 this title. For purposes of this subsection, a taxpayer is not in arrears if the
16 contribution or tax liability is under administrative or judicial appeal.

17 * **Sec. 9.** AS 43.20 is amended by adding a new section to read:

18 **Sec. 43.20.018. Income tax school district contribution credit.** (a) A
19 taxpayer may claim as a credit against the tax due under this chapter an amount equal
20 to 50 percent of cash contributions made in a tax year beginning after
21 December 31, 1996, but beginning before January 1, 2002, of not more than \$100,000
22 accepted by a school district in this state.

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

24 (1) be claimed as a credit under another provision of this title; and

25 (2) when combined with credits taken during the taxpayer's tax year
26 under AS 21.89.071, AS 43.55.021, AS 43.56.019, or AS 43.65.019, exceed \$50,000.

27 (c) A taxpayer may not claim the tax credit allowed under this section if the
28 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
29 this title. For purposes of this subsection, a taxpayer is not in arrears if the
30 contribution or tax liability is under administrative or judicial appeal.

31 (d) For purposes of this section, "school district" has the meaning given the

1 term "district" in AS 14.17.250.

2 * **Sec. 10.** AS 43.55.019(a) is amended to read:

3 (a) For cash contributions accepted for direct instruction, research, and
4 educational support purposes, including library and museum acquisitions, and
5 contributions to endowment, by an Alaska university foundation or by a nonprofit,
6 public or private, Alaska two-year or four-year college accredited by a regional
7 accreditation association, a producer of oil or gas is allowed as a credit against the tax
8 due under this chapter

9 (1) 50 percent of contributions of not more than \$100,000; [AND]

10 (2) 100 percent of the next \$100,000 of contributions; **and**

11 **(3) 50 percent of the next \$150,000 of contributions made in a tax**
12 **year beginning before January 1, 2002.**

13 * **Sec. 11.** AS 43.55.019(d) is amended to read:

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

15 (1) be claimed as a credit under another provision of this title; and

16 (2) when combined with credits taken during the taxpayer's tax year
17 under AS 21.89.070, AS 43.20.014, AS 43.56.018, AS 43.65.018, AS 43.75.018, or
18 AS 43.77.045, exceed \$150,000, **except that for contributions made in a tax year**
19 **beginning before January 1, 2002, the yearly combined tax credit claimed under**
20 **these provisions may not exceed \$225,000.**

21 * **Sec. 12.** AS 43.55.019 is amended by adding a new subsection to read:

22 (f) A taxpayer may not claim the tax credit allowed under this section if the
23 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
24 this title. For purposes of this subsection, a taxpayer is not in arrears if the
25 contribution or tax liability is under administrative or judicial appeal.

26 * **Sec. 13.** AS 43.55 is amended by adding a new section to read:

27 **Sec. 43.55.021. Oil or gas producer school district contribution tax credit.**

28 (a) A taxpayer may claim as a credit against the tax due under this chapter an amount
29 equal to 50 percent of cash contributions made in a tax year beginning after
30 December 31, 1996, but beginning before January 1, 2002, of not more than \$100,000
31 accepted by a school district in this state.

1 (b) A contribution claimed as a credit under this section may not
 2 (1) be claimed as a credit under another provision of this title; and
 3 (2) when combined with credits taken during the taxpayer's tax year
 4 under AS 21.89.071, AS 43.20.018, AS 43.56.019, or AS 43.65.019, exceed \$50,000.

5 (c) A taxpayer may not claim the tax credit allowed under this section if the
 6 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
 7 this title. For purposes of this subsection, a taxpayer is not in arrears if the
 8 contribution or tax liability is under administrative or judicial appeal.

9 (d) For purposes of this section, "school district" has the meaning given the
 10 term "district" in AS 14.17.250.

