

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

March 15, 2012

3:39 p.m.

MEMBERS PRESENT

Senator Donald Olson, Chair
Senator Thomas Wagoner
Senator Linda Menard

MEMBERS ABSENT

Senator Albert Kookesh
Senator Johnny Ellis

COMMITTEE CALENDAR

SENATE BILL NO. 223

"An Act relating to a credit against the net income tax for a contribution made by a taxpayer to a nonprofit organization that provides an emergency shelter for the homeless or a facility for alcohol or drug detoxification."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 223

SHORT TITLE: TAX CRED: CONTR. TO HOMELESS SHELTER/DETOX

SPONSOR(S): COMMUNITY & REGIONAL AFFAIRS

03/02/12	(S)	READ THE FIRST TIME - REFERRALS
03/02/12	(S)	CRA, FIN
03/15/12	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

DAVID SCOTT, Staff

Senator Donald Olson and Aide

Senate Community and Regional Affairs Standing Committee

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced SB 223 on behalf of the CRA Committee.

JOHANNA BALES, Acting Director

Tax Division
Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to SB 223.

DENISE AMAROK-OLIVER, Employee
Nome Emergency Shelter Team
Nome, Alaska

POSITION STATEMENT: Testified in support of SB 223.

SUE STEINACHER, Director
Nome Emergency Shelter Team
Nome, Alaska

POSITION STATEMENT: Testified in support of SB 223.

LORETTA BULLARD, President
Kawerak, Inc.
Nome, Alaska,

POSITION STATEMENT: Testified in support of SB 223.

BONNIE HAHN, Manager
Nome Emergency Shelter Team
Nome, Alaska

POSITION STATEMENT: Testified in support of SB 223.

ACTION NARRATIVE

[3:39:38 PM](#)

CHAIR DONALD OLSON called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:39 p.m. Present at the call to order were Senators Wagoner, Menard and Chair Olson.

SB 223-TAX CRED: CONTR. TO HOMELESS SHELTER/DETOX

CHAIR OLSON announced the consideration of SB 223, which related to a tax credit for homeless shelters and detoxification facilities.

[3:39:53 PM](#)

DAVID SCOTT, Staff for Senator Olson, Alaska State Legislature, and Aide to the Senate Community and Regional Affairs Standing Committee, said that SB 223 would allow a tax credit to businesses that donate up to \$200,000 per year to an Alaskan nonprofit corporation that provides emergency shelter to the homeless or a drug and alcohol detoxification facility. The tax credit is non-refundable, non-transferable, and cannot be

carried forward to a subsequent tax year. The amount claimed as a credit cannot be used as a deduction in the calculation of the business's taxable income.

MR. SCOTT read subsection (c) on page 2, and commented that it seemed to be a good idea.

(c) If a nonprofit organization that receives a contribution that is the basis of a 4 credit under this section requests an appropriation from the legislature, the request 5 shall document the contribution received and how the contribution was used.

He said the bill needed additional changes and he would contact the members' to discuss the ideas.

[3:43:40 PM](#)

SENATOR MENARD commented on the extreme need for the bill and that the Mat-Su Borough had a growing percentage of homeless.

SENATOR WAGONER asked if the state had a list of Alaska nonprofits that provide these services. His concern was that the bill would generate additional nonprofits and add competition.

MR. SCOTT said he did not know if there was an inventory, but the intent was not to grow the number of nonprofits. The intent was to help the existing nonprofits that provide these services.

CHAIR OLSON asked Ms. Bales if she could answer Senator Wagoner's question.

[3:46:51 PM](#)

JOHANNA BALES, Acting Director, Tax Division, Department of Revenue, said DOR did not have ready data on the number of those types of nonprofits, but could get the information from an IRS resource that identifies all 501 c(3) corporations in Alaska. She acknowledged that the bill could possibly entice someone to go through the rigorous process to obtain a 501 c(3) designation.

[3:48:40 PM](#)

SENATOR MENARD commented that the Foraker Group did a good job of identifying and working with nonprofits.

CHAIR OLSON asked if the tax credit would affect federal taxes.

MR. SCOTT answered that it would only affect Alaska corporate income taxes.

CHAIR OLSON asked if any other states offer an incentive to donate to emergency shelters.

