

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

April 25, 2023

3:04 p.m.

MEMBERS PRESENT

Representative Mike Prax, Chair
Representative Justin Ruffridge, Vice Chair
Representative CJ McCormick
Representative Dan Saddler
Representative Jesse Sumner
Representative Zack Fields
Representative Genevieve Mina

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CONFIRMATION HEARING(S):

Board of Dental Examiners

Jonathan Woller - Fairbanks

- CONFIRMATION(S) ADVANCED

SENATE JOINT RESOLUTION NO. 10

Encouraging Alaska's Congressional delegation and the federal government to raise Medicare reimbursement rates to meet the actual cost of care for the state's senior citizens.

- MOVED SJR 10 OUT OF COMMITTEE

HOUSE BILL NO. 127

"An Act relating to home- and community-based services under the medical assistance program; and providing for an effective date."

- MOVED HB 127 OUT OF COMMITTEE

HOUSE BILL NO. 89

"An Act relating to the day care assistance program and the child care grant program; and providing for an effective date."

- MOVED CSHB 89(HSS) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SJR 10

SHORT TITLE: MEDICARE REIMBURSEMENT

SPONSOR(s): SENATOR(s) GIESSEL

03/13/23	(S)	READ THE FIRST TIME - REFERRALS
03/13/23	(S)	HSS
03/30/23	(S)	HSS AT 3:30 PM BUTROVICH 205
03/30/23	(S)	Moved SJR 10 Out of Committee
03/30/23	(S)	MINUTE(HSS)
03/31/23	(S)	HSS RPT 4DP 1NR
03/31/23	(S)	DP: WILSON, TOBIN, DUNBAR, GIESSEL
03/31/23	(S)	NR: KAUFMAN
04/11/23	(S)	TRANSMITTED TO (H)
04/11/23	(S)	VERSION: SJR 10
04/12/23	(H)	READ THE FIRST TIME - REFERRALS
04/12/23	(H)	HSS
04/20/23	(H)	HSS AT 3:00 PM DAVIS 106
04/20/23	(H)	Heard & Held
04/20/23	(H)	MINUTE(HSS)
04/25/23	(H)	HSS AT 3:00 PM DAVIS 106

BILL: HB 127

SHORT TITLE: HOME AND COMMUNITY-BASED WAIVER SERVICES

SPONSOR(s): REPRESENTATIVE(s) MINA

03/22/23	(H)	READ THE FIRST TIME - REFERRALS
03/22/23	(H)	HSS, L&C
04/18/23	(H)	HSS AT 3:00 PM DAVIS 106
04/18/23	(H)	Heard & Held
04/18/23	(H)	MINUTE(HSS)
04/25/23	(H)	HSS AT 3:00 PM DAVIS 106

BILL: HB 89

SHORT TITLE: DAY CARE ASSIST./CHILD CARE GRANT PROGRAM

SPONSOR(s): REPRESENTATIVE(s) COULOMBE

02/27/23	(H)	READ THE FIRST TIME - REFERRALS
02/27/23	(H)	HSS, FIN
03/14/23	(H)	HSS AT 3:00 PM DAVIS 106
03/14/23	(H)	Heard & Held
03/14/23	(H)	MINUTE(HSS)
04/25/23	(H)	HSS AT 3:00 PM DAVIS 106

WITNESS REGISTER

JONATHAN WOLLER, DMD, Appointee
Board of Dental Examiners
Fairbanks, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Dental Examiners.

SENATOR CATHY GIESSEL
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, introduced SJR 10.

REINA YOUNG, representing self
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 127.

KATHERINE CRONLUND, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 127.

WENDY MENZE, representing self
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 127.

JANET JOHNSON, representing self
Cordova, Alaska

POSITION STATEMENT: Testified in support of HB 127.

MARIE GOMEZ, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 127.

REPRESENTATIVE JULIE COULOMBE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 89 and answered questions.

BLUE SHIBLER, Executive Director
Southeast Alaska Association for the Education of Young Children
Juneau, Alaska

POSITION STATEMENT: Testified during the hearing in support of HB 89.

KRISTEN CARPENTER, Executive Director
Prince William Sound Economic Development District

Cordova, Alaska

POSITION STATEMENT: Testified during the hearing in support of HB 89.

CHRISTINA HULQUIST, Program Officer
Child Care Program Office
Division of Public Assistance
Department of Health
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 89.

HEATHER CARPENTER, Health Care Policy Advisor
Office of the Commissioner
Department of Health
Juneau, Alaska

POSITION STATEMENT: Made comments and answered questions during the hearing on HB 89.

ACTION NARRATIVE

[3:04:12 PM](#)

CHAIR MIKE PRAX called the House Health and Social Services Standing Committee meeting to order at 3:04 p.m. Representatives Saddler, Sumner, Fields, Mina, and Prax were present at the call to order. Representatives Ruffridge and McCormick arrived as the meeting was in progress.

CONFIRMATION HEARINGS BOARD OF DENTAL EXAMINERS

[3:06:04 PM](#)

CHAIR PRAX announced that the first order of business would be a confirmation hearing on the governor's appointee to the Board of Dental Examiners.

[3:06:14 PM](#)

JONATHAN WOLLER, DMD, Appointee, Board of Dental Examiners, stated that he was born and raised in Fairbanks. He stated that he is in private practice with his father, who is also a dentist. He began his first term on the board four years ago, and he has been asked to serve another four years.

[3:07:05 PM](#)

REPRESENTATIVE SADDLER thanked Dr. Woller and requested an explanation of the board's duties.

