

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

April 5, 2023

3:31 p.m.

MEMBERS PRESENT

Senator Löki Tobin, Chair
Senator Gary Stevens, Vice Chair
Senator Jesse Bjorkman
Senator Jesse Kiehl
Senator Elvi Gray-Jackson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CONFIRMATION HEARING(S)

University of Alaska Board of Regents
John Jepsen - Anchorage

- CONFIRMATION ADVANCED

SENATE BILL NO. 99

"An Act establishing a financial literacy education course for public schools; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 120

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

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 99

SHORT TITLE: FINANCIAL LITERACY PROGRAM IN SCHOOLS

SPONSOR(S): SENATOR(S) WIELECHOWSKI

03/10/23 (S) READ THE FIRST TIME - REFERRALS

03/10/23 (S) EDC
03/29/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)
03/29/23 (S) Heard & Held
03/29/23 (S) MINUTE(EDC)
04/05/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)

BILL: SB 120

SHORT TITLE: EXTEND EDUCATION TAX CREDITS

SPONSOR(s): EDUCATION

03/31/23 (S) READ THE FIRST TIME - REFERRALS
03/31/23 (S) EDC, FIN
04/05/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

JOHN SCOTT JEPSEN, Governor Appointee
University of Alaska Board of Regents
Anchorage, Alaska

POSITION STATEMENT: Testified as a governor appointee to the University of Alaska Board of Regents.

FLORA TEO, President
Junior Achievement of Alaska (JA)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 99.

BRADLEY LONKER, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 99.

CARMELA WARFIELD, Executive Vice President
Alaska Policy Forum
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 99.

DORA WILSON, Member
Anchorage School Board
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 99.

RAYMOND MATIASHOWSKI, Staff
Senator Jesse Bjorkman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis for SB 110.

COLLEEN GLOVER, Director
Tax Division
Department of Revenue (DOR)
Anchorage, Alaska

POSITION STATEMENT: Answered questions on SB 120.

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

POSITION STATEMENT: Testified by invitation on SB 120.

STEPHANIE MADSEN, Executive Director
At-Sea Processors Association
Juneau, Alaska

POSITION STATEMENT: Testified by invitation on SB 120.

DOUG WALRATH, Director
Northwestern Alaska Career and Technical Center
Nome, Alaska

POSITION STATEMENT: Testified in support of SB 120.

TARA RIEMER, President
Alaska Sea Life Center
Seward, Alaska

POSITION STATEMENT: Testified in support of SB 120.

ACTION NARRATIVE

[3:31:44 PM](#)

CHAIR LÖKI TOBIN called the Senate Education Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators Bjorkman, Gray-Jackson, Stevens, Kiehl, and Chair Tobin.

CONFIRMATION HEARING(S) **UNIVERSITY OF Alaska BOARD OF REGENTS**

[3:33:40 PM](#)

CHAIR TOBIN announced the consideration of the governor appointee John Jepsen to the University of Alaska Board of Regents.

[3:34:07 PM](#)

JOHN SCOTT JEPSEN, Governor Appointee, University of Alaska Board of Regents, Anchorage, Alaska, summarized his professional experience, emphasizing his commitment to Alaska and his long

history with ARCO. He spoke about his previous involvement with the University of Alaska Foundation Board and his dedication to improving the university's role in the state. He expressed optimism about the university's future and its role in providing quality education to Alaskans.

[3:38:31 PM](#)

SENATOR GRAY-JACKSON thanked Mr. Jepsen for his willingness to serve on the Board of Regents and asked about his thoughts on diversity and the university's mission to honor the indigenous and diverse peoples of Alaska.

[3:39:00 PM](#)

MR. JEPSEN highlighted the importance of diversity, particularly with a focus on Alaska Natives, and mentioned the university's initiatives to promote diversity. He emphasized the benefits of diversity in improving the student experience and decision-making.

[3:40:11 PM](#)

SENATOR KIEHL expressed appreciation for Mr. Jepsen's past service. He noted that the past two years have been difficult for the university and expressed disappointment that there has been an absence of focus on the University of Alaska, Southeast (UAS). He asked Mr. Jepsen to share his vision and the opportunities he sees for UAS.

