

SENATE FINANCE COMMITTEE  
March 26, 2018  
9:04 a.m.

9:04:30 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Anna MacKinnon, Co-Chair  
Senator Click Bishop, Vice-Chair  
Senator Peter Micciche  
Senator Donny Olson  
Senator Gary Stevens  
Senator Natasha von Imhof

MEMBERS ABSENT

None

ALSO PRESENT

Senator John Coghill, Sponsor; Chad Hutchison, Staff, Senator John Coghill; Ken Alper, Director, Tax Division, Department of Revenue; Mike Satre, Government and Community Relations Manager, Hecla Mining; Senator Pete Kelly, Sponsor; Heather Carpenter, Staff, Senator Pete Kelly; Alyson Currey, Legislative Liaison, Planned Parenthood Votes, Juneau; Ryan Ray, Health Policy Fellow, University of Alaska.

PRESENT VIA TELECONFERENCE

Susan Foley, President, University of Alaska Foundation, Anchorage; Tommy Sheridan, Silver Bay Seafoods, Cordova; Doug Walrath, Director, Northwest Alaska Career and Technical Center, Nome; Jeff Jesse, Dean, College of Health, University of Alaska, Anchorage; Trevor Storrs, Executive Director, Alaska Childrens Trust, Anchorage; Patrick Reinhart, Governors Council on Disabilities,

Anchorage; Art Delaune, Governors, Council on Disabilities, Fairbanks; Mary Nanuwak, Self, Bethel.

SUMMARY

SB 116 EDUCATION TAX CREDITS;SUNSET;REPEALS

SB 116 was HEARD and HELD in committee for further consideration.

SB 198 UAA LONG-ACTING CONTRACEPTION STUDY

SB 198 was HEARD and HELD in committee for further consideration.

#sb116

SENATE BILL NO. 116

"An Act relating to the insurance tax education credit, the income tax education credit, the oil or gas producer education credit, the property tax education credit, the mining business education credit, the fisheries business education credit, and the fisheries resource landing tax education credit; providing for an effective date by repealing the effective dates of secs. 3, 5, 7, 10, 14, 16, 18, 21, 23, 25, 28, 30, 32, 35, 37, 39, 42, 44, 46, 49, 51, 53, and 55, ch. 92, SLA 2010, sec. 14, ch. 7, FSSLA 2011, secs. 15, 17, 19, 21, 23, and 25, ch. 74, SLA 2012, sec. 49, ch. 14, SLA 2014, secs. 37, 40, 43, and 46, ch. 15, SLA 2014, and secs. 26 and 31, ch. 61, SLA 2014; providing for an effective date by amending the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014; and providing for an effective date."

9:06:06 AM

SENATOR JOHN COGHILL, SPONSOR, introduced the legislation. He stated that it was brought to his attention that the credits would be eliminated over the upcoming year. He noted that there was a benefit to the education community, specifically the community colleges. He felt that the connection between the university and communities was important in reducing the unemployment rate in the state.

Co-Chair MacKinnon appreciated the effort to be available in the meeting.

9:09:19 AM

CHAD HUTCHISON, STAFF, SENATOR JOHN COGHILL, discussed, "Senate Bill 116, Education Tax Credit Bill" (copy on file). He looked at slide 2, "This bill does the following":

- Extends the effective date for the repeal of the education tax credits from December 31, 2018 to January 1, 2025.
- Ensures that the credits that exist in statute today, will maintain until January 1, 2025 (instead of narrowing in scope and decreasing in value on January 1, 2021).

Mr. Hutchison addressed slide 3, "Reminder: What are the Education Tax Credits?":

- Alaska's Education Tax Credit program allows private businesses to make charitable contributions to support education in Alaska.
- Over the years, the list of those eligible to receive cash donations from private businesses has expanded. Private businesses can give cash to fund facilities and programs.
- The objective is to help the next generation.

Mr. Hutchison looked at slide 4, "What are we trying to preserve?":

- Generally, the credit provision allowed for 50 percent of the annual contributions up to \$100,000, 100 percent of the next \$200,000, and 50 percent of annual contributions beyond \$300,000.
- The total credit per taxpayer, across all tax types could not exceed \$5 million.

Co-Chair MacKinnon wondered how that would affect an individual tax payer. Mr. Hutchison replied that he would address that in the presentation.

Mr. Hutchison highlighted slide 5, "Why are education tax credits important?":

Education benefits directly. Students benefit and become the future workforce.

They allow private industry to partner with education.

They allow a need to be filled, directly.

Mr. Hutchison addressed slide 6, "A few examples of entities that can receive contributions":

- Nonprofit, public or private, accredited Alaska two-year or four-year colleges
- AK public and private nonprofit elementary or secondary schools and school districts
- State-operated vocational technical education and training schools
- Nonprofit regional vocational training centers
- Apprenticeship programs
- Coastal ecosystem learning centers
- The Alaska higher education investment fund
- Native cultural programs

Mr. Hutchison highlighted slide 7, "Types of Taxes That Are Affected":

- Corporate Income Taxes - A corporate income tax on Alaska taxable income which is based on federal taxable income (with certain Alaska adjustments).
- Fisheries Business Tax - Levied on persons who process or export fisheries resources from Alaska. The tax is based on the price paid to commercial fishers or fair market value when there is not an arm's length transaction. Fisheries business tax is collected primarily from licensed processors and persons who export fish from Alaska.

□ Fishery Resource Landing Tax - Levied on fishery resources processed outside the 3-mile limit and first landed in Alaska, or any qualified processed fishery resource. The tax is primarily collected from factory trawlers and floating processors. The tax is based on the unprocessed value of the resource. The calculation is determined by multiplying a statewide average price (determined by the Alaska Department of Fish and Game data) by the unprocessed weight.

Mr. Hutchison discussed slide 8, "Types of Taxes That Are Affected":

□ Insurance Premium Tax -All insurance companies are required to pay premium tax on policies written on Alaska risks under AS 21.09.210. From a collection stand-point, the premium tax is collected similarly to the corporate income tax. The credit is claimed against the premium tax on the Annual Premium Tax Report due March 1 of the year following the completed calendar year. The report is filed electronically to the Alaska Division of Insurance through a third party vendor. The credit is to provide insurance companies incentive to donate to Alaska educational institutions.