DR. WOLLER stated that the board adopts regulations and carries out the application of laws which apply to the practice of dentistry. He stated the board is responsible for reviewing potential malpractice or illegal acts committed by license holders, providing disciplinary action against these individuals. He stated that the board meets quarterly, reviewing and issuing licenses for dentists, dental hygienists, and dental assistants.

[3:08:10 PM](#)

REPRESENTATIVE SADDLER questioned the most interesting situation he came across during his first term.

DR. WOLLER responded that it was the "hoverboard" incident; however, considering everything behind the scenes, the hoverboard was the least concerning part. He stated that a dentist in Alaska had posted on social media a tooth extraction performed while riding a hoverboard. He stated that this dentist was convicted of "a whole host" of violations.

[3:09:16 PM](#)

REPRESENTATIVE SADDLER questioned issues the board will be dealing with during the next term.

DR. WOLLER responded that since the COVID-19 pandemic there has been a shift in dentistry in Alaska. He stated that patients were used in dental exams, but since the pandemic this has stopped, and the board is pursuing mannequin-based licensure. He stated that currently it takes six to eight months after the application has been received before full licensure is approved. The board is working on issuing probationary licenses so work can begin within 30 days after submitting the application.

DR. WOLLER, in response to a follow-up question, stated that Alaska has a deficiency in the dental hygiene workforce; however, the state is well served by its number of dentists. He stated that about a third of the hygienists in the nation left their jobs during the pandemic.

[3:12:34 PM](#)

The committee took a brief at-ease at 3:12 p.m.

[3:12:56 PM](#)

CHAIR PRAX opened public testimony. After ascertaining there was no one who wished to testify, he closed public testimony.

CHAIR PRAX moved to advance the confirmation of Jonathan Woller, appointee to the Board of Dental Examiners, to the joint session of the House and Senate for consideration. He reminded members that signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees, and that the nominations are merely forwarded to the full legislature for confirmation or rejection. There being no objection, the confirmations were advanced.

[3:13:48 PM](#)

The committee took an at-ease from 3:13 p.m. to 3:12 p.m.

SJR 10-MEDICARE REIMBURSEMENT

[3:15:05 PM](#)

CHAIR PRAX announced that the next order of business would be SENATE JOINT RESOLUTION NO. 10, Encouraging Alaska's Congressional delegation and the federal government to raise Medicare reimbursement rates to meet the actual cost of care for the state's senior citizens.

[3:15:29 PM](#)

SENATOR CATHY GIESSEL, Alaska State Legislature, as prime sponsor, introduced SJR 10. She stated that the proposed resolution would be an appeal to the United States Congress to increase the reimbursement rates for Medicare, because providers cannot "make ends meet" with the current Medicare reimbursement rates.

[3:16:03 PM](#)

CHAIR PRAX opened public testimony on SJR 10. After ascertaining there was no one who wished to testify, he closed public testimony.

[3:16:58 PM](#)

REPRESENTATIVE SADDLER stated that he supports the proposed resolution. He stated that he has heard from physicians and patients about the inadequate Medicare reimbursement rates. He questioned whether rates would be increased by the state or the federal government.

SENATOR GIESSEL responded that the rates are determined by the federal program; therefore, the state has no jurisdiction. In response to a series of follow-up questions, she began that the determination is a nationwide policy decision by the federal government, and it is not made on a state-by-state basis. She continued that if the federal government approves the measure, then more health care providers in the state would be able to afford to see Medicare beneficiaries. She added that currently when seniors reach the age of 65, their primary care provider often will tell them accepting Medicare is not affordable. She pointed out that hundreds of seniors lost providers when Alaska Regional Hospital in Anchorage closed its clinic because the Medicare reimbursement was so low, and it could not attract enough staff to continue to operate the facility. She answered that providers are not obligated to accept patients covered only by Medicare. She explained that when healthcare providers sign up to be Medicare providers, they accept the reimbursement rate.

[3:19:56 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report SJR 10 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SJR 10 was reported out of the House Health and Social Services Standing Committee.

[3:20:24 PM](#)

The committee took an at-ease from 3:20 p.m. to 3:22 p.m.

HB 127-HOME AND COMMUNITY-BASED WAIVER SERVICES

[3:22:23 PM](#)

CHAIR PRAX announced that the next order of business would be HOUSE BILL NO. 127, "An Act relating to home- and community-based services under the medical assistance program; and providing for an effective date."

[3:22:50 PM](#)

REPRESENTATIVE MINA, as prime sponsor, explained that HB 127 would allow Medicaid reimbursements for legally responsible individuals who provide care services to family members. She stated that to qualify the individuals would need to become a personal care assistant and be hired by an agency. She stated that currently this is prohibited by state law, but it has been a pandemic-related flexibility allowed by the Centers for Medicaid and Medicare Services.

[3:23:37 PM](#)

CHAIR PRAX opened public testimony on HB 127.

[3:24:12 PM](#)

REINA YOUNG, representing self, testified in support of HB 127. She stated that she has six children, four of which have special needs. She stated that there are not enough care providers in the state, so she provides care services to her children while also working a job outside of the home. The other option would be placing her children outside of the home. She shared that she provides her children with social and emotional learning, life skills learning, education, and personal care, all on one parent's income. She argued that HB 127 would help her family and many others to be more financially independent, as parents would not have to rely on welfare programs, and families could stay together.

