

**ALASKA STATE LEGISLATURE  
HOUSE EDUCATION STANDING COMMITTEE**

April 19, 2023

8:14 a.m.

**MEMBERS PRESENT**

Representative Justin Ruffridge, Co-Chair

Representative Mike Prax

Representative CJ McCormick

Representative Tom McKay

Representative Rebecca Himschoot

Representative Andi Story

**MEMBERS ABSENT**

Representative Jamie Allard, Co-Chair

**COMMITTEE CALENDAR**

HOUSE BILL NO. 148

"An Act relating to the Alaska performance scholarship program."

- MOVED CSHB 148 (EDC) OUT OF COMMITTEE

HOUSE BILL NO. 139

"An Act relating to funding for correspondence study programs."

- HEARD & HELD

HOUSE BILL NO. 144

"An Act relating to education tax credits; and providing for an effective date by repealing the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 148

SHORT TITLE: AK PERFORMANCE SCHOLARSHIP; ELIGIBILITY

SPONSOR(S): EDUCATION

03/29/23 (H) READ THE FIRST TIME - REFERRALS

03/29/23 (H) EDC, FIN

04/03/23	(H)	EDC AT 8:00 AM DAVIS 106
04/03/23	(H)	Heard & Held
04/03/23	(H)	MINUTE(EDC)
04/05/23	(H)	EDC AT 8:00 AM DAVIS 106
04/05/23	(H)	Heard & Held
04/05/23	(H)	MINUTE(EDC)
04/07/23	(H)	EDC AT 8:00 AM DAVIS 106
04/07/23	(H)	Heard & Held
04/07/23	(H)	MINUTE(EDC)
04/17/23	(H)	EDC AT 8:00 AM DAVIS 106
04/17/23	(H)	Heard & Held
04/17/23	(H)	MINUTE(EDC)
04/19/23	(H)	EDC AT 8:00 AM DAVIS 106

BILL: HB 139

SHORT TITLE: CORRESPONDENCE STUDY PROGRAM FUNDING  
 SPONSOR(s): RUFFRIDGE

03/27/23	(H)	READ THE FIRST TIME - REFERRALS
03/27/23	(H)	EDC, FIN
04/05/23	(H)	EDC AT 8:00 AM DAVIS 106
04/05/23	(H)	Scheduled but Not Heard
04/07/23	(H)	EDC AT 8:00 AM DAVIS 106
04/07/23	(H)	Scheduled but Not Heard
04/12/23	(H)	EDC AT 8:00 AM DAVIS 106
04/12/23	(H)	Heard & Held
04/12/23	(H)	MINUTE(EDC)
04/17/23	(H)	EDC AT 8:00 AM DAVIS 106
04/17/23	(H)	Heard & Held
04/17/23	(H)	MINUTE(EDC)
04/19/23	(H)	EDC AT 8:00 AM DAVIS 106

BILL: HB 144

SHORT TITLE: REPEAL EDUCATION TAX CREDITS SUNSET  
 SPONSOR(s): RUFFRIDGE

03/29/23	(H)	READ THE FIRST TIME - REFERRALS
03/29/23	(H)	EDC
04/19/23	(H)	EDC AT 8:00 AM DAVIS 106

**WITNESS REGISTER**

SANA EFIRD, Executive Director  
 Alaska Commission on Postsecondary Education  
 Department of Education and Early Development  
 Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 148.

CHRIS REITAN, Superintendent  
Craig City School District  
Craig, Alaska

**POSITION STATEMENT:** Answered questions regarding proposed Amendment 2 during the hearing on HB 139.

BUD SEXTON, Staff  
Representative Justin Ruffridge  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 144 on behalf of Representative Ruffridge, prime sponsor.