MR. JEPSEN discussed the potential of UAS given its proximity to the ocean and marine life. He emphasized the amount of research taking place in Alaska and suggested UAS partner with the University of Alaska, Fairbanks to do research. He said he is hopeful that the new chancellor of UAS, who has a degree in zoology and marine biology, will bring new thoughts and ideas to UAS. He stated his belief that with the right focus UAS could increase student enrollment.

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CHAIR TOBIN noted that Mr. Jepsen served on the University of Alaska's Foundation Board and had worked for various organizations that have a philanthropic partnership with the university. She inquired about his views on the relationship between the Board of Regents and the Foundation Board in pursuing financial support and investments in the public university system.

MR. JEPSEN emphasized the positive relationship between the Board of Regents and the Foundation Board. The foundation

oversees managing endowment funds for the university, raising funds through new donors, and enhancing the reputation of the university. Regents should be involved in making connections with potential donors. He mentioned the need for increased alumni participation in fundraising efforts. Corporations are the main donors. The university has about 100,000 alumni but only a small portion contribute to the foundation.

CHAIR TOBIN said she supports gifting money to the university and encourages others to donate.

[3:45:17 PM](#)

SENATOR BJORKMAN asked about the compact agreement between the governor's administration and the university to reduce funding by millions of dollars. He asked how satisfied Mr. Jepsen is with this year's funding of the university's operating budget, and capital and major maintenance expenditures.

[3:45:52 PM](#)

MR. JEPSEN expressed his view that the budget the governor proposed for the current year provides stability to the university. He mentioned that there have been suggestions for budget additions but overall noted that funding for the university is becoming more level, which aids in long-term planning. He emphasized the importance of raising funds outside of the Unrestricted General Funds (UGF) due to declining enrollment since 2012. He encouraged a shift from focusing on lagging indicators to leading statistics. He mentioned strategic enrollment plans at the University of Alaska Fairbanks and anticipated plans at the University of Alaska Anchorage and University of Alaska Southeast. He acknowledged the need for more revenue sources, including monetizing intellectual property (IP). He highlighted the substantial amount of money that the university puts into research for the federal government. The university owns the IP but currently does not monetize it. He urged a continual focus on revenue sourcing while addressing diversions that interrupt day-to-day university management. He said, "Obviously there is not a lot of capital within the budget as proposed" and the university has deferred maintenance issues. He expressed a desire for the legislature or governor to give the university an additional \$50 million a year to stabilize infrastructure. Funding for deferred maintenance started to decrease in 2014. The backlog has gone from \$800 million to about \$1.5 billion. It is important to invest in critical areas to maintain the integrity of infrastructure. He also suggested working with the university administration to identify potential solutions, including bonding, which has been done in the past.

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SENATOR BJORKMAN questioned the funding level, noting that the university's operating request and budgets from the administration appeared to be lower than the university's original request. This observation raised concerns, especially since there was a compact agreement in place and the university had met the revenue reduction. He expressed uncertainty about Mr. Jepsen's characterization of the current funding proposal from the administration as providing stability. He sought clarification, stating that he understood the university's request had not been fully funded in either the Governor's proposed budget or the budget presented by the other body. He asked whether his understanding was correct.

[3:50:38 PM](#)

MR. JEPSEN responded by acknowledging that the university initially requested a budget of approximately \$320 million, while the governor's proposed budget amounted to about \$300 million. He mentioned that there were additional funds allocated to address some disparities in the budget, such as funding for the recently negotiated faculty salary increase. He also noted the inclusion of discretionary items, including workforce enhancement initiatives. While he emphasized that these discretionary items might not be critical for the university's day-to-day operations if left unfunded, he believed they were worth consideration by the legislature.

Furthermore, Mr. Jepsen mentioned specific areas of concern, including cybersecurity and insurance requirements, which collectively totaled around \$7 million. He expressed hope that these aspects could receive approval during the budget process. He emphasized that the budget process was ongoing, with President Pitney offering suggestions for potential amendments. Mr. Jepsen also highlighted that, compared to previous years, the current situation was more stable. The university had access to reserve funds, allowing management of the institution without the need for class cuts or staff layoffs. This stability marked a significant improvement from the previous two years.