□ Title Insurance Premium Tax - The only difference from the insurance premium tax is the type of insurance company claiming the credit under AS 21.66.110. Examples include: Chicago Title Ins Co, First American Title Ins Co, etc.

Mr. Hutchison addressed slide 9, "Types of Taxes That Are Affected":

□ Mining License Tax - Levied on mining net income and royalties received on mining properties in Alaska. Primary focus is on coal and hard rock mining.

□ Oil and Gas Production Tax - Levied on oil and gas producers each calendar year from each lease or property in Alaska. Minus any oil and gas that is exempt, or which constitutes a landowner's royalty interest.

□ Oil and Gas Property Tax - An annual tax levied each tax year on the full and true value of taxable property

Senator von Imhof looked at slide 4 and slide 5, and noted that they allowed the need to be filled directly. She asked about the flow of money when a corporate wanted to make a payment to an educational institution. Mr. Hutchison replied that an corporation would use the receipt when they filed their taxes.

[9:15:42 AM](#)

Co-Chair Hoffman queried the history of the how the credits had worked since its inception. Mr. Hutchison stated that there was a supplemental document in their packets, and agreed to further conversations. He stated that there were various contributions for vocational technologies. He stated that there was an evolution of the credits since its inception in 1987.

Co-Chair Hoffman wanted listeners to understand the success of the program.

Co-Chair MacKinnon directed to the document in members' files of the summary of the program.

Vice-Chair Bishop shared that he public service in workforce development, and felt that the program was extremely important.

Senator Micciche noted that in calendar year 2017, there was \$9.245 million contributed to the educational institutions, with a claim of \$6.289 million in credits. He queried more information about what was listed under "other." He supported the program, but felt that there were some organizations that perhaps did not fit as well into the educational institutions. Mr. Hutchison replied that the document was from Department of Revenue (DOR) to provide a basic understanding, and not the amounts given. It was an executive summary of contributors and recipients.

[9:20:53 AM](#)

Senator Olson wondered how many entities that received the proceeds from the tax credits were in Alaska. Mr. Hutchison replied that the majority operated and conducted business

in Alaska. He stated that he agreed to provide further information about their corporate offices.

Senator Olson noted that the Smithsonian was listed, and wanted to know what other national endowments were participating in the program. Mr. Hutchison replied that there were some that were based outside of the state, but most had a presence in the state.

Senator Stevens noted that the state was giving up some tax revenue, with the hope for a better educational experience for Alaskan students. He queried the expectations for the future. Mr. Hutchison replied that the desire was to maintain the program as it exists in statute.

Senator Stevens wondered whether industry would get involved in the program. Senator Coghill replied that the program was underutilized to some degree.

Senator Coghill stated that he had to leave for a meeting.

[9:24:10 AM](#)

Mr. Hutchison discussed the Sectional Analysis (copy on file):

Section 1 - LEGISLATIVE FINDINGS AND INTENT:

This section clarifies that the Legislature is extending the effective date for the repeal of the education tax credits from December 31, 2018 to January 1, 2025.

In addition:

The intent is that the education tax credits will remain as they appear in statute today until they are repealed on January 1, 2025. Currently (even if the effective date of repeal was extended to 2025) the credits were on course to decrease in dollar value and narrow in scope on January 1, 2021.

Complete legislative action, which ensures that the repeal is extended to January 1, 2025 and that the scope of the credits would remain beyond January 1, 2021 is proposed in this bill. The bill syncs all

credits as they exist in statute today to at least January 1, 2025.

Section 2 - This portion of Senate Bill 116 (SB 116) repeals multiple, old statutory provisions (pursuant to legislative drafting guidelines).

SB 116 repeals the following sections:

A. Section 3, ch. 92, SLA 2010 - Revised AS 21.89.070(a) which was later renumbered as AS 21.96.070(a). AS 21.96.070 is the insurance tax education credit. Under AS 21.89.070(a), according to Section 3, the credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses. A tax payer was allowed a credit against the tax due under AS 21.09.210 (tax on insurer) or AS 21.66.110 (annual tax on insurance premiums) for those cash contributions.

Noteworthy: The change to the statute that exists today (which is also listed as AS 21.96.070(a)) was found in Section 2, ch. 92, SLA 2010. Section 2 broadened the credit, and added specific language to include contributions for facilities.

So, SB 116 continues its repeal of Section 3 and allows Section 2 to remain. Section 2 contains broadened verbiage. Failure to pass SB 116 would narrow the scope of contributions, and what they can be used for.

B. Section 5, ch. 92, SLA 2010 - Revised AS 21.89.070(b) which was later renumbered as AS 21.96.070(b) (still the insurance tax education credit). Under listed statute 21.89.070(b), according to Section 5, the amount of the credit was the lesser of the amount equal to 50 percent of contributions of not more than \$100,000 and 100 percent of the next \$100,000 of contributions OR 50 percent of the taxpayer's tax liability under this title. In other words: In practice, the maximum annual credit was generally only \$150,000.

Noteworthy: The change to the statute that exists today (which is the renumbered AS 21.96.070(b)) was found in Section 4, ch. 92, SLA 2010. Section 4 allowed for 50 percent of contributions up to \$100,000, 100 percent for the next \$200,000, and 50 percent of contributions that exceed \$300,000.

So, SB 116, if passed, continues its repeal of Section 5 and allows Section 4 to remain. That equates to broader tax incentives for contributors.

C. Section 7, ch.92, SLA 2010 - AS 21.89.070(d) was eventually renumbered to AS 21.96.070(d).

AS 21.96.070 is the insurance tax education credit. Under listed statute 21.89.070(d), according to Section 7, a taxpayer was allowed a credit for cash contributions to the Alaska university foundation, or a two or four-year accredited college, or a vocational related school district program, or vocational training school. The credit could not have been claimed under more than one provision of the title. When combined with more claimed credits, the total credit could not have exceeded \$150,000.

Noteworthy: The change to the statute that exists today (which is the renumbered AS 21.96.070(d)) was found in Section 6, ch. 92 SLA 2010. Section 6 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If SB 116 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

D. Section 10, ch.92, SLA 2010 - AS 21.89.075(c) was eventually renumbered to AS 21.96.075(c), which allowed for an insurance tax credit for contributions to the Alaska Fire Standards Council.