11 * **Sec. 14.** AS 43.56.018(a) is amended to read:

12 (a) For cash contributions accepted for direct instruction, research, and
 13 educational support purposes, including library and museum acquisitions, and
 14 contributions to endowment, by an Alaska university foundation or by a nonprofit,
 15 public or private, Alaska two-year or four-year college accredited by a regional
 16 accreditation association, the owner of property taxable under this chapter is allowed
 17 as a credit against the tax due under this chapter

18 (1) 50 percent of contributions of not more than \$100,000; [AND]

19 (2) 100 percent of the next \$100,000 of contributions; **and**

20 (3) **50 percent of the next \$150,000 of contributions made in a tax**
 21 **year beginning before January 1, 2002.**

22 * **Sec. 15.** AS 43.56.018(d) is amended to read:

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

24 (1) be claimed as a credit under another provision of this title; and

25 (2) when combined with credits taken during the taxpayer's tax year
 26 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, or
 27 AS 43.77.045, exceed \$150,000, **except that for contributions made in a tax year**
 28 **beginning before January 1, 2002, the yearly combined tax credit claimed under**
 29 **these provisions may not exceed \$225,000.**

30 * **Sec. 16.** AS 43.56.018 is amended by adding a new subsection to read:

31 (f) A taxpayer may not claim the tax credit allowed under this section if the

1 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
 2 this title. For purposes of this subsection, a taxpayer is not in arrears if the
 3 contribution or tax liability is under administrative or judicial appeal.

4 * **Sec. 17.** AS 43.56 is amended by adding a new section to read:

5 **Sec. 43.56.019. Oil or gas property school district contribution tax credit.**

6 (a) A taxpayer may claim as a credit against the tax due under this chapter an amount
 7 equal to 50 percent of cash contributions made in a tax year beginning after
 8 December 31, 1996, but beginning before January 1, 2002, of not more than \$100,000
 9 accepted by a school district in this state.

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

11 (1) be claimed as a credit under another provision of this title; and

12 (2) when combined with credits taken during the taxpayer's tax year
 13 under AS 21.89.071, AS 43.20.018, AS 43.55.021, or AS 43.65.019, exceed \$50,000.

14 (c) A taxpayer may not claim the tax credit allowed under this section if the
 15 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
 16 this title. For purposes of this subsection, a taxpayer is not in arrears if the
 17 contribution or tax liability is under administrative or judicial appeal.

18 (d) For purposes of this section, "school district" has the meaning given the
 19 term "district" in AS 14.17.250.

20 * **Sec. 18.** AS 43.65.018(a) is amended to read:

21 (a) For cash contributions accepted for direct instruction, research, and
 22 educational support purposes, including library and museum acquisitions, and
 23 contributions to endowment, by an Alaska university foundation or by a nonprofit
 24 public or private, Alaska two-year or four-year college accredited by a regional
 25 accreditation association, a person engaged in the business of mining in the state is
 26 allowed as a credit against the tax due under this chapter

27 (1) 50 percent of contributions of not more than \$100,000; [AND]

28 (2) 100 percent of the next \$100,000 of contributions; and

29 (3) 50 percent of the next \$150,000 of contributions made in a tax
 30 year beginning before January 1, 2002.

31 * **Sec. 19.** AS 43.65.018(d) is amended to read:

1 (d) A contribution claimed as a credit under this section may not
 2 (1) be claimed as a credit under another provision of this title; and
 3 (2) when combined with credits taken during the taxpayer's tax year
 4 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.75.018, or
 5 AS 43.77.045, exceed \$150,000, **except that for contributions made in a tax year**
 6 **beginning before January 1, 2002, the yearly combined tax credit claimed under**
 7 **these provisions may not exceed \$225,000.**

8 * **Sec. 20.** AS 43.65.018 is amended by adding a new subsection to read:

9 (e) A taxpayer may not claim the tax credit allowed under this section if the
 10 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
 11 this title. For purposes of this subsection, a taxpayer is not in arrears if the
 12 contribution or tax liability is under administrative or judicial appeal.

13 * **Sec. 21.** AS 43.65 is amended by adding a new section to read:

14 **Sec. 43.65.019. Mining business school district contribution tax credit.** (a)

15 A taxpayer may claim as a credit against the tax due under this chapter an amount
 16 equal to 50 percent of cash contributions made in a tax year beginning after
 17 December 31, 1996, but beginning before January 1, 2002, of not more than \$100,000
 18 accepted by a school district in this state.