CHAD HUTCHISON, Director of State Relations  
University of Alaska System  
Fairbanks, Alaska

**POSITION STATEMENT:** Presented a PowerPoint titled University of Alaska Education Tax Credits - Overview.

#### **ACTION NARRATIVE**

[8:14:05 AM](#)

**CO-CHAIR JUSTIN RUFFRIDGE** called the House Education Standing Committee meeting to order at 8:14 a.m. Representatives Prax, McCormick, McKay, Himschoot, Story, and Ruffridge were present at the call to order.

#### **HB 148-AK PERFORMANCE SCHOLARSHIP; ELIGIBILITY**

[8:14:48 AM](#)

CO-CHAIR RUFFRIDGE announced that the first order of business would be HOUSE BILL NO. 148, "An Act relating to the Alaska performance scholarship program."

CO-CHAIR RUFFRIDGE noted that at the House Education Standing Committee meeting on Monday, April 17, 2023, a motion had been made by Co-Chair Allard to adopt Conceptual Amendment 1 to HB 148, [with objection by Co-Chair Ruffridge], and this motion had been left pending.

[8:15:37 AM](#)

REPRESENTATIVE MCKAY moved to table [Conceptual Amendment 1]. There being no objection, Conceptual Amendment 1, pending with objection, was tabled.

[8:16:04 AM](#)

CO-CHAIR RUFFRIDGE entertained other amendments.

[8:16:14 AM](#)

REPRESENTATIVE HIMSCHOOT moved to adopt Conceptual Amendment 5 to HB 148.

CO-CHAIR RUFFRIDGE explained that Conceptual Amendment 5 was initially drafted by Representative Allard. He asked whether there were any objections to the amendment.

[8:16:38 AM](#)

REPRESENTATIVE STORY objected to Conceptual Amendment 5.

[8:16:46 AM](#)

REPRESENTATIVE HIMSCHOOT Explained that Conceptual Amendment 5 opens the scholarship eligibility to students who either have a high score on the SAT or ACT, or a high GPA, providing flexibility to students who show their worthiness for the scholarship.

[8:18:08 AM](#)

REPRESENTATIVE STORY spoke to her objection. She expressed concern about the GPA and students not having to deal with the test. Additionally, she questioned the deletion of the word "academic" on page 2, line 30, because the academic requirements are not being deleted.

[8:19:24 AM](#)

REPRESENTATIVE HIMSCHOOT replied that she could not speak to the deletion of the word "academic," adding that a requirement is a requirement, whether it was academic or otherwise. She said she did not know why "academic" needed to be deleted, and shared her belief that it could stay. She added that there are many students with a low GPA that could pass a test, and those students should also be able to receive the performance scholarship.

[8:20:06 AM](#)

REPRESENTATIVE STORY pointed out that there are accountability measures in place, so if students do not keep their grades up, they will lose their scholarship. She noted that [the accountability measures] encourage students to work hard.

[8:20:38 AM](#)

REPRESENTATIVE STORY moved to adopt Conceptual Amendment 1 to Conceptual Amendment 5, to keep the word "academic".

[8:21:18 AM](#)

REPRESENTATIVE MCCORMICK objected.

REPRESENTATIVE STORY stated that there are academic requirements, and emphasized the importance of keeping "academic" in the legislation.

[8:22:09 AM](#)

SANA EFIRD, Executive Director, Alaska Commission on Postsecondary Education (ACPE), Department of Education and Early Development (DEED), joined the discussion on HB 148. She referenced the 10-year lookback, reporting that the curriculum and the academic success on the curriculum makes a difference for the students as they attend their post-secondary programs. Specifically with the university classes, students do not have to take remedial classes at the rate of others; however, keeping the curriculum and having an and/or is doable, she said.

[8:24:07 AM](#)

REPRESENTATIVE STORY drew attention to page 1 of the bill regarding the minimum GPA.

CO-CHAIR RUFFRIDGE related that the focus needed to stay on the conceptual amendment to Conceptual Amendment 5, specifically the word "academic."