[3:52:09 PM](#)

SENATOR BJORKMAN inquired about the vital connections between the university and its feeder programs, particularly the K-12 education system in Alaska, as well as other educational opportunities. He sought Mr. Jepsen's perspective on the desired relationships and connections that should be fostered between K-

12 schools in the state and the university system, prompting him to provide a description of these connections.

[3:52:38 PM](#)

MR. JEPSEN highlighted the dual enrollment program as an excellent opportunity for students to access college courses at an early stage, effectively reducing the overall cost of their college education. There are approximately 2,000 - 2,500 students enrolled in the program. He noted that this program serves as a valuable feeder into the University of Alaska, with approximately 30 percent of students enrolled in the dual enrollment program ultimately choosing to attend University of Alaska System schools for their higher education. Mr. Jepsen expressed optimism about expanding this program, with the goal of increasing student participation to over 3,000 in the coming years. He emphasized that this initiative represents the most robust connection between the university and K-12 education, primarily focusing on high school students.

[3:54:05 PM](#)

CHAIR TOBIN opened public testimony on the appointment of Mr. Jepsen to the University of Alaska Board of Regents; finding none, she closed public testimony.

[3:54:23 PM](#)

CHAIR TOBIN solicited a motion.

[3:54:25 PM](#)

SENATOR KIEHL stated that the Senate Education Standing Committee reviewed the following and recommends the appointment be forwarded to a joint session for consideration:

UNIVERSITY OF ALASKA BOARD OF REGENTS

John Scott Jepsen - Anchorage

Signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees; the nominations are merely forwarded to the full legislature for confirmation or rejection.

[3:54:53 PM](#)

CHAIR TOBIN found no objection and the name was forwarded.

[3:54:59 PM](#)

At ease.

SB 99-FINANCIAL LITERACY PROGRAM IN SCHOOLS

[3:56:16 PM](#)

CHAIR TOBIN reconvened the meeting and announced the consideration of SENATE BILL NO. 99 "An Act establishing a financial literacy education course for public schools; and providing for an effective date."

[3:57:04 PM](#)

CHAIR TOBIN opened public testimony on SB 99.

[3:57:28 PM](#)

FLORA TEO, President, Junior Achievement of Alaska (JA), Anchorage, Alaska, testified in support of SB 99. She spoke about the mission of the organization and the importance of financial literacy education. She explained that Junior Achievement is a nonprofit organization that has been teaching students about entrepreneurship, economics, and personal finance for over a century nationally, and for 50 years in Alaska. The organization achieves this by having local business leaders visit schools and implement programs spanning from kindergarten to college level. She mentioned that JA's curriculum continually evolves to address changing technology and economic trends, and it has consistently demonstrated a positive impact on students and fostered connections between the business community and educators.

MS. TEO also pointed out that research studies in the materials provided to the committee highlighted the positive effects of JA's programs, such as a 20 percent increase in income for students who receive financial literacy education. She emphasized that financial literacy helps students understand the importance of education and its impact on their future earnings. She stressed that JA shares the same goal as SB 99, which aims to ensure that young people enter adulthood with a solid understanding of personal finance.

Furthermore, she noted that Alaska is one of only three states where financial literacy has not been addressed in the state's education curriculum. She urged committee members to recognize the educational need for personal finance and provide guidance. She acknowledged the challenges school districts face with limited time and resources to teach a wide range of mandated knowledge. She suggested that SB 99 might undergo revisions but stressed the importance of formally recognizing financial literacy as a crucial component of Alaska's curriculum.

[3:59:54 PM](#)

BRADLEY LONKER, representing self, Anchorage, Alaska, testified in support of SB 99. He stated that he is a lifelong Alaskan and current biological sciences major at the University of Alaska. He shared his personal experience attending Northern Lights ABC, a K-8 school in Anchorage, where he participated in Junior Achievement (JA) programs every year. Bradley highlighted that these programs taught him valuable lessons about taxes, Free Application for Federal Student Aid (FAFSA) applications, budgeting, and credit scores, which he found applicable to his daily life.