However, listed AS 21.89.075(c), under Section 10, focused on ensuring that combined credits did not exceed \$150,000 total. To be precise, credit cannot have been claimed under more than one provision under the statute (education tax credit, income tax credit, oil and gas tax credit, property tax credit, mining tax credit, and fish tax credit) exceeding \$150,000. Noteworthy: The change in statute that exists today

(which has been renumbered to AS 21.96.075(c)), was found in Section 9, ch. 92, SLA 2010. Section 9 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If SB 116 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

E. Section 14, ch.92, SLA 2010 - AS 43.20.014(a) - Income tax education credit - Credit for cash contribution to Alaska university foundation, or a two or four-year accredited college, or a vocational related school district program, or vocational training school.

Noteworthy: The change to the statute that exists today (which is also designated as AS 43.20.014(a)) - income tax education credit - was found in Section 13, ch. 92, SLA 2010.

So, SB 116 repeals Section 14 and allows Section 13 to remain. Section 13 added specific language to include contributions for facilities. Failure to pass SB 116 narrows the scope of contributions, and what they can be used for.

F. Section 16, ch. 92, SLA 2010 - AS 43.20.014(b) - The amount of the income tax education credit was 50 percent of contributions up to \$100,000, 100 percent for up to the next \$100,000.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.20.014(b)) was found in Section 15, ch. 92, SLA 2010. Section 15 allowed for 50 percent of contributions up to \$100,000, 100 percent for the next \$200,000, and 50 percent of contributions that exceed \$300,000.

In other words: If SB 116 does not pass, the tax credits shall be reduced back to the standards set in Section 16.

G. Section 18, ch. 92, SLA 2010 - AS 43.20.014(d) - Income tax education credit - Background:

Combined credits may not exceed \$150,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.20.014(d)) was found in Section 17, ch. 92, SLA 2010. Section 17 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If SB 116 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

Section 21, ch. 92, SLA 2010 - AS 43.55.019(a) - Oil and gas producer education credit - The credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.55.019(a)) (Oil and gas producer education credit) was found in Section 20, ch. 92, 2010. Section 20 broadened the credit, and added specific language to include contributions for facilities. So, SB 116 continues its repeal of Section 21 and allows Section 20 to remain. Section 20 added specific language to include contributions for facilities. Failure to pass SB 116 narrows the scope of contributions, and what they can be used for.

H. Section 23, ch. 92 SLA 2010 - AS 43.55.019(b) - Oil and Gas Producer Education Credit - Amount of credit: 50 percent for contributions of not more than \$100,000. 100 percent of the next \$100,000.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.55.019(b)) was found in Section 22, ch. 92, SLA 2010. Section 22 allowed for 50 percent of contributions up to \$100,000, 100 percent for the next \$200,000, and 50 percent of contributions that exceed \$300,000.

In other words: If SB 116 does not pass, the tax credits shall be reduced back to the lesser credit amounts found in Section 23.

I. Section 25, ch. 92, SLA 2010 - AS 43.55.019(d) - Oil and Gas Producer Education Credit - May not claim a credit if claimed under another provision. Can be combined with other tax credits up to \$150,000.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.55.019(d)) was found in Section 24, ch. 92, SLA 2010. Section 24 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If SB 116 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

J. Section 28, ch. 92, SLA 2010 - AS 43.56.018(a) - Property tax education credit - The credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.56.018(a))

(Oil and gas producer education credit) was found in Section 27, ch. 92, 2010. Section 27 broadened the credit, and added specific language to include contributions for facilities. So, SB 116 repeals Section 28 and allows Section 27 to remain. Section 27 is broader than Section 28. In Section 27, specific language was added to include contributions for facilities. Failure to pass SB 116 narrows the scope of contributions, and what they can be used for.

K. Section 30, ch. 92, SLA 2010 - AS 43.56.018(b) - Property tax education credit - Amount of credit: 50 percent for contributions of not more than \$100,000. 100 percent of the next \$100,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.56.018(b)) was found in Section 29, ch. 92, SLA 2010. Section 29 allowed for 50 percent of contributions up to

\$100,000, 100 percent for the next \$200,000, and 50 percent of contributions that exceed \$300,000.

In other words: If SB 116 does not pass, the tax credits shall be reduced back to the standards set in Section 30. L. Section 32, ch. 92, SLA 2010 - AS 43.56.108(d) - Property tax education credit - May not claim a credit if claimed under another provision. Background: Combined credits may not exceed \$150,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.56.108(d)) was found in Section 31, ch. 92, SLA 2010. Section 31 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If SB 116 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

M. Section 35, ch. 92, SLA 2010 - AS 43.65.018(a) - Mining business education credit - The credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.65.018(a)) - Mining business education credit - was found in Section 34, ch. 92 2010. Section 34 broadened the credit, and added specific language to include contributions for facilities.

So, SB 116 repeals Section 35 and allows Section 34 to remain. Section 34 is broader than Section 35. In Section 34, specific language was added to include contributions for facilities. Failure to pass SB 116 narrows the scope of contributions, and what they can be used for.

N. Section 37, ch. 92, SLA 2010 - AS 43.65.018(b) - Mining business education credit - Amount of credit: 50 percent for contributions of not more than \$100,000. 100 percent of the next \$100,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.65.018(b)) was found in Section 36, ch. 92, SLA 2010. Section 36 allowed for 50 percent of contributions up to \$100,000, 100 percent for the next \$200,000, and 50 percent of contributions that exceed \$300,000.

In other words: If SB 116 does not pass, the tax credits shall be reduced back to the standards set in Section 37.

O. Section 39, ch. 92, SLA 2010 - AS 43.65.018(d)) - Mining business education credit - May not claim a credit if claimed under another provision. Background: Combined credits may not exceed \$150,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.65.018(d)) was found in Section 38, ch. 92, SLA 2010. Section 38 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If SB 116 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

P. Section 42, ch. 92, SLA 2010 - AS 43.75.018(a) - Fisheries business education credit - The credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.75.018(a)) - Fisheries business education credit - was found in Section 41, ch. 92, SLA 2010. Section 41 broadened the credit, and added specific language to include contributions for facilities. So, SB 116 continues its repeal of Section 42 and allows Section 41 to remain. Section 41 is broader than Section 42. In Section 41, specific language was added to include contributions for facilities. Failure to pass SB 116 narrows the scope of contributions, and what they can be used for.