REPRESENTATIVE STORY thanked Co-Chair Ruffridge for reminding the committee that the academic piece is important.

[8:25:01 AM](#)

REPRESENTATIVE HIMSCHOOT asked whether it was possible that the word "academic" was no longer applicable, and whether Career Technical Education (CTE) also required the word "academic."

[8:25:25 AM](#)

MS. EFRID replied that "academic" was still in the curriculum requirement; she said she wasn't sure whether the removal would affect the curriculum.

[8:26:42 AM](#)

REPRESENTATIVE STORY commented that she had been reminded of how rigorous CTE is for students.

[8:27:18 AM](#)

REPRESENTATIVE HIMSCHOOT stated that removing the word "academic" was suggested by the legal department, but she liked having it there. She confirmed her support for Conceptual Amendment 1 to Conceptual Amendment 5.

[8:27:53 AM](#)

REPRESENTATIVE MCCORMICK removed his objection to Conceptual Amendment 1 to Conceptual Amendment 5. There being no further objection, Conceptual Amendment 1 to Conceptual Amendment 5 was adopted.

[8:28:37 AM](#)

The committee took a brief at-ease at 8:28 a.m.

[8:29:08 AM](#)

CO-CHAIR RUFFRIDGE returned the discussion to Conceptual Amendment 5, [as amended].

[8:29:22 AM](#)

REPRESENTATIVE STORY directed attention to line 11 of Conceptual Amendment 5 and questioned what body should be setting minimum [GPA] requirements. Additionally, she asked which entity the language referred to.

CO-CHAIR RUFFRIDGE reminded Representative Story that this language was already in statute on page 2, lines 11-13 of the

bill. He added that Conceptual Amendment 5 was setting forth a repeal of the language.

REPRESENTATIVE STORY noted that the directions were to "delete all material and insert."

CO-CHAIR RUFFRIDGE pointed out that "insert" was capitalized and bolded, indicating that it would match the other sections as a repeal.

[8:31:02 AM](#)

The committee took an at-ease from 8:31 a.m. to 8:34 a.m.

[8:34:59 AM](#)

REPRESENTATIVE STORY confirmed that her questions were answered.

[8:35:06 AM](#)

CO-CHAIR RUFFRIDGE asked whether there were other questions or comments on Conceptual Amendment 5.

REPRESENTATIVE HIMSCHOOT asked whether the conceptual amendment would open the scholarship to a broader range of students.

[8:35:27 AM](#)

MS. EFIRD responded that her interpretation was yes, it would provide scholarship opportunities to students that have taken the curriculum laid out in the current statute, but for some reason, did not make a certain GPA.

[8:36:12 AM](#)

CO-CHAIR RUFFRIDGE asked whether Representative Story maintained her objection to Conceptual Amendment 5, [as amended], to HB 148.

REPRESENTATIVE STORY removed her objection. There being no further objection, Conceptual Amendment 5 [as amended], was adopted.

[8:36:30 AM](#)

CO-CHAIR RUFFRIDGE moved to adopt Amendment 6 to HB 148, labeled 33-LS0624/B.7\Marx 4/18/23, which read:

Page 3, lines 14 - 15:

Delete "AS 14.43.825(g) and (h)"

Insert "AS 14.43.825(g) - (i)"

Page 4, lines 21 - 27:

Delete all material and insert:

"(g) Each time a student who is an award recipient completes two semesters of full-time enrollment at a qualified postsecondary institution in this state, the postsecondary institution shall review and notify the commission of the student's postsecondary institution grade-point average. If the student's grades qualify under (h) of this section, the commission shall increase the award level for the student as described in (h) of this section and notify the student of the increase. In this subsection, "full-time enrollment" means enrollment in a course of study that is not less than 15 credits."