MR. LONKER emphasized that having financial literacy education in his school had a significant positive impact on his life. He mentioned instances in both his professional and personal life where his knowledge of basic finance proved to be invaluable. For instance, he was able to save and purchase his first car with cash, apply for scholarships to attend college, secure his own health care, and avoid unnecessary debt by managing his finances responsibly.

He expressed gratitude for the financial education he received through Junior Achievement and stressed the importance of voting in favor of SB 99.

[4:01:41 PM](#)

CARMELA WARFIELD, Executive Vice President, Alaska Policy Forum, Anchorage, Alaska, testified in support of SB 99. She said that Alaska Policy Forum is a nonpartisan 501(c)(3) nonprofit organization that does not receive public funds. In addition to working at Alaska Policy Forum she is a parent of two students in Alaska K-12 schools. She spoke from her experience as a volunteer with local youth organizations. She emphasized the desire of young adults to be self-sufficient and knowledgeable about matters that affect their lives. She highlighted the significance of teaching young people essential financial skills, including managing household budgets, savings, investments, cash flow, maintaining a positive credit rating, and protecting themselves from financial scams.

She pointed out that many other states and school districts have already recognized the importance of financial literacy education and have implemented similar curriculum requirements for high school students. She advocated for an accelerated timeline for the implementation of these courses, believing that it would better prepare Alaskan students for future success.

MS. WARFIELD stressed that financial literacy courses provide a solid foundation for Alaska's youth as they transition from high school to adulthood, whether they pursue higher education, career and technical education, or enter the workforce. Financial literacy leads to personal success and also contributes to a stronger economy and healthier communities in the state.

[4:03:56 PM](#)

DORA WILSON, Member, Anchorage School Board, Anchorage, Alaska, testified in support of SB 99. She highlighted her roles as both a school board member and a mother of three young adult children, as well as her extensive experience as a therapeutic foster parent to over 45 youth.

She recounted how her own children, now in their 20s, had expressed their frustration at not having received basic financial literacy education in school. They had questioned why they were not taught about concepts such as credit scores. Dora mentioned that her youngest child had the opportunity to participate in a youth summit during her high school years, which provided her with valuable financial literacy knowledge. As a result, her daughter started saving a significant portion of her income, allowing her to purchase a car with cash at the age of 17 and her first home independently at 19, making her a taxpayer in Anchorage at the age of 22.

Drawing from her experience as a foster parent, she stressed the importance of providing financial literacy education to youth who age out of the state's care and are transitioning into adulthood.

Furthermore, as a member of the Anchorage School Board, she shared the district's commitment to preparing students for life, career, and college. She mentioned that the Anchorage School District had already revised its curriculum to include a financial literacy component in the state-required economic and consumer economics course. She encouraged all school districts across Alaska to adopt similar practices, ensuring that all students have access to this vital information.

She expressed her gratitude to Senator Wielechowski for championing SB 99 and thanked the legislators who supported the bill. She stated her belief that the bill would benefit all Alaska students and ultimately contribute to the betterment of Alaskan communities.

[4:06:34 PM](#)

SENATOR BJORKMAN asked whether she was aware of the state standards for government and citizenship, which requires a government course teach both macro and microeconomics.

[4:06:57 PM](#)

MS. WILSON replied she did not have the information with her.

SENATOR BJORKMAN pointed out that the state standards mandated the teaching of macro and microeconomics within the government course, which inherently encompassed personal finance standards. He then inquired if the Anchorage School District (ASD) presently enforced a mandatory financial literacy course as a graduation requirement.

[4:07:22 PM](#)

MS. WILSON replied that the financial literacy portion had been incorporated into the economics and consumer economics courses.

SENATOR BJORKMAN asked if economics and consumer economics are courses required for graduation.

[4:07:43 PM](#)

MS. WILSON replied yes. The courses started in 2020. Students who were freshmen in 2020 will have taken the courses when they graduate in 2024.