MR. SCOTT offered to follow up with an answer.

CHAIR OLSON asked if the bill included emergency shelters for victims of domestic violence.

MR. SCOTT answered that was correct.

[3:51:04 PM](#)

DENISE AMAROK-OLIVER, Employee, Nome Emergency Shelter Team (NEST), discussed the work that NEST does and relayed that many of the people that go to the emergency shelter struggle with alcoholism. She said any financial support would benefit the Bering Straits region, in particular. Since the NEST shelter opened, emergency room visits have decreased and fewer people are going to jail. This saves the state money.

[3:56:19 PM](#)

SUE STEINACHER, Director, Nome Emergency Shelter Team (NEST), explained that the emergency shelter opened in the spring of 2009 as a grass-roots response to the one or two alcohol-related, cold weather exposure deaths that occurred in Nome every winter. Volunteers initially did all the work in space donated by a church. The shelter was open and staffed by two volunteers every night that the temperature dropped to -10 degrees. With no funding whatsoever, the shelter was open about 80 nights and served about 70 people through the winter of 2010, and nobody died.

That volunteer effort was phenomenal, but unsustainable. A grant made it possible to hire paid monitors during the workweek. Volunteers worked on weekends and the shelter incurred no debt. A second grant plus significant local donations have allowed NEST to stay open every night this winter. During this time, 123 different individuals have taken advantage of the emergency shelter. She estimated that 98-99 percent were seriously inebriated on arrival. A core group comes in every night, others come in from the region and don't have a place to stay, and some are local but have had too much to drink and are not allowed back in their home. As of November 15, NEST had filled 1,030 beds in a town of 3,500. She drew statistical parallels between

Nome and Anchorage to emphasize that the community of Nome has a significant problem of homelessness and chronic inebriation.

MS. STEINACHER said that even though no one has died due to cold weather, alcohol-related exposure since the shelter opened, the shelter is a band aide to a larger problem. What the community needs is a residential or intensive treatment program.

She stated support for SB 223 and stressed that NEST needed operating expenses. She also stated that the idea of not funding a nonprofit until it had a track record made it difficult for small communities. She noted that startup funds were typically needed to open a shelter, but many grants only pay for direct services. She discussed the housing crisis in Nome and opined that it contributed to the growing non-alcohol-related homeless problem in the community.

[4:06:15 PM](#)

LORETTA BULLARD, President, Kawerak, Inc., stated support for SB 223 and explained that Kawerak was a regional nonprofit that provides services to the Bering Straits region. She said the NEST shelter provides a much-needed service in Nome, and emphasized that it was difficult to find continuing funds to support those services. She opined that the various village corporations, regional profit corporations, and other for profit entities would make larger contributions to support these services if they received a tax credit.

MS. BULLARD said the Nome police department and the hospital incur significant costs dealing with individuals who are Title 47 holds. Contributions to nonprofits that provide these services could help this situation. She urged the committee to pass SB 223.

[4:09:15 PM](#)

BONNIE HAHN, Manager, Nome Emergency Shelter Team (NEST), echoed the previous testimony in support of SB 223. Nome has a growing problem with chronic inebriation and homelessness and the bill will help the shelter do its work and perhaps stay open more than five months per year. The shelter clientele are appreciative of the help; some have found employment and a few have saved enough to pay for their own lodging.

CHAIR OLSON asked what the annual operating costs were.

MS. HAHN deferred the question to Ms. Steinacher.

4:13:59 PM

MS. STEINACHER estimated that the operating costs for five months were approximately \$150,000. She stressed that costs in Nome were much higher than in Anchorage.

CHAIR OLSON closed public testimony.

MS. STEINACHER commented that the committee wasn't hearing from other communities and organizations because they had yet to figure out how to organize to address the problem, not because they didn't have a problem.

CHAIR OLSON asked Mr. Scott if he had any closing comments.

MR. SCOTT said the suggestions would be considered and a committee substitute would be ready for the members to consider by next week.

CHAIR OLSON announced he would hold SB 223 in committee.

4:17:14 PM

There being no further business to come before the committee, Chair Olson adjourned the Senate Community and Regional Affairs Standing Committee meeting at 4:17 p.m.