Page 4, line 28:

Delete "university or college"

Insert "postsecondary institution"

Page 4, line 29, following "above,":

Insert "or the equivalent established under (i) of this section,"

Page 4, line 31, following "above,":

Insert "or the equivalent established under (i) of this section,"

Page 5, following line 1:

Insert a new subsection to read:

"(i) For qualified postsecondary institutions that do not award grades on a four-point scale, the commission shall establish by regulation the equivalent rating required to increase an award under (h) of this section."

Reletter the following subsection accordingly.

Page 5, lines 5 - 7:

Delete all material and insert:

"(2) "postsecondary institution grade-point average" means the average of all grades on a four-point scale, or the equivalent as established by the

commission by regulation, obtained by a student at a qualified postsecondary institution in this state."

[8:36:40 AM](#)

REPRESENTATIVE MCKAY objected for the purpose of discussion.

CO-CHAIR RUFFRIDGE explained that Amendment 6 would make several changes to ensure that the bill would encompass the most available students, make sure all post-secondary institutions in the state are covered rather than just universities or colleges, in addition to conforming changes.

[8:37:22 AM](#)

The committee took an at-ease from 8:37 a.m. to 8:42 a.m.

[8:42:30 AM](#)

CO-CHAIR RUFFRIDGE continued the discussion on Amendment 6.

[8:42:55 AM](#)

REPRESENTATIVE STORY referred to page 1, lines 13-14 of Amendment 6, and expressed her concern about the 15 credit requirement, because many students are non-traditional students that work in addition to going to school. She asked for clarification on the determination made by the Alaska Commission on Postsecondary Education (ACPE) on the number of credits.

MS. EFIRD offered her understanding that there were both part time and full time awards for APS, which would cover the concern about nontraditional students who were unable to attend a full time program of 15 credits.

REPRESENTATIVE STORY asked whether the student would get a portion of the scholarship.

MS. EFIRD said she would check with her staff to clarify.

REPRESENTATIVE STORY asked whether including "not less than 15 credits" would create parameters for the commission's flexibility.

MS. EFIRD offered her belief that this is the way the program is currently set up for the full-time classes. She reiterated that

she would talk with her staff on the number of credits otherwise.

REPRESENTATIVE STORY opined that 15 credits was a high amount, and 4 classes, she said, could constitute "full time."

[8:46:27 AM](#)

REPRESENTATIVE HIMSCHOOT questioned whether the original APS language specified 15 hours and asked whether 15 was standard.

MS. EFIRD offered her understanding that 15 credit hours was standard; however, there was an allowance for 12 credits in the first year under APS regulations. She offered to follow up with the requested information.

[8:47:29 AM](#)

REPRESENTATIVE HIMSCHOOT opined that it was an overstep for the legislature to decide what full time is and that the ACPE could decide that. Quarters versus semesters, she said, could also change what full time is. She stated she would be more comfortable if full time enrollment were determined by the ACPE; however, she would not want that to create a burden.

MS. EFIRD replied that ACPE would work through regulations, but she was unsure if they would work with an institution to determine what they would consider a full-time student. She understood that it is something ACPE could take on, and offered to talk with staff regarding the added administrative burden.

[8:48:45 AM](#)

CO-CHAIR RUFFRIDGE reminded the committee that the section currently under discussion started on page 4, line 20, in Section 6. He clarified that the amendment would change the language on line 22, and explained that the language on full-time enrollment is not indicative of the qualifications to receive the scholarship. Instead, the intent was to talk through what enrollment is necessary to receive the step-up provision.

[8:49:54 AM](#)

The committee took an at-ease from 8:49 a.m. to 8:53 a.m.

[8:53:07 AM](#)

CO-CHAIR RUFFRIDGE reminded the committee that the current focus is on the credit component in Amendment 6.

REPRESENTATIVE STORY sought clarification as to the amount of credits in regulations.

MS. EFIRD confirmed that for the first year, it is 12 credits.

[8:53:55 AM](#)

REPRESENTATIVE MCKAY withdrew his objection to the motion to adopt Amendment 6 to HB 158. There being no further objection, Amendment 6 was adopted.