SENATOR BJORKMAN said he asked the question because he did not see the requirement on ASD's website. He expressed approval of the requirement.

[4:08:14 PM](#)

CHAIR TOBIN closed public testimony on SB 99.

[4:08:14 PM](#)

CHAIR TOBIN held SB 99 in committee.

SB 120-EXTEND EDUCATION TAX CREDITS

[4:08:43 PM](#)

CHAIR TOBIN announced the consideration of SENATE BILL NO. 120 "An Act extending the education tax credits; providing for an effective date by amending the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014; and providing for an effective date."

[4:09:22 PM](#)

SENATOR BJORKMAN, District D, speaking as sponsor of SB 120, introduced the legislation paraphrasing the following sponsor statement:

[Original punctuation provided.]

**Senate Bill 120 - Extend Education Tax Credits
Sponsor Statement**

Senate Bill 120 seeks to extend the very successful Alaska Education Tax Credit (AETC) Program through January 1, 2031. Currently the program will expire on January 1, 2024.

Education tax credits allow businesses that pay certain state taxes to claim credit for charitable gifts made in support of education in Alaska. Eligible recipients include non-profit, publicly, or privately accredited Alaska two-year or four-year colleges; non-profit elementary or secondary schools and school districts; state operated vocational education and training schools; non-profit regional vocational training centers; apprenticeship programs; Alaska Native cultural programs; the Alaska Higher Education Investment Fund; and postsecondary institutions providing dual-credit courses.

Education tax credits can be used to offset many state taxes including corporate income taxes, fisheries business and fisheries resource landing taxes, oil and gas production, and mining license taxes.

In addition to extending the Alaska Education Tax Credit Program, Senate Bill 120 returns the program to the credit provision in place before the program was reduced in 2018. SB 120 allows education tax credits up to 50 percent of the annual contributions up to \$100,000, 100 percent of the next \$200,000, and 50 percent of annual contributions beyond \$300,000. The bill also raises the cap on the total credit per taxpayer or group to \$5,000,000. Currently, the cap is \$1,000,000.

[4:14:01 PM](#)

RAYMOND MATIASHOWSKI, Staff, Senator Jesse Bjorkman, Alaska State Legislature, Juneau, Alaska, presented the sectional analysis for SB 120:

[Original punctuation provided.]

**Senate Bill 120 - Extend Education Tax Credits
Version A Sectional Analysis**

Section 1 - Amends AS 21.96.070(b), which governs insurance tax education credits, to set the amount of the Alaska Education Tax Credit (ETC) at 50 percent of contributions up to \$100,000, 100 percent of contributions from \$100,001 through \$300,000, and 50 percent of the amount of contributions that exceed \$300,000. Currently the insurance tax education credit is limited to 50 percent of contributions.

Section 2 - Amends AS 21.96.070(d), with governs insurance tax education credits, to stipulate that contributions claimed as a credit may not be used to claim credit elsewhere under this title and may not be combined with other credits to exceed a total of \$5,000,000. The current cap is \$1,000,000. If the taxpayer is a member of an affiliated group, the total amount of credits for the group may not exceed \$5,000,000. Currently the cap is \$1,000,000.

Section 3 - Amends AS 43.20.014(b), which governs income tax education credits, to align with the tax credit amounts set forth in the Act.

Section 4 - Amends AS 43.20.014(d), which governs income tax education credits, to align with the total cap on education credits set forth in this Act.

Section 5 - Amends AS 43.55.019(b), which governs the oil or gas producer education credit, to align with the tax credit amounts set forth in this Act.

Section 6 - Amends AS 43.55.019(d), which governs the oil or gas producer education credit, to align with the total cap on education credits set forth in this Act.

Section 7 - Amends AS 43.56.018(b), which governs the property tax education credit, to align with the tax credit amounts set forth in this Act.

Section 8 - Amends AS 43.56.018(d), which governs the property tax education credit, to align with the total cap on education credits set forth in this Act.

Section 9 - Amends AS 43.65.018(b), which governs the mining business education credit, to align with the tax credit amounts set forth in this Act.

