

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSSB 236(EDC)  
 (S) Publish Date: 2/18/10

Identifier (file name): SB236-REV-TAX-02-04-10 Dept. Affected: Revenue  
 Title: Tax Credits for Educational Contributions RDU: Taxation and Treasury  
 Sponsor: (EDC) Education Component: Tax Division  
 Requester: Co-Chairs (S)EDC Component Number: 2476

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information					
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
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>CAPITAL EXPENDITURES</b>							
<b>CHANGE IN REVENUES ( )</b>		<b>0.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</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>

Estimate of any current year (FY2010) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

See Attached

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Administrative Services Division

Phone: (907) 269-1020  
 Date/Time: 2-4-10; 12:55pm  
 Date: 2-4-10; 1:16pm

STATE OF ALASKA  
2010 LEGISLATIVE SESSIONBILL NO. CSSB 236(EDC)**ANALYSIS CONTINUATION****Bill Language:**

This bill increases the amount taxpayers who are currently eligible under AS 21.89.070, AS 21.89.075, AS 43.56.018, AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, and AS 43.77.045 can take for education credits. Currently, taxpayers who meet the qualifications in the statutes are limited to \$150,000 in credits on the first \$200,000 in contributions. This bill would remove the cap on credits. All additional contributions in excess of \$200,000 would be eligible for a 50% tax credit.

The intent of this bill is to provide increased contributions to qualifying higher education institutions by removing the credit cap currently in place.

**Revenues:**

Revenues to the State of Alaska would decline if companies increase their contributions to qualifying higher education institutions. The amount of decline cannot be determined at this time, because it is impractical and impossible to speculate on taxpayer behavior in taking advantage of this credit.

For example: if corporations were to contribute \$100 million to a college, 50% of that donation would be a tax credit thereby reducing the state's general fund by \$50 million. As the bill is written currently, there is no limit on the contribution amount.

The maximum decline in revenues the SOA could expect is the loss of all Petroleum Production and Property Taxes, all Corporate Income Taxes, all Fisheries Business Taxes, all Fisheries Landing Taxes, all Mining License Taxes, and all Insurance Taxes. In FY 2009 these taxes totaled \$3,910,000,000. Forecasted revenues for these taxes in FY 2010 and FY 2011, are \$2,866,000,000 and \$3,281,000,000 respectively. This legislation would become effective for tax years beginning January 1, 2011. Therefore this credit would be allowed against tax liabilities due beginning in fiscal year 2012. In addition, the legislation provides that only contributions made prior to January 1, 2014 would be allowed as a credit. Therefore, the effects of this legislation would run through fiscal year 2014. Projected maximum revenue losses for fiscal years 2012 through 2014 are based on forecasted revenues for fiscal year 2011.

**Expenditures:**

The provisions of this bill can be implemented using existing resources.