[3:26:55 PM](#)

KATHERINE CRONLUND, representing self, testified in support of HB 127. She shared that she works at a local company and is a direct service provider for her two children with special needs. She stated that one in five Americans has a disability, but every scenario is different. She stated that her children have qualified for the support waiver for the last five years, and within this time they have had seven different providers; however, the providers were unable to accommodate the family's schedule with speech and occupational therapy. She stated that her family had gone months without providers. She explained that during the COVID-19 pandemic her work hours were shortened, which was financially hard, but this ensured she was able to be there for her children. She explained that many children learn with simple instruction, but her children need constant repetition of tasks and reminders. She added that this is a full-time job, and she has developed coping mechanisms. She stated that under her care the children have made "great

improvements." Working at home has given her the flexibility to work around their schedules and needs. She stated that in-home care for children with special needs helps them to become independent and functioning members of society. Allowing family members to receive pay as care givers relieves constant worry and stress. She argued that the program would not only benefit children with special needs, but it would benefit the state in the long term. She asked for the committee's support for HB 127.

[3:31:46 PM](#)

REPRESENTATIVE SADDLER commented on the testifier's dedication. He questioned whether she has had any training in applied behavioral analysis (ABA).

MS. CRONLUND responded that she has not had any formal training, but she has researched and joined support groups. She referenced her background and real-life experience and said that if something does not work, she reaches out to different resources and uses the ABA approach.

REPRESENTATIVE SADDLER encouraged Ms. Cronlund to contact the Governor's Council on Disabilities and Special Education. He said this is a clearinghouse of information about ABA therapies and treatments.

[3:34:02 PM](#)

WENDY MENZE, representing self, testified in support of HB 127. She shared that she has lived in Juneau for 20 years and takes care of her adult daughter, who suffered cardiac arrest in 2020. She stated that her daughter had spent two months in a medical center in Seattle, and now she is completely immobile, has limited verbal communication, and spends most of her time in bed. She explained her daughter's husband was unable to be there as support; therefore, her daughter's young children also live with her and her husband. Because there are no available caregivers in Juneau, for the past 2-plus years they have provided care. She had inquired about receiving pay for providing in-home care but was told that the state could not do this; however, as of January 2022 she has been getting paid. She stated that financially she and her husband are able to take care of themselves, but the extra money helps pay for things she cannot afford and things for the grandchildren. She stated that it would be a burden if the current pay were revoked. She urged support for HB 127.

[3:39:07 PM](#)

JANET JOHNSON, representing self, testified in support of HB 127. She shared that her 23-year-old daughter has multiple disabilities and now lives in Anchorage. She stated her daughter does not seem severely affected because she has been given "incredible care" during her life; however, she does need a great deal of assistance. She stated that while her daughter lived at home in Cordova, the family went almost two decades without any care givers. Because they live remote, her son was allowed to provide care and be paid. She stated that this had "saved them," and now her daughter is thriving because of the family care. She stated that she is "self-trained" to care for her daughter and considers herself a professional. She reiterated that because families can give extra complex care, they can be "great" caregivers. She urged support for HB 127, as it would strengthen a family's ability to provide care to their loved ones.

[3:45:33 PM](#)

MS. JOHNSON, in response to Chair Prax, stated that all of her training had been "on the job."

[3:46:04 PM](#)

MS. JOHNSON, in response to Chair Saddler, stated that before the COVID-19 pandemic the agency had separated care into levels with different pay rates; however, because of the pandemic her son was paid \$14 per hour for a 40-hour workweek. She added that this "helped immensely." She stated that it takes work and actual physical activity, because it is not always about learning and speaking. In response to a follow-up question, she stated that care hours had been authorized; however, her family went for 20 years without finding staff. She stated that her daughter is "complicated," and staff did not last long.

REPRESENTATIVE SADDLER remarked that caring for a loved one with disabilities is "a 24/7 job," and this provision would provide pay for only 40 hours per week. He expressed the opinion that it will not fully compensate individuals for all the hours put in, but at least it is something.

MS. JOHNSON responded in agreement.

[3:49:54 PM](#)

MARIE GOMEZ, representing self, testified in support of HB 127. She shared that she has lived in Anchorage since 2015 and is an unpaid caregiver. She stated that she began taking care of her mother in 2018, and it is challenging because she gets very little sleep. She explained that the only help she receives is a nurse who comes two days a week. She relies on the community and church for basic needs; however, receiving pay for the care would change their lives, as now they live in poverty. She stated that she is "happy with what we have," but prices are going up, and they are living off of her mother's social security income. She stated that with more money they could be eating healthier foods. She concluded that families receiving pay for providing care would help elders live their best lives.

[3:55:53 PM](#)

CHAIR PRAX, after ascertaining that there was no one else who wished to testify, closed public testimony on HB 127.

[3:56:03 PM](#)

REPRESENTATIVE SUMNER thanked the bill sponsor, as HB 127 would have a substantial, positive impact on many people in the state.

[3:56:38 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report HB 127 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 127 was reported out of the Health and Social Services Standing Committee.

[3:57:14 PM](#)

The committee took an at-ease from 3:57 p.m. to 3:59 p.m.

HB 89-DAY CARE ASSIST./CHILD CARE GRANT PROGRAM

[Contains discussion of HB 46.]

[3:59:10 PM](#)

CHAIR PRAX announced that the final order of business would be HOUSE BILL NO. 89, "An Act relating to the day care assistance program and the child care grant program; and providing for an effective date."

