

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	CSHB 121(L&C)
Fiscal Note Number:	2
(H) Publish Date:	3/25/2021

Identifier: HB121-DOR-TAX-03-12-21
Title: EDUC.TAX CREDIT: EMPLOYER CHILD CARE
COST
Sponsor: FIELDS
Requester: (H) Labor & Commerce

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)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
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

None	***		***	***	***	***	***
Total	***	0.0	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2022) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Agency: Department of Revenue

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Date: 03/12/2021
Date: 03/12/21

FISCAL NOTE ANALYSIS

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Analysis

Background

The education tax credit is a credit for qualifying contributions to Alaska universities and accredited nonprofit Alaska two- or four-year colleges for facilities, direct instruction, research and educational support purposes. The tax credit can also be claimed for donations to a school district or a state-operated vocational technical education and training school for vocational education courses, programs and facilities. Donations for Alaska Native cultural or heritage programs for public school staff and students, and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership also qualify. Contributions to the Alaska Higher Education Investment Fund established in 2012 qualify as well.

The credit is available to be claimed against insurance premiums tax, title insurance premiums tax, corporate income tax, oil and gas production tax, oil and gas property tax, mining license tax, fisheries business tax, and fishery resource landing tax. The credit for any one taxpayer cannot exceed \$1,000,000 annually across all tax types.

The proposed legislation would expand the education tax credit to include donations made to childcare facilities for the children of the taxpayer's employees, or for payments made to an employee of the taxpayer for the purpose of offsetting the employee's childcare costs. The new provisions would take effect January 1, 2022.

Revenue Impact

The estimated revenue impact of this proposed legislation cannot be determined because the Department of Revenue does not have Alaska-specific data to estimate how many taxpayers will claim the expansion of the credit, how many taxpayers currently pay their employees' childcare costs or make donations to childcare facilities for the children of their employees, or how many taxpayers will start paying their employees' childcare costs or making donations to childcare facilities for the children of their employees. Other sources of uncertainty stem from the high contribution limits and high cost of care in Alaska, as well as the fact that the credit is available against multiple tax types in Alaska.

Implementation Cost

This proposed legislation would not require the Department of Revenue to make material changes to its Tax Revenue Management System (TRMS). Therefore, there would be no cost to the Department for implementation. Resources required to implement this bill would include staff time to updated tax forms, TRMS, and Revenue Online, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.