Q. Section 44, ch. 92, SLA 2010 - AS 43.75.018(b) - Fisheries business education credit - Amount of credit: 50 percent for contributions of not more than \$100,000. 100 percent of the next \$100,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.75.018(b)) was found in Section 43, ch. 92, SLA 2010. Section 43 allowed for 50 percent of contributions up to \$100,000, 100 percent for the next \$200,000, and 50 percent of contributions that exceed \$300,000.

In other words: If SB 116 does not pass, the tax credits shall be reduced back to the standards set in Section 44.

R. Section 46, ch. 92, SLA 2010 - AS 43.75.018(d) - Fisheries business education credit - May not claim a credit if claimed under another provision. Background: Combined credits may not exceed \$150,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.75.018(d)) was found in Section 45, ch. 92, SLA 2010. Section 45 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If SB 116 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

S. Section 49, ch. 92, SLA 2010 - AS 43.77.045(a) - Fisheries resource landing tax education credit - The credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.77.045(a))

- Fisheries resource land tax education credit - was found in Section 48, ch. 92 2010. Section 48 broadened the credit, and added specific language to include contributions for facilities.

So, SB 116 continues its repeal of Section 49 and allows Section 48 to remain. Section 48 is substantially similar to Section 49, however there are variations in verbiage. Section 48 is broader. In Section 48, specific language was added to include contributions for facilities. Failure to pass SB 116 narrows the scope of contributions, and what they can be used for. T. Section 51, ch. 92, SLA 2010 - AS 43.77.045(b) - Fisheries resource landing tax education credit - Amount of credit: 50 percent for contributions of not more than \$100,000. 100 percent of the next \$100,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.77.045(b)) was found in Section 50, ch. 92, SLA 2010. Section 50 allowed for 50 percent of contributions up to \$100,000, 100 percent for the next \$200,000, and 50 percent of contributions that exceed \$300,000.

In other words: If SB 116 does not pass, the tax credits shall be reduced back to the standards set in Section 51. These credits become narrower.

U. Section 53, ch. 92, 2010 - AS 43.77.045(d) - Fisheries resource landing tax education credit - May not claim a credit if claimed under another provision. Background: Combined credits may not exceed \$150,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.77.045(d)) was found in Section 52, ch. 92, SLA 2010. Section 52 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If SB 116 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

V. Section 55, ch. 92, 2010 - Repeals outdated statutes and previous definitions that were redundant or unnecessary, including AS 21.06.110(9), AS 21.89.070(f), AS 21.89.075(f), AS 43.05.010(15), AS 43.20.014(f), AS 43.55.019(f), AS 43.56.018(f), AS 43.65.018(f), AS 43.75.018(f), and AS 43.77.045(f).

W. Section 14, ch. 7, FSSLA 2011 - Repealed multiple statutes as of Jan. 1, 2021 (went from 2014 to 2021).

a. AS 21.96.070(a)(4) - Insurance tax education credit - Credit for cash contribution for a facility or intercollegiate sports tournament, by an Alaska two-year or four-year college.

b. AS 21.96.070(a)(5) - Insurance tax education credit - Credit for cash contribution to a native cultural program, K-12.

c. AS 21.96.070(a)(6) - Insurance tax education credit - Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.

d. AS 43.20.014(a)(4) - Income tax education credit - Credit for cash contribution for a facility by an Alaska two-year or four-year college or elementary or secondary school.

e. AS 43.20.014(a)(5) - Income tax education credit - Credit for cash contribution to a native cultural program, K-12.

f. AS 43.20.014(a)(6) - Income tax education credit - Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.

g. AS 43.55.019(a)(4) - Oil and gas producer education credit - Credit for cash contribution for a facility or an intercollegiate sports tournament, by an Alaska two-year or four-year college.

h. AS 43.55.019(a)(5) - Oil and gas producer education credit - Credit for cash contribution to a native cultural program, K-12.

i. AS 43.55.019(a)(6) - Oil and gas producer education credit - Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.

j. AS 43.56.018(a)(4) - Property tax education credit - Credit for cash contribution for a facility or an intercollegiate sports tournament, by an Alaska two-year or four-year college.

k. AS 43.56.018(a)(5) - Property tax education credit - Credit for cash contribution to a native cultural program, K-12.

l. AS 43.56.018(a)(6) - Property tax education credit - Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.

m. AS 43.65.018(a)(4) - Mining business education credit - Credit for cash contribution for a facility by an Alaska two-year or four-year college or elementary or secondary school.

n. AS 43.65.018(a)(5) - Mining business education credit - Credit for cash contribution to a native cultural program, K-12.

o. AS 43.65.018(a)(6) - Mining business education credit - Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.

p. AS 43.75.018(a)(4) - Fisheries business education credit - Credit for cash contribution for a facility by an Alaska two-year or four-year college or elementary or secondary school.

q. AS 43.75.018(a)(5) - Fisheries business education credit - Credit for cash contribution to a native cultural program, K-12.

r. AS 43.75.018(a)(6) - Fisheries business education credit - Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.

s. AS 43.77.045(a)(4) - Fishery resources landing tax education credit - Credit for cash contribution for a

facility by an Alaska two-year or four-year college or elementary or secondary school.

t. AS 43.77.045(a)(5) - Fishery resources landing tax education credit - Credit for cash contribution to a native cultural program, K-12.

u. AS 43.77.045(a)(6) - Fishery resources landing tax education credit - Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.

In other words: If this portion of SB116 does not pass, the above-mentioned broad education tax contributions would narrow effective January 1, 2021.

X. Sections 15, 17, 19, 21, 23, and 25 of ch. 74, SLA 2012 take effect January 1, 2021.

Section 15, ch. 74, SLA 2012 - AS 43.20.014(a) - Income tax education credit - Credit for contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state-operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 15 only lists AS 43.20.014(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 14, ch. 74, SLA 2012, exists as AS 43.20.014(a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If SB116 passes, Section 14, which is broader, would remain. Section 15, which is narrower, would be repealed.

Y. Section 17, ch. 74, SLA 2012 - AS 43.55.019(a) - Oil and gas producer education credit - Credit for

contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state-operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 17 only lists AS 43.55.019(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 16, ch.74, SLA 2012, exists as AS 43.55.019(a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If SB116 passes, Section 16, which is broader, would remain. Section 17, which is narrower, would be repealed.