REPRESENTATIVE STORY thanked Ms. Efird and ACPE for supporting this modernization, and thanked the committee for the bill.

MS. EFIRD expressed her excitement towards the bill, and thanked the committee members for their engagement and enthusiasm.

[8:56:20 AM](#)

REPRESENTATIVE MCCORMICK moved to report HB 148, as amended, out of committee with individual recommendations and the accompanying fiscal notes, and to authorize Legislative Legal Services to make technical and conforming changes, as needed. There being no objection, CSHB 148(EDC) was reported out of the House Education Standing Committee.

[8:56:54 AM](#)

The committee took an at-ease from 8:56 a.m. to 8:59 a.m.

**HB 139-CORRESPONDENCE STUDY PROGRAM FUNDING**

[8:59:07 AM](#)

CO-CHAIR RUFFRIDGE announced that the next order of business would be HOUSE BILL NO. 139, "An Act relating to funding for correspondence study programs."

CO-CHAIR RUFFRIDGE entertained amendments.

[8:59:38 AM](#)

REPRESENTATIVE MCKAY indicated that Amendment 1, [included in the committee packet, would not be offered].

[8:59:48 AM](#)

The committee took an at-ease from 8:59 a.m. to 9:01 a.m.

[9:01:40 AM](#)

REPRESENTATIVE HIMSCHOOT moved to adopt Amendment 2 to HB 139, labeled 33-LS0582\B.1/Marx 4/12/23, which read as follows:

Page 1, lines 8 - 9:

Delete "multiplying the ADM of the correspondence program by the special needs factor in AS 14.17.420(a)(1) [90 PERCENT]"

Insert "(1) multiplying the ADM of the correspondence program by 90 percent; and  
(2) except as provided in (b) of this section, multiplying the number obtained under (1) of this subsection by the special needs factor in AS 14.17.420(a)(1)"

Page 1, following line 9:

Insert a new bill section to read:

"\* **Sec. 2.** AS 14.17.430 is amended by adding new subsections to read:

(b) A correspondence program described in (a) of this section must maintain a correspondence program student assessment participation rate of at least 96 percent or the average participation rate of all district student assessment participation rates in the state, whichever is less. If the correspondence program fails to meet the student assessment participation requirement for more than two consecutive fiscal years, funding for the correspondence program in a subsequent fiscal year may not include the special needs factor adjustment described in (a)(2) of this section. A correspondence program that meets the student assessment participation requirement after losing funding under this subsection is eligible to receive the special needs factor adjustment described in (a)(2) of this section in the following fiscal year.

(c) In this section,

(1) "correspondence program student assessment participation rate" means the percentage

obtained by dividing the number of students enrolled in a correspondence program who took a statewide student assessment administered by the correspondence program by the number of students enrolled in a grade in which the correspondence program administers the assessment on the first day that the correspondence program begins administering the assessment;

(2) "district student assessment participation rate" means the percentage obtained by dividing the number of students enrolled in a district who took a statewide student assessment administered by the district by the number of students enrolled in a grade in which the district administers the assessment on the first day that the district begins administering the assessment;

(3) "statewide student assessment" means a standards-based test or assessment required by the department under AS 14.03.123(f)."

CO-CHAIR RUFFRIDGE objected.

REPRESENTATIVE HIMSCHOOT said Amendment 2 did two things. Firstly, it would implement the superintendents request to multiply the correspondence program's average daily membership (ADM) by 90 percent and provide a multiplier of 1.2. She added that she took the legislature's role as the "middle man for the public dollar" very seriously, opining that the money should be spent wisely. The second part of the amendment would set accountability standards for correspondence programs to show performance measures for the investment of public dollars.