[3:59:32 PM](#)

REPRESENTATIVE JULIE COULOMBE, Alaska State Legislature, as prime sponsor, presented HB 89. She explained that the proposed legislation is based on child care reform and the best practices developed in other states. She continued that the proposed legislation would help families return to the workforce, stimulate economic growth by filling jobs, ensure safe care for children, and prepare children to enter the public education system. The legislation would align the subsidy level to reflect the actual cost of care, expanding the number of families who can afford child care, thus strengthening the child care system. She stated that the Department of Health (DOH) has started a survey to determine the actual cost of care. From conversations with legislators, she expressed the understanding there is some resistance for subsidies because "parents should be home with their children." She argued that things are different now. She explained that when she and her husband raised their children, she was able to stay home while her husband worked. Now single-parent homes range from 27 percent up to 56 percent, depending on the community. She continued that single parents needing to work have a difficult time finding child care, and two-parent families, where both parents must work, are also having a difficult time. She expressed the opinion that having a parent in the home would be the best scenario, but things are not the same as they were 30 years ago. She explained that in the past communities would come together and family members would watch children. She suggested that this still happens, but it would not fix the current problem, and more needs to happen to address the crisis.

REPRESENTATIVE COULOMBE, referencing the labor shortage, stated that HB 89 is a workforce bill, as it would help parents reenter the labor market. From her background in business, she expressed the understanding that child care facilities are not viable business models. She explained that the money coming into child care facilities is not the actual cost to run the business, so there needs to be a subsidy. She stated that there are differences of opinions whether [child care facilities] should be [considered as part of] business, government, or community. She maintained that investing in child care is an investment in children, and, as a business model, the cost of top-quality child care will never be affordable to families. She argued that good child care would have to be subsidized, and the proposed legislation would help move toward the actual cost of care, aligning this with the need. On a personal note, she said, she is putting forth the legislation because she is "pro-

life." She voiced the challenge for others to look at HB 89 as a "pro-life bill." She expressed the opinion that abortion happens because of economic reasons. She said, "If I can help save a child and help a woman to know she's going to get the help she needs once a child is born; I am going to do whatever it takes for that to happen."

[4:04:53 PM](#)

CHAIR PRAX opened public testimony on HB 89.

[4:05:12 PM](#)

BLUE SHIBLER, Executive Director, Southeast Alaska Association for the Education of Young Children, testified in support of HB 89. She stated that the non-profit agency has been serving Southeast Alaska for four decades. She thanked the bill sponsor and committee for supporting Alaska's families. She stated that HB 89 would address the affordability component in the issue of child care in Alaska. She pointed out that most people think child care is just for young children; however, licensed care is also needed for students before and after school. The cost of this care can be just as expensive as the care for younger children. She stated that last year the agency had been able to provide help for more than 20 families in Juneau who did not qualify for assistance and could not afford to pay for school-age child care. She gave examples of the diverse makeup of these families, which included single mothers, grandparents caring for grandchildren, and situations where both parents worked and were not home after school. She stated that support would make child care more affordable for working families, and parents would be able to make better choices for their children.

[4:08:41 PM](#)

KRISTEN CARPENTER, Executive Director, Prince William Sound Economic Development District, testified in support of HB 89. She thanked the committee members. She echoed the comments made about the importance of increasing the affordability of child care. She stated that her agency has been questioning families in the area about their needs, and the resounding issues have been housing and the affordability and availability of child care. She stated that increasing income eligibility for assistance would help parents afford child care, while making child care more available would enable parents to enter the workforce. She added that this would also help the local economy.

[4:11:30 PM](#)

CHAIR PRAX, after ascertaining that there was no one who wished to testify, closed public testimony on HB 89.

[4:11:42 PM](#)

REPRESENTATIVE FIELDS moved to adopt Amendment 1 to HB 89, labeled 33-LS0518\A.2, Bergerud, 3/20/23, which read as follows:

Page 2, following line 8:

Insert a new bill section to read:

"* **Sec. 2.** AS 47.25.041 is amended to read:

Sec. 47.25.041. Contributions by parent or guardian. The department shall develop a sliding fee scale [BASED ON THE FACTORS LISTED IN AS 47.25.031] for purposes of determining the amount to be contributed by the parent or guardian for child care **based on the factors listed in AS 47.25.031 and the actual average cost of providing child care as determined under AS 47.25.071(c) at the day care facility chosen by the parent or guardian under AS 47.25.051(a).** The contribution of the parent or guardian shall be paid to the day care facility."

Renumber the following bill sections accordingly.

Page 2, line 22:

Delete "sec. 2"

Insert "sec. 3"

Page 2, line 29:

Delete "sec. 2"

Insert "sec. 3"

REPRESENTATIVE SADDLER objected for the purpose of discussion.

[4:11:48 PM](#)

REPRESENTATIVE FIELDS stated that all four of the amendments he is offering are in coordination with the bill sponsor and have been reviewed by DOH. He thanked the bill sponsor and department for their hard work. He explained that Amendment 1 would put in statute a sliding fee scale, expanding income eligibility. Families at the higher end of the eligibility spectrum would have a lower percentage of their care costs

covered. He advised that this would "stretch" dollars further, helping more families. He noted that DOH already has a sliding scale for eligible families, so this would be codifying and supporting an existing practice.

[4:13:06 PM](#)

REPRESENTATIVE COULOMBE referenced Representative Sumner's comments made during the first hearing on the proposed legislation. She stated that the comments contributed to the amendment. She stated that Amendment 1 would help parents whose increased income affected their eligibility for child care. She stated that this would help these parents from "falling off the cliff."

[4:13:34 PM](#)

REPRESENTATIVE SADDLER withdrew his objection. There being no further objection, Amendment 1 was adopted.

[4:13:51 PM](#)

REPRESENTATIVE FIELDS moved to adopt Amendment 2 to HB 89, as amended, labeled 33-LS0518\A.3, Bergerud, 3/16/23, which read as follows:

Page 1, lines 11 - 12:

Delete "**300 percent of the federal poverty line**"

Insert "**105 percent of the median household income**"

REPRESENTATIVE SADDLER objected for the purpose of discussion.