Z. Section 19, ch. 74, SLA 2012 - AS 43.56.018(a) - Property tax education credit - Credit for contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state-operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 19 only lists AS 43.56.018(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 18, ch.74, SLA 2012, exists as AS 43.56.018(a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If SB116 passes, Section 18, which is broader, would remain. Section 19, which is narrower, would be repealed.

AA. Section 21, ch. 74, SLA 2012 - AS 43.65.018(a) - Mining business education credit - Credit for contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 21 only lists AS 43.65.018(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 20, ch.74, SLA 2012, exists as AS 43.65.018(a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If SB116 passes, Section 20, which is broader, would remain. Section 21, which is narrower, would be repealed.

BB. Section 23, ch. 74, SLA 2012 - AS 43.75.018(a) - Fisheries business education tax - Credit for contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state-operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 23 only lists AS 43.75.018(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 22, ch.74, SLA 2012, exists as AS 43.75.018(a)(1-7). This broader language includes

credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If SB116 passes, Section 22, which is broader, would remain. Section 23, which is narrower, would be repealed.

CC. Section 25, ch. 74, SLA 2012 - AS 43.77.045(a) - Fisheries resource landing tax education credit - Credit for contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 25 only lists AS 43.77.045(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 24, ch.74, SLA 2012, exists as AS 43.77.045(a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If SB116 passes, Section 24, which is broader, would remain. Section 25, which is narrower, would be repealed.

DD. Section 49, ch. 14, SLA 2014 - AS 43.55.019(a) - Oil and gas producer education credit - Credit for cash contribution for vocational education, VA post-secondary education, non-profit regional training center for Department of Labor, and an apprenticeship program through department of labor. Section 49 only lists AS 43.55.019(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 48, ch.14, SLA 2014, exists as AS 43.55.019 (a)(1-7). This broader language includes

credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership. In other words: If SB116 passes, Section 48, which is broader, would remain. Section 49, which is narrower, would be repealed.

EE. Section 37, ch. 15, SLA 2014 - AS 43.20.014(a) - Income tax education credit - Credit for cash contributions to private and public elementary school or secondary school, for vocational education courses, a nonprofit regional training center recognized by the Department of Labor, an apprenticeship program for Department of Labor, funding for a scholarship awarded by a nonprofit organization to a dual-credit student, for housing facility for the department of education, children early learning programs, and nonprofit organizations dedicated to education and public service.

Section 37 only lists AS 43.20.014(a)(1-8).

Noteworthy: The current language found in statute, pursuant to Section 36, ch.15, SLA 2014, exists as AS 43.20.014 (a)(1-12). It includes more credit opportunities, such as allowing credit for contributions to programs such as K-12 science, technology, engineering, and math programs (STEM programs). This broader language also includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If SB116 passes, Section 36, which is broader, would remain. Section 37, which is narrower, would be repealed.

FF. Section 40, ch. 15, SLA 2014 - AS 43.65.018(a) - Mining business tax credit - Credit for cash contributions to private and public elementary school or secondary school, for vocational education courses, a nonprofit regional training center recognized by the Department of Labor, an apprenticeship program for

Department of Labor, funding for a scholarship awarded by a nonprofit organization to a dual-credit student, for housing facility for the department of education, children early learning programs, and nonprofit organizations dedicated to education and public service.

Section 40 only lists AS 43.65.018(a)(1-8).

Noteworthy: The current language found in statute, pursuant to Section 39, ch.15, SLA 2014, exists as AS 43.65.018 (a)(1-12). It includes more credit opportunities, such as allowing credit for contributions to programs such as K-12 science, technology, engineering, and math programs (STEM programs). This broader language also includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If SB116 passes, Section 39, which is broader, would remain. Section 40, which is narrower, would be repealed.

GG. Section 43, ch. 15, SLA 2014 - AS 43.75.018(a) - Fisheries business tax - Credit for cash contributions to private and public elementary school or secondary school, funding for a scholarship awarded by a nonprofit organization to a dual-credit student, for housing facility for the department of education, children early learning programs, and nonprofit organizations dedicated to education and public service. Section 43 only lists AS 43.75.018(a)(1-8).

Noteworthy: The current language found in statute, pursuant to Section 42, ch.15, SLA 2014, exists as AS 43.75.018 (a)(1-12). It includes more credit opportunities, such as allowing credit for contributions to programs such as K-12 science, technology, engineering, and math programs (STEM programs). This broader language also includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and

educational/research/facilities under the Coastal America Partnership.

In other words: If SB116 passes, Section 42, which is broader, would remain. Section 43, which is narrower, would be repealed.

HH. Section 46, ch. 15, SLA 2014 - AS 43.77.045(a) - Floating fisheries resource landing tax education credit - Credit for cash contributions to private and public elementary school or secondary school, funding for a scholarship awarded by a nonprofit organization to a dual-credit student, for housing facility for the department of education, children early learning programs, and nonprofit organizations dedicated to education and public service. Section 46 only lists AS 43.77.045(a)(1-8).

Noteworthy: The current language found in statute, pursuant to Section 45, ch.15, SLA 2014, exists as AS 43.77.045 (a)(1-12). It includes more credit opportunities, such as allowing credit for contributions to programs such as K-12 science, technology, engineering, and math programs (STEM programs). This broader language also includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If SB116 passes, Section 45, which is broader, would remain. Section 46, which is narrower, would be repealed.

II. Section 26, ch. 61, SLA 2014 - These have already been repealed above. But they are repealed again in this provision. Sections 3, 5, 7, 10, 14, 16, 18, 21, 23, 25, 28, 30, 32, 35, 37, 39, 42, 44, 46, 49, 51, 53, and 55, ch. 92, SLA 2010, sec.14, ch.7, FSSLA 2011, and sec. 15, 17, 19, 21, 23, and 25, ch. 74, SLA 2012 are repealed.

JJ. Section 31, ch. 61, SLA 2014 - Section 57, ch.92, SLA 2010 (the Act takes effect Jan. 1, 2014)

as amended by sec. 15, ch.7, FSSLA 2011 (the Act takes effect Jan. 1, 2021), and sec.32, ch.74, SLA 2012 (effective date Jan. 1, 2021), are repealed.