[9:03:47 AM](#)

REPRESENTATIVE STORY requested to hear from Superintendent Reitan on the letter submitted by the superintendents. She shared her belief that the 96 percentile would be too high of a bump as a growth measure and asked Representative Himschoot to speak to that.

[9:04:40 AM](#)

REPRESENTATIVE HIMSCHOOT highlighted lines 14-15 of Amendment 2. She explained that if the building-based programs are reaching 80 percent, the correspondence programs would also have to reach 80 percent. She added that the programs would have several years to reach and maintain that standard.

[9:05:28 AM](#)

CO-CHAIR RUFFRIDGE reiterated that the question posed by Representative Story is in reference to the letter signed by Mr. Reitan, who is available for discussion.

[9:05:55 AM](#)

CHRIS REITAN, Superintendent, Craig City School District, joined the discussion on Amendment 2. He offered his understanding that all the districts who operate homeschool programs would be pleased in regard to what the amendment is doing with 90 percent of the base student allocation (BSA) plus the special needs factor. He stressed the importance of having a "level playing field" with brick-and-mortar schools. The second piece of Amendment 2, he said, would make it difficult for all school districts, especially correspondence schools, to meet that standard. He related hearing from parents who said they know their children the best in reference to developing an individual plan, consultations with the school district, or contacting teacher about which plan most appropriately meets the student's needs. He opined that the second piece of Amendment 2 puts district in an awkward place in regard to providing all parents a right to direct education. He said no school district is trying to shy away from accountability; instead, districts are trying their best to fit into state statutes that have already been put in place.

[9:10:02 AM](#)

REPRESENTATIVE HIMSCHOOT asked Mr. Reitan what the federal assessment requirement was.

MR. REITAN replied it is 95 percent.

REPRESENTATIVE HIMSCHOOT referred to lines 12-15 in Amendment 2, and stated that she was hesitant to invest the public's money in a program that does not meet the same standards as other programs.

MR. REITAN replied that he could only speak to the correspondence programs he works, explaining that there are other assessment items in place for families to utilize with their students in consultation with their contact teacher. Another item his organization tracks, he said, is the number of students accessing college university classes, which was not addressed in the bill.

9:13:45 AM

REPRESENTATIVE PRAX observed there were two pieces to the amendment: the money, and the assessment. He stated that he was most concerned about the assessment piece being logistically difficult for the statewide correspondence programs to arrange for the tests, in addition to getting everyone together in the same place to take the tests when the results "don't mean anything." He said he questioned the value of the tests, and asked why districts would be asked to spend more money on tests that "we don't care about."

9:16:29 AM

REPRESENTATIVE HIMSCHOOT asked Mr. Reitan whether brick and mortar programs also produce similar measures of success with their students not related to testing.

MR. REITAN responded absolutely. Statewide, he said, district assessments are a "snapshot," of a particular time in a student's life. He defined success as when a student graduates from their system with every option available to them regardless of what they want to do moving forward.

9:18:07 AM

REPRESENTATIVE STORY considered a scenario in which the correspondence school was not meeting the intent of the individual education plan (IEP) and asked whether liability would fall to the district or the correspondence school.

MR. REITAN clarified that the individual education plan for students with disabilities was based on where the student is most enrolled. He provided an example of students partially enrolled in both brick-and-mortar and correspondence programs, and based on the percentage of where they are most enrolled, that school would be responsible for managing the IEP as well as working with the parents.

REPRESENTATIVE STORY asked whether the responsibility for correspondence programs was the reason superintendents wanted to keep it at .9 instead of 1.

MR. REITAN replied that increasing special education enrollment in correspondence programs has been going on a number of years. Without addressing the entire BSA formula, he reasoned that [.9]

seemed equitable in regard to receiving the 1.0 special needs factor.

[9:21:51 AM](#)

REPRESENTATIVE PRAX commented on the "secret sauce" that seems to make the correspondence programs work, and the ability to structure the curriculum to the individual. He stated that there is much less need for standardized testing and centralized accountability, and reiterated that he wished to vote down Amendment 2 and focus on Amendment 3.