Section 10 - Amends AS 43.75.018(d), which governs the mining business education credit, to align with the total cap on education credits set forth in this Act.

Section 11 - Amends AS 43.75.018(b), which governs the fisheries business education credit, to align with the tax credit amounts set forth in this Act.

Section 12 - Amends AS 43.75.018(d), which governs fisheries business education credit, to align with the total cap on education credits set forth in this Act.

Section 13 - Amends AS 43.77.045(b), which governs the fisheries resource landing tax education credit, to align with the tax credit amounts set forth in this Act.

Section 14 - Amends AS 43.77.045(d), which governs the fisheries resource landing tax education credit, to align with the total cap on education credits set forth in this Act.

Section 15 - Provides for January 1, 2031, effective date for the expiration of the Education Tax Credit program.

Section 16 - Sets the effective date for this Act as January 1, 2024.

[4:17:55 PM](#)

SENATOR KIEHL asked whether the tax credit is applied to both the municipal share and the state's share.

MR. MATIASHOWSKI replied that he did not know and would get back to the committee.

[4:18:36 PM](#)

SENATOR KIEHL stated that the tax cap increases by a factor of five, but the foregone revenue to the state doesn't increase by

the same magnitude, as indicated in the fiscal note. He requested information on whether there was a historical basis for this difference, specifically regarding when the maximum amounts were reduced. He also inquired about the rationale behind the modeling used in SB 120.

[4:19:03 PM](#)

MICHAEL MASON stated that Ms. Glover, the tax director, might be able to address the questions.

[4:19:17 PM](#)

COLLEEN GLOVER, Director, Tax Division, Department of Revenue (DOR), Anchorage, Alaska, stated that department personnel had examined historical data. As Senator Bjorkman mentioned, SB 120 essentially reinstated higher thresholds that existed in the past. Her department considered the average contributions during that period, which averaged around \$6.6 million, as the basis for their projections. This historical data served as the foundation for the fiscal note. She also mentioned that the bill extended the timeframe and increased the thresholds, drawing from historical data, even though there is no certainty that the same patterns will occur in the future. She pointed out that the department provides an annual report to the legislature that is available on their website. She said it is challenging to predict with certainty whether the same trends observed in the past with similar thresholds would continue.

[4:20:35 PM](#)

SENATOR GRAY-JACKSON requested that an answer be provided to Senator Kiehl's question, regarding SB 120 and municipal taxes.

MR. MATIASHOWSKI replied he would follow up with an answer.

SENATOR GRAY-JACKSON asked if Ms. Glover could answer since she is from the tax agency.

MS. GLOVER stated her belief that SB 120 only applies to the state portion, but she would double check.

[4:21:34 PM](#)

SENATOR GRAY-JACKSON stated she too thought it only applied to the state portion.

[4:21:43 PM](#)

CHAIR TOBIN asked for an overview of the fiscal note for SB 120.

[4:21:58 PM](#)

MS. GLOVER said that SB 120 impacted seven different tax programs, with six falling under the Department of Revenue Tax Division, and one in commerce. She noted that the fiscal note only forecasted the effect on the programs specific to the Department of Revenue. She explained that for all the tax programs affected, the funding contributed to the general fund, so any tax credit represented a reduction in the general fund.

She mentioned that the current statute was set to sunset at the end of the year, and by extending it, an additional half fiscal year of credits would be provided, resulting in a \$1.7 million credit for FY 2024. In future years the impact of extending the repeal time and increasing the percentage would generate an estimated \$6.6 million in annual credit usage.

MS. GLOVER noted that historically, the usage of the credit had been higher, with more participation from taxpayers or donors when there were higher credit thresholds. However, there has been a reduction in participation over the last three years, which could be attributed to various factors, such as changes in credit provisions and economic conditions.

[4:24:20 PM](#)

CHAIR TOBIN announced invited testimony on SB 120.

[4:24:49 PM](#)

CHAD HUTCHINSON, Director, State Relations, University of Alaska System, Fairbanks, Alaska, said that the university had reviewed SB 120 and expressed strong support for the sunset provisions, indicating there were no objections to the provisions that would revert to the statute's pre-2018 state.