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

20 (1) be claimed as a credit under another provision of this title; and

21 (2) when combined with credits taken during the taxpayer's tax year
 22 under AS 21.89.071, AS 43.20.018, AS 43.55.021, or AS 43.56.019, exceed \$50,000.

23 (c) A taxpayer may not claim the tax credit allowed under this section if the
 24 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
 25 this title. For purposes of this subsection, a taxpayer is not in arrears if the
 26 contribution or tax liability is under administrative or judicial appeal.

27 (d) For purposes of this section, "school district" has the meaning given the
 28 term "district" in AS 14.17.250.

29 * **Sec. 22.** AS 43.75.018(a) is amended to read:

30 (a) For cash contributions accepted for direct instruction, research, and
 31 educational support purposes, including library and museum acquisitions and

1 contributions to endowment, by an Alaska university foundation or by a nonprofit,
 2 public or private, Alaska two-year or four-year college accredited by a regional
 3 accreditation association, a person engaged in a fisheries business is allowed as a credit
 4 against the tax due under this chapter

5 (1) 50 percent of contributions of not more than \$100,000; [AND]

6 (2) 100 percent of the next \$100,000 of contributions; **and**

7 **(3) 50 percent of the next \$150,000 of contributions made in a tax**
 8 **year beginning before January 1, 2002.**

9 * **Sec. 23.** AS 43.75.018(d) is amended to read:

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

11 (1) be claimed as a credit under another provision of this title; and

12 (2) when combined with credits taken during the taxpayer's tax year
 13 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or
 14 AS 43.77.045, exceed \$150,000, **except that for contributions made in a tax year**
 15 **beginning before January 1, 2002, the yearly combined tax credit claimed under**
 16 **these provisions may not exceed \$225,000.**

17 * **Sec. 24.** AS 43.75.018 is amended by adding a new subsection to read:

18 (e) A taxpayer may not claim the tax credit allowed under this section if the
 19 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
 20 this title. For purposes of this subsection, a taxpayer is not in arrears if the
 21 contribution or tax liability is under administrative or judicial appeal.

22 * **Sec. 25.** AS 43.77.045(a) is amended to read:

23 (a) In addition to the credit allowed under AS 43.77.040, for cash contributions
 24 accepted for direct instruction, research, and educational support purposes, including
 25 library and museum acquisitions and contributions to endowment, by an Alaska
 26 university foundation or by a nonprofit, public or private, Alaska two-year or four-year
 27 college accredited by a regional accreditation association, a person engaged in a
 28 floating fisheries business is allowed as a credit against the tax due under this chapter

29 (1) 50 percent of contributions of not more than \$100,000; [AND]

30 (2) 100 percent of the next \$100,000 of contributions; **and**

31 **(3) 50 percent of the next \$150,000 of contributions made in a tax**

1 year beginning before January 1, 2002.

2 * **Sec. 26.** AS 43.77.045(c) is amended to read:

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

4 (1) be claimed as a credit under another provision of this title; and

5 (2) when combined with credits taken during the taxpayer's tax year
6 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or

7 AS 43.75.018, exceed \$150,000, **except that for contributions made in a tax year**

8 **beginning before January 1, 2002, the yearly combined tax credit claimed under**

9 **these provisions may not exceed \$225,000.**

10 * **Sec. 27.** AS 43.77.045 is amended by adding a new subsection to read:

11 (d) A taxpayer may not claim the tax credit allowed under this section if the

12 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under

13 this title. For purposes of this subsection, a taxpayer is not in arrears if the

14 contribution or tax liability is under administrative or judicial appeal.

15 * **Sec. 28.** Sections 5, 9, 13, 17, and 21 of this Act are repealed.

16 * **Sec. 29.** Sections 1 - 27 of this Act are retroactive to January 1, 1997.

17 * **Sec. 30.** Sections 1 - 27 and 29 of this Act take effect immediately under
18 AS 01.10.070(c).

19 * **Sec. 31.** Section 28 of this Act takes effect December 1, 2002.