[9:24:35 AM](#)

REPRESENTATIVE HIMSCHOOT asked Mr. Reitan whether it was possible to meet federal mandates surrounding special education. Additionally, she asked what the ratio was for special education teachers to IEP students.

[9:25:38 AM](#)

MR. REITAN explained that when he was in Galena, Alaska, staff looked at a ratio of 1 to 60 max for IDEA students with special needs. Special education teachers didn't have the daily responsibility of also doing the instruction for the students since they work through the parents, he said. He stated that if HB 139 passed, there would be difficulties finding high quality special education teachers.

[9:27:38 AM](#)

REPRESENTATIVE STORY opined that 1 to 15 was an excellent ratio. She highlighted the difficulty of finding special education teachers, noting that many in the Juneau School District were hired by contract, which was more expensive.

[9:28:15 AM](#)

CO-CHAIR RUFFRIDGE agreed with Representative Prax about taking up Amendment 3 to discuss the funding component. Regarding Amendment 2, he opined that the proposal would add a burden that contradicts current statute regarding the right of a parent to choose to participate in a test or not. He affirmed he would not support Amendment 2 and maintained his objection.

[9:29:12 AM](#)

A roll call vote was taken. Representatives McCormick and Himschoot voted in favor of the motion to adopt Amendment 2 to HB 139. Representatives McKay, Story, Prax, and Ruffridge voted against it. Therefore, Amendment 2 failed by a vote of 2-4.

[9:29:50 AM](#)

CO-CHAIR RUFFRIDGE announced that HB 139 was held over.

[9:30:14 AM](#)

The committee took an at-ease from 9:30 a.m. to 9:31 a.m.

**HB 144-REPEAL EDUCATION TAX CREDITS SUNSET**

[9:31:56 AM](#)

CO-CHAIR RUFFRIDGE announced that the final order of business would be HOUSE BILL NO. 144, "An Act relating to education tax credits; and providing for an effective date by repealing the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014."

[9:32:34 AM](#)

BUD SEXTON, Staff, Representative Justin Ruffridge, Alaska State Legislature, presented HB 144, via PowerPoint presentation [hard copy included in the committee packet], on behalf of Representative Ruffridge, prime sponsor. He discussed the bill's background, as shown on slides 2 and 3, titled "Background," which read as follows [original punctuation provided]:

The Education Tax Credit program was first established in 1987 by the Legislature.

Goal is to encourage private businesses to make charitable contributions to schools in Alaska.

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;

Donations to a school district or a state-operated technical 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

[9:33:49 AM](#)

MR. SEXTON moved to slide 4, titled "Recent Education Tax Credit Legislation," which read as follows [original punctuation provided]:

HB 278 in 2014 expanded the list of eligible recipients for donations.

HB 223 in 2018 created the allowance for cash or equipment contributions.

HB 223 established the current sunset expiration date of December 31, 2024

[9:34:42 AM](#)

MR. SEXTON proceeded to slide 5, titled "Credits offset taxes," which read as follows [original punctuation provided]:

State net income tax (Corporate)

Mining License tax

Fisheries Business Tax

Fishery Resource Landing Tax

Oil and Gas Production tax

Oil and Gas Property tax and Insurance tax

[9:35:02 AM](#)

MR. SEXTON continued to slide 6, titled "2011-2022 Contributions & Credits," which featured a spreadsheet. He pointed out that the contents of the spreadsheet were available online as well. He said that the "Credits Claimed" column shows the amount that has impacted the state budget, and the "Total of Contributions"

column represents the following four columns: "U of A," "APU," "Secondary/Vocational," and "Other."