MR. HUTCHINSON turned to slide 1 and said he would provide a general overview, primarily focused on respecting the taxpayers contributing to the University of Alaska. He characterized the presentation as a broad generalization of how the university viewed its role as a beneficiary and how it was addressing Alaska's workforce needs through contributions from third-party entities.

[4:26:03 PM](#)

MR. HUTCHINSON turned to slide 2 and highlighted examples of contributions, including a million-dollar donation from Kinross to the Troth Yeddha' Indigenous Studies Center in Fairbanks. He noted the university's collaboration with private sector third-party entities to address educational needs in Alaska, particularly in terms of workforce development. These

contributions could be in the form of cash or equipment, reflecting the interest of many companies in ensuring a well-prepared future workforce by providing necessary funding and equipment for university programs.

[4:26:47 PM](#)

MR. HUTCHINSON turned to slide 3 and shared a document borrowed from the Department of Revenue. The document outlined the value of credits, contributions made, and the specific benefits to the University of Alaska in the calendar year 2022.

The total contributions listed in the second column amounted to \$2.1 million. For most of the tax programs, approximately 50 percent of the credits were claimed. An example was the fishery resource landing tax, where a 50 percent credit was claimed. The contributions made directly impacted academic programs, equipment provision, and research efforts. In cases like commercial fisheries, contributors showed interest in specific fisheries populations and made direct contributions to the university, benefiting both the university and the contributors.

He also noted that the oil and gas property tax total contribution was \$40,000, and the entire amount was given to the University of Alaska.

[4:28:18 PM](#)

MR. HUTCHINSON turned to slide 4 and provided historical examples of donors to the university, illustrating the program's broad range of contributors, including mining interests, commercial fishing, Alaska Airlines, and Holland America. He highlighted that many major industries in Alaska had participated in the program, and it had been highly successful:

[Original punctuation provided.]

**A Few Tax Paying Entities that Historically Contribute
to the University of Alaska**

1. Glacier Fish Company, LLC
2. American Seafoods Company
3. Hecla Greens Creek Mining Company
4. Fairbanks Gold Mining, Inc.
5. ConocoPhillips Alaska, Inc.
6. Alaska Airlines Inc.
7. Holland America Princess - Alaska
8. Ravn Alaska
9. Aurora Animal Clinic

10. Bristol Bay Native Corporation
11. Northrim Bank
12. Teck Alaska, Inc.

MR. HUTCHINSON acknowledged that contributions had declined since the statutory change in 2018. He expressed gratitude for the legislative debate aimed at revising the contribution amounts, and stated his belief that the university would be pleased with a positive outcome.

[4:29:11 PM](#)

SENATOR GRAY-JACKSON asked whether a corporation's contribution also qualifies for a federal tax write off.

[4:29:23 PM](#)

MR. HUTCHISON deferred the question to DOR.

[4:29:38 PM](#)

MS. GLOVER replied she could not speak to federal income tax laws for corporations.

[4:30:00 PM](#)

SENATOR GRAY-JACKSON said she was hopeful that DOR could answer her question but did not expect the department to speak for the Internal Revenue Service.

[4:30:32 PM](#)

STEPHANIE MADSEN, Executive Director, At-Sea Processors Association, Juneau, Alaska, expressed her gratitude to Senator Tobin, Senator Bjorkman, and the committee for addressing the Pollock Conservation Cooperatives' involvement in the education tax credit program, emphasizing its importance to her fleet.

She detailed the cooperative's history and mission to enhance the conservation and utilization of Alaska's marine resources. The Pollock Conservation Cooperative Research Center at the University of Alaska Fairbanks was created in 2000, funded through direct donations and education tax credit funds. Ms. Madsen noted that her members had been contributing since 2000, likely making them the largest private contributor, with a total contribution of about \$16 million over the years.

[4:31:48 PM](#)

MS. MADSEN highlighted the allocation of these funds, with a significant portion directed toward research aimed at promoting the conservation and management of marine resources in the

Bering Sea. The contributions also supported graduate fellowships for students pursuing master's and graduate degrees, addressing a crucial funding gap for graduate students. She mentioned that many of the students funded by the Pollock Conservation Cooperative Research Center, had gone on to work in government agencies such as the State of Alaska and the National Marine Fisheries Service.