Section 3 - Section 57, ch. 92, SLA 2010 (effective date: 1-1-14); Section 15, ch 7, FSSLA 2011 (Effective date: 1-1-21); Section 32, ch.74, SLA 2012 (effective date: 1-1-21); Section 82, ch. 14, SLA 2014 (effective 1-1-21); and section 61, ch.15, SLA 2014(effective date: 1-1-21) are repealed.

Section 4 - Section 37, ch. 61, SLA 2014, is amended to read: Section 1 (credit claimed every year in the annual report), Section 2 (applies to tax payers that pay tax) and Section 21 (AS 21.66.110(b) (insurance tax education credit), AS 21.96.070 (tax on title insurance premiums), AS 21.96.075(c)(2)(insurance tax education credit), AS 43.05.010(15)(duties of commissioner (report credit classes for calendar year)), AS 43.20.014 (income tax education credit), AS 43.55.019 (oil and gas producer education credit), AS 43.56.018 (property tax education credit), AS 43.65.018 (mining business education credit), AS 43.75.018 (fish business education credit), AS 43.75.130(g)(refund to local government - "tax revenue collected"),

AS 43.77.045 (fisheries resource landing tax credits) and AS 43.77.060(e)(revenue sharing "apply credit), takes effect January 1, 2025.

In other words: The repeal of the educations tax credits in their current statutory form, will take place on January 1, 2025, instead of December 31, 2018.

Section 5 - The Act is effective immediately.

[9:26:02 AM](#)

KEN ALPER, DIRECTOR, TAX DIVISION, DEPARTMENT OF REVENUE, introduced himself.

Co-Chair MacKinnon stated that there were multiple questions about the structure of the bill, and the recommendations for change. She requested additional information about the document with listed recipients of

the tax credit. She wondered whether the donors were listed.

Mr. Alper stressed that the administration had no formal position on the bill. He was available for information and to provide clarification. He noted that there were three changes in the bill. One change kept the program from an outright sunset in December 2018. He stated that the tax rates were supposed to change in 2021. He furthered that there was an issue of what entities were qualified, and the schedule for change. He noted that those issues were not inherently linked to one another. He remarked that it was a complex piece of legislation, because the education tax credit was written in parallel in seven different places in statute. He remarked that it could be offset against the Fisheries Tax, Insurance Tax, etc. He stated that it appeared in the tax statutes for each of those taxes as its own section. He stressed that the language had been kept almost consistent throughout the years. He noted that, currently, it was an 83 percent tax credit. He shared that there was a typical donation of \$300,000 donation, which was the maximum rate to receive the maximum benefit.

[9:32:18 AM](#)

Senator Stevens noted that the industry chose to where the money would go, but there was a hope that the money would have positive educational impact. He queried whether there was a concern about the future of the program. Mr. Alper replied in the negative, but felt that the statutory language should be fixed, because of some ambiguities. He remarked that there maybe should not be a preapproval system, because of the added work to the department. He stated that before the expansion of the tax credit in 2010, it was capped at \$150,000 per company. He remarked that there was much less risk at that scale.

Senator Stevens surmised that the Department of Education and Early Development (DEED) and school districts had no input on the designation of the money. Mr. Alper replied that he understood that potential recipients were working closely with potential donors.

Senator von Imhof wondered whether companies were self-serving, or was there a belief of a greater good with the education credits. Mr. Alper replied that companies sometimes donated to their own benefit, but that did not

necessarily indicate something bad, only looking out for their own interests.

[9:36:25 AM](#)

Senator von Imhof felt that those educational contributions were beneficial to the entire state.

Co-Chair MacKinnon noted that the University of Alaska received several donations to complete the engineering building in Fairbanks, she wondered whether that was accurate. Mr. Alper did not know for certain, but understood that there was an effort to seek donations for that purpose.

Co-Chair MacKinnon wondered whether that was the reason for the request of \$2 million to \$4 million for the operating costs for that building. Mr. Alper replied that he did not know, but felt that if Co-Chair MacKinnon said it, he believed her.

Co-Chair MacKinnon felt that asking for donations that might increase operating costs would result in projects halting because of the lack of revenue to the state.

Senator von Imhof noted that the fiscal note showed a loss of \$6.8 million in 2020. Mr. Alper replied that the second page of the fiscal note listed the total credits used in 2015, 2016, and 2017. She stated that the \$6.8 million was the average of those three numbers.

Senator von Imhof wondered how long the program had been in place. Mr. Alper replied that the initial education tax credit was passed in 1987, but had been adjusted since then.

Senator von Imhof felt it was interesting that the fiscal note showed a loss to the state of \$6.8 million, when the state had the program in place since 1987. She felt that the money was going directly to state programs by going directly to the universities and eliminating administrative costs. She argued that it was a savings to the state. She asserted that stated that the program would continue to cost the state was disingenuous. She stressed that it was a good program that went directly to the universities. She felt that the fiscal note was inaccurate.

[9:41:08 AM](#)

Co-Chair MacKinnon queried the process by which the university or donor received the benefit. Mr. Alper replied that the tax payer or corporation would write a check to the university in the amount of the donation; that would be used in their tax calculation with a line on the tax form for the education tax credit, subtract it, and remit taxes for the difference. He stressed that it was not a credit that was refundable or cashable; rather only used to subtract from a company's taxes. He clarified that there was no attempt to make a policy statement or be disingenuous. He explained that the tax credit, per current law, would sunset on December 31, 2018. In the absence of any legislative action, the program would disappear in FY 20. He stated that the analysis determined what would change versus current law.

Co-Chair MacKinnon she felt that it would create additional revenue to the state.

Senator Micciche felt that it was important to review the fiscal note, and he supported the fiscal note. He felt that it was important to determine the difference of revenues versus what would actually be contributed to the state. He stressed that not all payouts were a direct state benefit. He stated that he had many more questions that he would ask offline. He remarked that there were several organizations that fell under the "other" category, and felt that the legislature should have input about where the money would be going. He requested a break out of the impact of the smaller historic rate. He shared that the "potential" cost to the state might be much higher, and requested an analysis of the fiscal note without the \$5 million cap. Mr. Alper replied that he had began that analysis. He stated that all donations above the \$300,000 would have no value.

[9:45:32 AM](#)

Co-Chair MacKinnon requested a graph to ten years prior form the point of changing from \$150,000 to \$300,000. She was concerned with the risk, as there was encouragement to other tax payers to contribute more for particular purposes.