[9:36:22 AM](#)

MR. SEXTON moved to slide 7, titled "HB 223 - lowered tax credits in phases," which read as follows [original punctuation provided]:

	Up to \$100K	\$100K-\$300K	>\$300K	CAP
2018	50%	100%	50%	\$5m
2019	50%	75%	50%	\$1m
2021	50%	50%	50%	\$1m

[9:37:42 AM](#)

REPRESENTATIVE PRAX observed that there was a strong correlation between the reduction in the amount of contributions and the percentage that could be claimed.

MR. SEXTON explained that to answer that question, he could look at the figure in the summary total. He added that there were years in which the amount of donations was significant compared to other years; however, he said it was hard to suggest one way or the other.

[9:39:11 AM](#)

REPRESENTATIVE HIMSCHOOT suggested including a column that showed how many total donors there were by year.

MR. SEXTON responded that some information is not made public.

[9:39:46 AM](#)

MR. SEXTON continued on slide 8, titled "HB 144," which read as follows [original punctuation provided]:

Proposed legislation to remove the sunset date for the Education Tax Credit.

HB 144 strikes a reasonable level of deductions which impact State budget

Proposes to leave tax deduction levels at the 2021 levels

	Up to \$100K	\$100K-\$300K	>\$300K	CAP
2021	50%	50%	50%	\$1m

MR. SEXTON stressed that removing the sunset provision also allowed various companies the ability to plan their donations further ahead.

[9:41:13 AM](#)

REPRESENTATIVE STORY asked whether Mr. Sexton surveyed the districts to find out if different entities were donating to them at different levels.

MR. SEXTON replied he had, but only to a small number of districts. He noted the challenge of pinpointing any one causal or correlating factor.

REPRESENTATIVE STORY revisited a point on the third slide and asked for clarification on the entities that qualify for tax credits.

MR. SEXTON directed attention to the second bullet point on the same slide which read "donations to a school district or a state-operated technical and training school for vocational education courses, programs and facilities," and said whether a specific entity does qualify is an answer he does not have at this time.

REPRESENTATIVE STORY suggested adding "tribal" to the language.

[9:44:37 AM](#)

CO-CHAIR RUFFRIDGE explained that as the bill sponsor, the purpose behind the bill was exclusively to eliminate the sunset date. He added that some of the more detailed aspects could be examined further if it was the will of the committee.

[9:45:27 AM](#)

CHAD HUTCHISON, Director of State Relations, University of Alaska System, presented a PowerPoint, titled "University of Alaska Education Tax Credits - Overview" [hard copy included in the committee packet]. He moved to slide 2, titled "Education Tax Credits (ETC)," and explained that the photo on the slide

depicts a \$1 million check with education and industry partners gathered around. He explained that the tax credit program is a popular program that averages 20 to 30 participants.

[9:47:50 AM](#)

MR. HUTCHISON proceeded to slide 3, titled "Overview," which builds off the earlier presentation on Alaska education tax credits, focusing on a summary of calendar year 2022.

[9:48:25 AM](#)

MR. HUTCHISON concluded the presentation on slide 4, titled "A Few Tax Paying Entities that Historically Contribute to the University of Alaska." He added that cash and equipment is used in many ways towards many programs. He shared the examples of donating equipment to a mining program so students could learn in a "very real way."

[9:49:45 AM](#)

CO-CHAIR RUFFRIDGE invited questions or comments from committee members.

[9:50:18 AM](#)

REPRESENTATIVE PRAX reflected on an earlier comment regarding the objective of HB 144 to extend the expiration date of the tax credit. He stressed the importance of that objective.

[9:51:45 AM](#)

REPRESENTATIVE STORY supported the idea of extending the education tax credit; however, she noted that there were other entities, particularly tribal entities, that were offering good educational programs. The language in the bill, she said, "would not be that hard."

[9:52:30 AM](#)

[CO-CHAIR RUFFRIDGE announced that HB 144 was held over.]

[9:53:14 AM](#)

The committee took a brief at-ease at 9:53 a.m.

[9:53:33 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 9:53 a.m.