[4:13:59 PM](#)

REPRESENTATIVE FIELDS stated that the proposed legislation should be consistent with federal regulations, and Amendment 2 would change the measure for assistance from the federal poverty line to the median household income.

[4:14:56 PM](#)

REPRESENTATIVE SADDLER withdrew his objection. There being no further objection, Amendment 2 was adopted.

[4:15:10 PM](#)

REPRESENTATIVE FIELDS moved to adopt Amendment 3 to HB 89, as amended, labeled 33-LS0518\A.4, Wallace/Bergerud, 4/01/23. [Due to its length, Amendment 3 can be found at the end of the minutes for HB 89.]

REPRESENTATIVE SADDLER objected for the purpose of discussion.

REPRESENTATIVE FIELDS stated that Amendment 3 would provide a 50 percent tax credit under the education tax credit structure for corporations which make investments in child care. The investment could be a capital investment or an investment through stipends for employees. He stated that this suggestion came from Representatives Ruffridge and Sumner in a previous committee concerning HB 46. He stated that, if the amendment is adopted, this element from HB 46 would be used, as HB 89 would be the "best vehicle" to advance the provision to the floor. He stated that the commissioner has also discussed the idea of supporting the private sector in making investments. Given the state's limited resources, he voiced the opinion that the state cannot do this alone.

[4:16:19 PM](#)

REPRESENTATIVE SADDLER pointed out that the amendment would triple the allowable cap for business contributions. Concerning the fiscal impacts, he questioned the amount of money involved in the education tax credit.

REPRESENTATIVE FIELDS responded that in terms of changing the cap and applying it to child care, DOH has provided a chart which shows the cost to be "modest." In response to a follow-up question, he explained that the amendment was previously added to HB 46; therefore, the fiscal note is attached to HB 46, with the identifier: CSHB046(L&C)-DOR-Tax-03.03.23. He stated that the chart indicated that raising the annual credit limit to \$3 million would cost \$800,000 for fiscal year 2025 (FY 25), \$1.6 million for FY 26, \$1.6 million for FY 27, and \$800,000 for FY 28. He said, "Extending the repeal ... also has a cost impact; although, I would note there is a separate bill from Representative Ruffridge that is going to extend this anyway. So ... that's not really going to be impacted by whether we adopt this amendment, or not."

[4:18:35 PM](#)

REPRESENTATIVE SUMNER expressed the understanding that the education tax credit was once \$5 million; therefore, \$3 million would be almost splitting this amount.

[4:18:51 PM](#)

REPRESENTATIVE RUFFRIDGE explained that the House Education Standing Committee heard HB 46 last week, and he related that for the last two fiscal years, the total credit claimed had been between \$2 million and \$5 million against the current tax paid. He noted the significant reduction in past years. He stated that the total credit claimed has never gone over \$9 million in the past 10 years, as it has averaged around \$4 million to \$6 million per year.

[4:19:47 PM](#)

REPRESENTATIVE SADDLER withdrew his objection. There being no further objection, Amendment 3 was adopted.

[4:20:10 PM](#)

REPRESENTATIVE FIELDS moved to adopt Amendment 4 to HB 89, as amended, labeled 33-LS0518\A.5, Wallace/Bergerud, 3/29/23, which read as follows:

Page 2, following line 15:

Insert a new bill section to read:

"* Sec. 3. AS 47.25.071 is amended by adding a new subsection to read:

(i) In addition to the grants provided in (a) and (d) of this section, the department may, subject to appropriations for that purpose, provide grants to the highest performing and highest quality child care facilities in the state. The department may use quality recognition and improvement system metrics to determine the highest performing and highest quality child care facilities in the state. To receive a grant under this subsection, the child care facility must be currently licensed under AS 47.32 and applicable municipal licensing requirements."

Renumber the following bill sections accordingly.

Page 2, line 25:

Delete "This Act takes"

Insert "Sections 1 and 2 of this Act take"

Page 3, line 4:

Delete "this Act takes effect, it takes"

Insert "secs. 1 and 2 of this Act take effect,
they take"

CHAIR PRAX objected for the purpose of discussion.

[4:20:20 PM](#)

REPRESENTATIVE FIELDS commented that child care has been discussed in diverse states across the country. He stated that many of these "best practices" were discussed at the Hunt Institute's workshop on child care, including the suggestion of aligning grants to support quality in child care facilities. He stated that currently there are some systems to encourage child care quality, but child care grants are not used to incentivize this. Concerning DOH's ability to provide grants to support the highest quality child care facilities in the state, he pointed out that the language "may" is used in the amendment. He expressed the understanding that this language would allow DOH to choose to provide more child care assistance to the facilities which achieve a higher degree of quality. He stated that facilities currently have a posted notification, or sticker, indicating their level in the quality-rating system. He suggested that it would make sense to encourage and reward facilities that work to achieve a higher degree of quality. He stated that the amendment would not increase costs, rather resources would be used more efficiently.

[4:22:03 PM](#)

REPRESENTATIVE SADDLER stated that Amendment 4 would enable DOH to use a quality recognition and improvement system. He questioned the definition of "highest performing" and the elements used to judge this.

[4:22:59 PM](#)

CHRISTINA HULQUIST, Program Officer, Child Care Program Office, Division of Public Assistance, Department of Health, stated that the department supports the Learn and Grow program. She stated that this program is a voluntary quality recognition and improvement system. It consists of requirements which have to be met in order to reach the different levels of quality. She offered to follow up to the committee with a description of each level.