Senator Micciche spoke in support of the program, but was interested in "tightening" it up so some of the peripheral

programs were not included. He felt that it was important understand the potential of including everyone.

Senator Stevens understood that there was some great work with the funds, but expressed concern about how no one has examined to determined whether the funds were for proper educational services. He wanted to see some oversight of the use of the funds. Mr. Alper stated that there should be an annotated list of qualifying entities, with the twelve statutory sections.

Co-Chair MacKinnon stressed that indirect expense was a large cost to the state.

[9:49:03 AM](#)

SUSAN FOLEY, PRESIDENT, UNIVERSITY OF ALASKA FOUNDATION, ANCHORAGE (via teleconference), spoke in support of the legislation. She felt that the conversations were substantial and difficult. She wanted to supplement her previous written testimony with comments about remarks in the meeting. She referenced Senator von Imhof's comments about a slowing in donations. She discussed the University of Alaska Foundation, which was the charitable arm of the university, and accepted all charitable contributions. She discussed different uses for donations. She discussed the foundation's obligation to the use of funds and being in line with donor's requests. The foundation charged a small amount for managing the funds (1 percent on endowments and 5 percent on shorter term funds). The foundation reported back to donors to communicate the benefits from the donations. The programs being supported were "leveraged" programs.

Co-Chair MacKinnon queried whether there was support of opposition. Ms. Foley replied that she supported the bill.

[9:55:53 AM](#)

Senator Stevens surmised that a corporation could give a donation to the university, but take it as a tax credit. In return, they could give scholarships to only their members or employees. Ms. Foley disagreed. She stressed that a donor could not direct where the scholarships would be awarded.

Co-Chair MacKinnon wondered whether the donor could direct what they were giving scholarships for. Ms. Foley replied in the affirmative.

Co-Chair MacKinnon surmised that one could give a scholarship or women's studies or engineering, etc. Ms. Foley agreed.

Senator Micciche wondered whether money could be given for athletic programs. Ms. Foley replied in the affirmative, and for narrow purposes for the University of Alaska.

Co-Chair MacKinnon hoped that Ms. Foley would be available for questions. Ms. Foley obliged.

Co-Chair Hoffman wondered whether money could be given for a specific community. Ms. Foley replied that there could be permitted scholarships for recipients from particular community, but Title IX must be followed to ensure that scholarships were not granted on a discriminatory basis.

[9:58:48 AM](#)

TOMMY SHERIDAN, SILVER BAY SEAFOODS, CORDOVA (via teleconference), spoke in support of the bill. He gave some history of his company. He stated that funding through education tax credits resulted in notable training opportunities for Alaskan youth.

[10:02:08 AM](#)

MIKE SATRE, GOVERNMENT AND COMMUNITY RELATIONS MANAGER, HECLA MINING, JUNEAU, understood the desire for tax credit sunsets so the legislature could properly review the credits. He felt that the education tax credits were working, and he supported a clean extension of the tax credits in order to continue to promote partnerships of private industry with the educational system in order to develop an Alaskan workforce.

[10:06:35 AM](#)

DOUG WALRATH, DIRECTOR, NORTHWEST ALASKA CAREER AND TECHNICAL CENTER, NOME (via teleconference), spoke in support of the bill with a sunset extension to 2025. He remarked that tax credit contributions accounted for one-third of the center's annual operating budget. He stated

that since 1009 there was active pursuit of industry partnership.

Senator Olson expressed concern about the narrowing of scope and decrease of value in 2021. He wondered whether the bill would cause an increase or decrease of donor contributions. Mr. Walrath replied that he was concerned with any changes. He stated that approaching industry partners with an incentive encouraged new partnerships with industry.

Co-Chair MacKinnon CLOSED public testimony.

[10:11:46 AM](#)

Vice-Chair Bishop discussed the fiscal note.

Co-Chair MacKinnon announced that amendments were due the upcoming Friday.

SB 116 was HEARD and HELD in committee for further consideration.

#sb198

SENATE BILL NO. 198

"An Act relating to a study of the effectiveness and cost of providing long-acting reversible contraception to women with substance abuse disorders."

[10:13:32 AM](#)

SENATOR PETE KELLY, SPONSOR, introduced the legislation. He remarked that good people had spent time and effort to correct social ills like sexual assault, addiction, suicide, and alcoholism that were issues of despair. He remarked that he had created Empowering Hope, and felt that the meetings were very effective. He shared that the group probably could not fix all of Alaska's ills. He stated that the group narrowed its focus to fetal alcohol spectrum disorder (FASD). He stated that there was a decision not to have efforts to manage the problem, rather focusing on eradicating the problem. He clarified that FASD was part of the Empowering Hope legislation. He noted that he had funded the Empowering Hope mission through his legislative office by hiring Ryan Ray as executive director. He stated that Empowering Hope was moved to the Institute of

Circumpolar Health. He remarked that there were various collaborations, and shared that there were approaches that had been implementation.

[10:22:22 AM](#)

HEATHER CARPENTER, STAFF, SENATOR PETE KELLY, discussed the Sectional Analysis (copy on file):

Section 1:

(A) Directs the University of Alaska Anchorage Center for Alcohol and Addiction Studies to conduct a study to evaluate the effectiveness of providing long-acting reversible contraception (LARC) to women with substance abuse disorders who are at high risk for unintended pregnancies that may result in prenatal drug or alcohol exposure.

The study shall be done in collaboration with hospitals and health care providers in Alaska who treat women with substance abuse disorders and:

(1) Establish an advisory council to assist with designing and implementing the study,

(2) Evaluate best practices for treating women and children when there is a high risk of neonatal abstinence syndrome (NAS) or fetal alcohol spectrum disorders (FASD),

(3) Facilitate a network for sharing of best practices,

(4) Identify women and children to participate in the study on a voluntary basis,

(5) Provide LARC to participants who are at a high risk for unintended pregnancies that may result in prenatal drug or alcohol exposure,

(6) Evaluate the cost and effectiveness of providing LARC to reduce the occurrence of NAS and FASD,

(7) Develop a cohort of women and children who can be evaluated in later studies regarding NAS and FASD,

(8) Provide a data driven framework to establish a comprehensive strategy for using LARC to reduce NAS and FASD in Alaska.

(B) Directs the University to complete two interim reports by June 30 of 2019 and 2020 and a final report by June 30, 2021.