She further discussed contributions to dual enrollment programs, specifically the UAS fisheries technology program in Sitka, which benefits high school students through remote learning using iPads. Additionally, they consistently supported the Northwest Alaska Career and Technical Center in Nome, contributing to workforce development.

MS. MADSEN emphasized the program's vital role in preparing Alaska's workforce and sparking high school students' interest in fisheries. She expressed her extreme gratitude for the committee's consideration and reiterated strong support for all elements of the legislation.

[4:35:01 PM](#)

CHAIR TOBIN opened public testimony on SB 120.

[4:35:17 PM](#)

DOUG WALRATH, Director, Northwestern Alaska Career and Technical Center, Nome, Alaska, testified in support of SB 120, which aims to extend the education tax credits sunset and return the credit to its pre-2018 legislative session form.

He noted that the Northwestern Alaska Career and Technical Center (NACTEC) had been a beneficiary of education tax credit contributions from the Pollock Conservation Cooperative for over a decade. He emphasized that the tax credit had allowed NACTEC to seek funding from business partners since 2009, which had significantly benefited their programs. Specifically, it had:

1. Led to the creation of a new Alaska Vocational Technical Center (AVTEC) transitions program.
2. Enabled the development of junior high residential career exploration programs.
3. Supported the purchase of advanced motion-based simulators for aviation and maritime training.

He highlighted that from FY 2015 to FY 2019, NACTEC's industry partners contributed an average of \$511,000 annually, equivalent to 30 percent of their budget. However, after the credit became less corporate-friendly from FY 2020 to FY 2022, contributions averaged \$195,000 annually, representing 10 percent of their annual budget. This amounted to a 62 percent decrease in education tax credit contributions since 2018 when the legislation changed.

He further pointed out that the education tax credit had a positive impact on NACTEC's programming, with higher graduation rates and career exploration outcomes for students attending their programs. He concluded that when business and industry collaborate with education providers like NACTEC, it benefits all parties involved. He urged the committee to recognize the effectiveness of the education tax credit program and extend its sunset.

[4:38:35 PM](#)

SENATOR KIEHL expressed his support for the program and his desire to see it extended. He noted Mr. Walrath's comment regarding the decrease in corporate contributions starting in 2018 and inquired about the factors contributing to this decline. He specifically asked if it was due to the lower limits set by the program or the lower federal corporate tax rates and whether Mr. Walrath had been able to discern which of these factors was the primary driver of reduced corporate giving and eligibility.

[4:39:13 PM](#)

MR. WALRATH responded that he had not specifically investigated whether the reduced corporate contributions were primarily driven by the lower limits or the lower federal corporate tax rates. He mentioned that he had been proactive in pursuing funding before the friendly nature of the previous provision began to phase down. However, he hadn't conducted a detailed analysis to determine the exact reasons behind the decline in corporate contributions.

[4:40:24 PM](#)

TARA RIEMER, President, Alaska Sea Life Center, Seward, Alaska, testified in support of SB 120. She stated that the Alaska Sea Life Center served as a beneficiary of the Alaska Education Tax Credit due to its role as a coastal ecosystem learning center.

She emphasized that SB 120 would extend the education tax credit program and potentially increase tax credits from corporations.

She thanked the committee for sponsoring SB 120 and specifically for restoring the caps on tax credit ratios to their previous levels.

She underscored the effectiveness of the education tax credit program in introducing philanthropy to Alaska corporations and noted that it played a crucial role in introducing potential corporate donors to the idea of supporting the Alaska Sea Life Center. However, she pointed out that the program had been more compelling in the past.

[4:42:08 PM](#)

CHAIR TOBIN closed public testimony on SB 120.

[4:42:12 PM](#)

CHAIR TOBIN held SB 120 in committee.

[4:43:06 PM](#)

There being no further business to come before the committee, Chair Tobin adjourned the Senate Education Standing Committee meeting at 4:43 P.M.