REPRESENTATIVE FIELDS, with additional information, stated that "quality" includes the facility's level of safety, instruction, social interaction, and other elements which help children succeed as they enter school.

[4:24:34 PM](#)

REPRESENTATIVE SADDLER questioned the parameters used to evaluate the performance of facilities.

MS. HULQUIST reiterated that Learn and Grow is Alaska's quality recognition and improvement system, and child care facilities choose to participate. She explained that two levels have currently been established, with the remaining levels still being developed. To be included in the system the facilities would need to be licensed and have professional development. She stated that there is also a program which helps facilities succeed. She explained that [high quality care] includes social and emotional support, evaluations, and assessment curriculum for children. She reiterated that she would follow up with a written description explaining in more detail the Learn and Grow system.

MS. HULQUIST, in response to a series of questions, answered that there are about 200 child care providers voluntarily participating in the Learn and Grow program. She answered that the 200 providers participating would be out of about 450 licensed child care providers in the state. Concerning how many of the 200 providers would be eligible for grants, she stated that because of the use of the language "may" in the amendment, this would need to be interpreted. She explained that any facility participating in the Learn and Grow program could begin in the first two levels. In reference to the range of high quality, she said the system contains five levels, and eligibility for grants is still being determined. She stated that participating in the system would represent a level of quality.

REPRESENTATIVE SADDLER, with a follow-up comment, expressed the assumption that the fifth level would be the highest, and the grants would be preserved for these programs. He said, "If everyone is special, no one is special," and there would be no quality difference if every program is the highest.

[4:29:38 PM](#)

CHAIR PRAX withdrew his objection. There being no further objection, Amendment 4 was adopted.

[4:30:49 PM](#)

HEATHER CARPENTER, Health Care Policy Advisor, Office of the Commissioner, Department of Health, raised the awareness that the governor has issued an administrative order to create a child care task force. She stated that the task force will address the same issues HB 89 would address, which includes Representative Saddler's line of questioning. She stated this includes the options for the definition of "high quality" and stabilizing child care in the state. She informed the committee that DOH has been given the task by the governor to come up with options to stabilize the sector. She stated that the department will work with child care providers and report back to the legislature. In response to Chair Prax, she stated that the date the report will be ready is not definite, as work needs to be done quickly.

[4:31:56 PM](#)

REPRESENTATIVE SADDLER questioned the source of funding for the grants in Amendment 4.

MS. CARPENTER responded that the federal government provides a block grant from the Administration of Children and Families, which would cover the grants, as well as the subsidy to parents. She reminded the committee of the "three levers," which are: adding to grants, stabilizing the rates and subsidies parents are paying, and addressing the market rate the department is paying.

REPRESENTATIVE SADDLER expressed the understanding that the federal block grant could go toward direct grants to parents and child care centers. He questioned the third way grants would be addressed.

MS. CARPENTER responded that the third option concerns the market rate. She explained that this relates to DOH's market survey, and the actual rate of reimbursement by the department.

REPRESENTATIVE SADDLER expressed the hope that parents would not be shorted in the effort to support child care centers.

[4:33:49 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report HB 89, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 89(HSS) was reported out of the Health and Social Services Standing Committee.

[Amendment 3, labeled 33-LS0518\A.4, Wallace/Bergerud, 4/01/23, adopted by the committee, was placed here because of its length]:

Page 1, line 1:

Following "Act":

Insert "**relating to education tax credits for certain payments and contributions for child care and child care facilities; 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;**"

Following "program;":

Insert "**providing for an effective date by amending the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014;**"

Page 1, following line 3:

Insert new bill sections to read:

*** Section 1.** AS 21.96.070(a) is amended to read:

(a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or AS 21.66.110 for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED]

(1) **contributions of cash or equipment accepted** for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(2) **contributions of cash or equipment accepted** for secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) **contributions of cash or equipment accepted** for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) contributions of cash or equipment accepted for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(5) contributions of cash or equipment accepted for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state; [AND]

(6) contributions of cash or equipment accepted for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

(7) expenditures made to operate a child care facility in the state for the children of the taxpayer's employees;

(8) contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the taxpayer's employees; and

(9) a payment to an employee of the taxpayer made by the taxpayer for the purpose of offsetting the employee's child care costs incurred in the state.

* **Sec. 2.** AS 21.96.070(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding \$3,000,000 [\$1,000,000]; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$3,000,000 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.145.

* **Sec. 3.** AS 21.96.070 is amended by adding a new subsection to read:

(g) Beginning January 1, 2030, and every five years thereafter, the Department of Labor and

Workforce Development shall adjust the dollar limit on credits under (d) of this section for inflation, using 100 percent of the change over the preceding five calendar years in the Consumer Price Index for all urban consumers for urban Alaska, compiled by the Bureau of Labor Statistics, United States Department of Labor.

* **Sec. 4.** AS 43.20.014(a) is amended to read:

(a) A taxpayer is allowed a credit against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) **contributions of cash or equipment accepted for** direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) **contributions of cash or equipment accepted for** secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) **contributions of cash or equipment accepted for** vocational education courses, programs, equipment, and facilities by a state-operated vocational technical education and training school, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, and an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 - 50b (National Apprenticeship Act);

(4) **contributions of cash or equipment accepted for** a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association or by a public or private nonprofit elementary or secondary school in the state;

(5) **contributions of cash or equipment accepted for** Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) **contributions of cash or equipment accepted for** education, research, rehabilitation, and

facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

(7) contributions of cash or equipment accepted for the Alaska higher education investment fund under AS 37.14.750;

(8) contributions of cash or equipment accepted for funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) contributions of cash or equipment accepted for constructing, operating, or maintaining a residential housing facility by a residential school in the state approved by the Department of Education and Early Development under AS 14.16.200;

(10) contributions of cash or equipment accepted for childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(11) contributions of cash or equipment accepted for science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; [AND]

(12) contributions of cash or equipment accepted for the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to

the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state;

(13) expenditures made to operate a child care facility in the state for the children of the taxpayer's employees;

(14) contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the taxpayer's employees; and

(15) a payment to an employee of the taxpayer made by the taxpayer for the purpose of offsetting the employee's child care costs incurred in the state.