(C) Provides definitions for "fetal alcohol spectrum disorder," "long-acting reversible contraception," and "neonatal abstinence syndrome."

Section 2:

Repeals Section 1 on June 30, 2021, which coincides with the date of the final report on the project

[10:25:17 AM](#)

Senator Olson wondered where in the state the studies would be conducted. He shared that the issues discussed often occurred in rural Alaska. Senator Kelly deferred to Mr. Ray.

JEFF JESSE, DEAN, COLLEGE OF HEALTH, UNIVERSITY OF ALASKA, ANCHORAGE (via teleconference), discussed the bill. He stressed that the abuse of alcohol and drugs had severe consequences to Alaskans, especially to the unborn and the consequences of that effect over their lifetime. He remarked that fetal alcohol spectrum disorder was a problem for many years in the state. He noted that over 120 children were diagnosed every year. He remarked that the number did not include the many children who were affected by alcohol exposure, but their symptoms did not rise to the level of diagnosis. He remarked that there was also the advent of the opioid crisis, which resulted in a 500 percent in neonatal abstinence syndrome over the recent decade. He remarked that those were critical human and financial issues for the state. He stressed that there was an importance for financial investment in the university to ensure that there was the capacity for assistance in addressing major policy, by providing objective data to have the best information available to make the best decision.

[10:31:50 AM](#)

TREVOR STORRS, EXECUTIVE DIRECTOR, ALASKA CHILDRENS TRUST, ANCHORAGE (via teleconference), testified in support of the bill. He stated that there was a project to help reduce child abuse, so Alaska was able to identify key social determinants, which included unplanned and unwanted pregnancies. He shared that the Center for Disease Control (CDC) reported in 2006 that 49 percent of pregnancies were unintended. He stated that 4 of 5 pregnancies for women ages 19 and younger were unintended. He stressed that under the age of 15, 98 percent of those pregnancies were unplanned. He shared that births from unplanned pregnancies were associated with adverse maternal and child health outcomes.

[10:37:11 AM](#)

PATRICK REINHART, EXECUTIVE DIRECTOR, GOVERNORS COUNCIL ON DISABILITIES, ANCHORAGE (via teleconference), spoke in support of the bill. He remarked that the council had a large FASD work group that included individuals from around the state, which included a prevention subcommittee. He stated that there was a submitted letter of support in the packet.

[10:38:22 AM](#)

ART DELAUNE, GOVERNORS COUNCIL ON DISABILITIES, FAIRBANKS (via teleconference), spoke in support of the bill. He echoed Mr. Reinhart's comments. He shared that he was the parent of two men who were exposed to alcohol in the womb. He stressed that he was very aware of the consequences of unintended pregnancies of women who had addictions. He shared that one of his sons had siblings who were all alcohol-exposed and in state custody. He shared that he was involved in consequences for women who were finding homes for children who were exposed to alcohol. He understood that there was a stigma attached to mothers of children with FASD. He shared that the mothers felt guilty and were judged by others. He stressed the no women would intentionally expose their children to the lifelong disability. He stressed that the addictions impaired judgment and resulted in poor decisions.

[10:42:11 AM](#)

ALYSON CURREY, LEGISLATIVE LIAISON, PLANNED PARENTHOOD VOTES, JUNEAU, addressed some concerns with the bill. She

shared that Planned Parenthood, in 2016, provided long-acting reversible contraception (LARC) to more than 1000 patients in Alaska. She strongly support efforts to address barriers to access to the full range of birth control methods. She supported efforts to evaluate best practices for treatment, and facilitate the efforts. She shared that there was a history of coercion around provider-controlled contraceptive methods such as LARC. She share that because of the history and potential for ongoing coercion, nobody should be directed toward any particular method solely because it was cost effective or more effective at preventing pregnancy, which may not be a woman's primary goal when using contraception. She felt that women with substance use disorders were just as deserving of the right to make their own reproductive health decisions. She felt that the state should ensure that every person receives complete, unbiased information on the full range of birth control methods. She stated that she submitted written comments.

Co-Chair MacKinnon wondered whether Ms. Currey was in opposition to the bill, or whether there was a request for amendments. Ms. Currey replied that she was asking for amendments.

[10:45:51 AM](#)

Senator Micciche wondered whether the eight pieces of the study in Section 1 were understood. Ms. Currey replied in the affirmative. She stressed that her concerns were not related to that section. She remarked that the legislation did not clarify the need for collaboration with experts, contraception, and family planning.

Senator Micciche looked at item 3, which related to facilitating a network for sharing of best practices. He appreciated the discussion outside of the bill. Ms. Currey responded that there was a desire to be aware of the concerns and use a reproductive justice approach when working with women with substance use disorders. She hoped that the women would not be pushed toward one method, without information on the full range of birth control methods.

[10:48:59 AM](#)

MARY NANUWAK, SELF, BETHEL (via teleconference), felt that the contraceptive studies have been controversial. She felt that the studies were often biased. She remarked that FASD was preventable. She considered Bethel a "third world country." She stressed that individuals should be given informed consent to make their own decisions. She felt that Senator Giessel should not be considered the medical authority. She shared that there were many native people who did not speak English, which could be complicated. She stressed that she did not like the attitudes of some professionals, because it caused confusion.

Co-Chair MacKinnon CLOSED public testimony.

[10:52:47 AM](#)

RYAN RAY, HEALTH POLICY FELLOW, UNIVERSITY OF ALASKA, shared that he had been involved in the Empowering Hope mission since the beginning. He shared that he was integral in conducting the pregnancy test dispenser study.

Senator Olson wondered where the concentration of the study would be conducted. He noted that some of the issues were concentrated in rural Alaska, where women did not have access to information and contraception. Mr. Ray replied that the goal was to develop a network of hospitals and birthing centers to ensure that those in rural Alaska were not left out of the study. He stated that the primary partnership was with the Alaska Regional NEST Program, which had taken the lead in addressing NAS. He stated that other hospitals would be partnering with the study.

Co-Chair MacKinnon stated that the fiscal note would be updated.

Co-Chair MacKinnon announced that the public hearing for the operating budget is cancelled.

Senator Micciche looked forward to hearing from the public once the committee had received the budget.

SB 198 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[10:57:29 AM](#)

The meeting was adjourned at 10:57 a.m.