

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: SCS CSHB 278(FIN)
Fiscal Note Number: 26
(S) Publish Date: 4/19/14

Identifier: HB278SCSCS(FIN)-DOR-TAX-04-17-14
Title: EDUCATION
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: (S) FIN

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	***		***	***	***	***	***
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **No**
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Updated to reflect changes made in version 28-GH2716K by SFIN

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Division:	Tax	Date:	04/17/2014 10:10 PM
Approved By:	Angela M. Rodell, Commissioner	Date:	04/17/14
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS #26

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. SCS CSHB 278(FIN)

Analysis

Bill Language:

This bill expands the education credit allowed against corporate income tax, mining license tax, fisheries business tax, and fishery resource landing tax to include contributions made for:

- direct instruction, research, and educational support purposes by a public or private nonprofit elementary or secondary school in the state;
- vocational education courses, programs, equipment, and facilities by a state operated voc-tech and training school, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, and an apprenticeship program in the state that is registered with the US Dept. of Labor. It should be noted that expansion of this section of the education credit was only done in AS 43.20, corporate income taxes;
- a facility by a public or private nonprofit elementary or secondary school in the state;
- funding scholarships awarded to dual-credit students for tuition and textbooks; registration, course and program fees; on campus room and board; transportation costs; and other related education and program expenses;
- contributions made for the construction, operation, or maintenance of a residential housing facility by a residential school approved by the Department of Education and Early Development;
- contributions made for childhood early learning and development programs provided by a nonprofit corporation, a tribal entity, a school district, the Department of Education and Early Development, or through a state grant;
- science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; and
- the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational that foster public service leadership for future generations of residents of the state.

It also removes contributions for "annual intercollegiate sports tournaments" as a qualifying for the credit.

Finally, with the effective dates in the bill, it contracts some of the qualifying contributions for the education tax credit after January 1, 2021.

Revenues:

This bill does not increase or decrease the aggregate amount of total education tax credits allowed against the tax types identified above. It merely identifies additional types of contributions that can qualify for the credit. It is possible that taxpayers, who have not made qualifying contributions and not claimed an education tax credit in the past, may contribute to one or more of these types of entities and claim a credit. However, it is difficult to determine the affect th is bill will have on taxpayer behavior and, therefore, it is difficult to determine if this bill will affect revenue from the tax types identified above. It is important to note that the total education tax credit allowed for each entity each year is currently capped at \$5 million across all tax types. This bill does not increase the maximum contribution amount.

Expenditures:

Department of Revenue can implement and administer the provisions of this bill with existing resources.