* **Sec. 5.** AS 43.20.014(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding \$3,000,000 [\$1,000,000]; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$3,000,000 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.145.

* **Sec. 6.** AS 43.20.014 is amended by adding a new subsection to read:

(h) Beginning January 1, 2030, and every five years thereafter, the Department of Labor and Workforce Development shall adjust the dollar limit on credits under (d) of this section for inflation, using 100 percent of the change over the preceding five calendar years in the Consumer Price Index for all urban consumers for urban Alaska, compiled by the Bureau of Labor Statistics, United States Department of Labor.

* **Sec. 7.** AS 43.55.019(a) is amended to read:

(a) A producer of oil or gas is allowed a credit against the tax levied by AS 43.55.011(e) for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) contributions of cash or equipment accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(2) contributions of cash or equipment accepted for secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) contributions of cash or equipment accepted for vocational education courses, programs, equipment, and facilities by a state-operated vocational technical education and training school, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, and an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 - 50b (National Apprenticeship Act);

(4) contributions of cash or equipment accepted for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(5) contributions of cash or equipment accepted for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) contributions of cash or equipment accepted for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government; [AND]

(7) contributions of cash or equipment accepted for the Alaska higher education investment fund under AS 37.14.750;

(8) expenditures made to operate a child care facility in the state for the children of the producer's employees;

(9) contributions of cash or equipment accepted by a child care facility in the state

operated by a nonprofit corporation and attended by one or more children of the producer's employees; and
(10) a payment to an employee of the producer made by the producer for the purpose of offsetting the employee's child care costs incurred in the state.

* **Sec. 8.** AS 43.55.019(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total amount of credits exceeding \$3,000,000 [\$1,000,000]; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$3,000,000 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.145.

* **Sec. 9.** AS 43.55.019 is amended by adding a new subsection to read:

(i) Beginning January 1, 2030, and every five years thereafter, the Department of Labor and Workforce Development shall adjust the limit under (d) of this section for inflation, using 100 percent of the change over the preceding five calendar years in the Consumer Price Index for all urban consumers for urban Alaska, compiled by the Bureau of Labor Statistics, United States Department of Labor.

* **Sec. 10.** AS 43.56.018(a) is amended to read:

(a) The owner of property taxable under this chapter is allowed a credit against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) contributions of cash or equipment accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(2) contributions of cash or equipment accepted for secondary school level vocational

education courses, programs, and facilities by a school district in the state;

(3) contributions of cash or equipment accepted for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) contributions of cash or equipment accepted for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(5) contributions of cash or equipment accepted for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) contributions of cash or equipment accepted for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government; [AND]

(7) contributions of cash or equipment accepted for the Alaska higher education investment fund under AS 37.14.750;

(8) expenditures made to operate a child care facility in the state for the children of the property owner's employees;

(9) contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the property owner's employees; and

(10) a payment to an employee of the property owner made by the owner for the purpose of offsetting the employee's child care costs incurred in the state.

* Sec. 11. AS 43.56.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, or

AS 43.77.045, result in the total amount of credits exceeding \$3,000,000 [\$1,000,000]; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$3,000,000 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.145.

* **Sec. 12.** AS 43.56.018 is amended by adding a new subsection to read:

(h) Beginning January 1, 2030, and every five years thereafter, the department shall adjust the dollar limit on credits under (d) of this section for inflation, using 100 percent of the change over the preceding five calendar years in the Consumer Price Index for all urban consumers for urban Alaska, compiled by the Bureau of Labor Statistics, United States Department of Labor.

* **Sec. 13.** AS 43.65.018(a) is amended to read:

(a) A person engaged in the business of mining in the state is allowed a credit against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) contributions of cash or equipment accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) contributions of cash or equipment accepted for secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) contributions of cash or equipment accepted for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) contributions of cash or equipment accepted for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association or by a public or private nonprofit elementary or secondary school in the state;

(5) contributions of cash or equipment accepted for Alaska Native cultural or heritage programs and educational support, including mentoring

and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) **contributions of cash or equipment accepted for** education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

(7) **contributions of cash or equipment accepted for** the Alaska higher education investment fund under AS 37.14.750;

(8) **contributions of cash or equipment accepted for** funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) **contributions of cash or equipment accepted for** constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;

(10) **contributions of cash or equipment accepted for** childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(11) **contributions of cash or equipment accepted for** science, technology, engineering, and math programs provided by a nonprofit agency or a

school district for school staff and for students in grades kindergarten through 12 in the state; [AND]

(12) contributions of cash or equipment accepted for the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state;

(13) expenditures made to operate a child care facility in the state for the children of the person's employees;

(14) contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the person's employees; and

(15) a payment to an employee of the person's business made by the person for the purpose of offsetting the employee's child care costs incurred in the state.

* **Sec. 14.** AS 43.65.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, result in the total amount of the credits exceeding \$3,000,000 [\$1,000,000]; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$3,000,000 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.145.

* **Sec. 15.** AS 43.65.018 is amended by adding a new subsection to read:

(h) Beginning January 1, 2030, and every five years thereafter, the department shall adjust the dollar limit on credits under (d) of this section for inflation, using 100 percent of the change over the preceding five calendar years in the Consumer Price Index for all urban consumers for urban Alaska, compiled by the Bureau of Labor Statistics, United States Department of Labor.

* **Sec. 16.** AS 43.75.018(a) is amended to read:

(a) A person engaged in a fisheries business is allowed a credit against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) contributions of cash or equipment accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) contributions of cash or equipment accepted for secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) contributions of cash or equipment accepted for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) contributions of cash or equipment accepted for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association or by a public or private nonprofit elementary or secondary school in the state;

(5) contributions of cash or equipment accepted for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) contributions of cash or equipment accepted for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

(7) contributions of cash or equipment accepted for the Alaska higher education investment fund under AS 37.14.750;

(8) contributions of cash or equipment accepted for funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;
(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) contributions of cash or equipment accepted for constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;

(10) contributions of cash or equipment accepted for childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(11) contributions of cash or equipment accepted for science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; [AND]

(12) contributions of cash or equipment accepted for the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state;

(13) expenditures made to operate a child care facility in the state for the children of the person's employees;

(14) contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the person's employees; and

(15) a payment to an employee of the person's business made by the person for the purpose

of offsetting the employee's child care costs incurred in the state.

* **Sec. 17.** AS 43.75.018(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, result in the total amount of the credits exceeding **\$3,000,000** [\$1,000,000]; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed **\$3,000,000** [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the meaning given in AS 43.20.145.

* **Sec. 18.** AS 43.75.018 is amended by adding a new subsection to read:

(h) Beginning January 1, 2030, and every five years thereafter, the Department of Labor and Workforce Development shall adjust the dollar limit on credits under (d) of this section for inflation, using 100 percent of the change over the preceding five calendar years in the Consumer Price Index for all urban consumers for urban Alaska, compiled by the Bureau of Labor Statistics, United States Department of Labor.

* **Sec. 19.** AS 43.77.045(a) is amended to read:

(a) A person engaged in a floating fisheries business is allowed a credit against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) **contributions of cash or equipment accepted for** direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) **contributions of cash or equipment accepted for** secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) contributions of cash or equipment accepted for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) contributions of cash or equipment accepted for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association or by a public or private nonprofit elementary or secondary school in the state;

(5) contributions of cash or equipment accepted for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) contributions of cash or equipment accepted for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

(7) contributions of cash or equipment accepted for the Alaska higher education investment fund under AS 37.14.750;

(8) contributions of cash or equipment accepted for funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) contributions of cash or equipment accepted for constructing, operating, or maintaining a residential housing facility by a residential school

approved by the Department of Education and Early Development under AS 14.16.200;

(10) contributions of cash or equipment accepted for childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(11) contributions of cash or equipment accepted for science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; [AND]

(12) contributions of cash or equipment accepted for the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state;

(13) expenditures made to operate a child care facility in the state for the children of the person's employees;

(14) contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the person's employees; and

(15) a payment to an employee of the person's business made by the person for the purpose of offsetting the employee's child care costs incurred in the state.

* **Sec. 20.** AS 43.77.045(d) is amended to read:

(d) A contribution claimed as a credit under this section may not

(1) be the basis for a credit claimed under another provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, result in the total amount of the credits exceeding \$3,000,000 [\$1,000,000]; if the taxpayer is a member of an affiliated group, then the total amount of credits may not exceed \$3,000,000 [\$1,000,000] for the affiliated group; in this

paragraph, "affiliated group" has the meaning given in AS 43.20.145.

* **Sec. 21.** AS 43.77.045 is amended by adding a new subsection to read:

(g) Beginning January 1, 2030, and every five years thereafter, the Department of Labor and Workforce Development shall adjust the dollar limit on credits under (d) of this section for inflation, using 100 percent of the change over the preceding five calendar years in the Consumer Price Index for all urban consumers for urban Alaska, compiled by the Bureau of Labor Statistics, United States Department of Labor."

Page 1, line 4:

Delete "**Section 1**"

Insert "**Sec. 22**"

Renumber the following bill sections accordingly.

Page 2, line 19, following "implement":

Insert "secs. 22 and 23 of"

Page 2, line 21:

Delete "sec. 1"

Insert "sec. 22"

Page 2, line 22:

Delete "sec. 2"

Insert "sec. 23"

Page 2, line 25:

Delete "This Act takes"

Insert "Sections 22 and 23 of this Act take"

Page 2, line 28:

Delete "sec. 1"

Insert "sec. 22"

Page 2, line 29:

Delete "sec. 2"

Insert "sec. 23"

Page 3, following line 3:

Insert new bill sections to read:

"* **Sec. 26.** Section 37, ch. 61, SLA 2014, as amended by sec. 40, ch. 101, SLA 2018, is amended to read:

Sec. 37. Sections 1, 2, and 21, ch. 61, SLA 2014, [OF THIS ACT] take effect January 1, 2028 [2025].

* **Sec. 27.** Section 26 of this Act takes effect immediately under AS 01.10.070(c)."

Renumber the following bill section accordingly.

Page 3, line 4:

Delete "If this Act takes effect, it takes"

Insert "If secs. 22 and 23 of this Act take effect, they take"

Page 3, following line 6:

Insert a new bill section to read

"* **Sec. 29.** Except as provided in secs. 27 and 28 of this Act, this Act takes effect January 1, 2024."

[4:34:25 PM](#)

The committee took an at-ease from 4:34 p.m. to 4:38 p.m.

[4:38:16 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 4:38 p.m.