

Fiscal Note

State of Alaska
2025 Legislative Session

Bill Version:	SB 1003
Fiscal Note Number:	2
(S) Publish Date:	8/2/2025

Identifier: 0380-DOR-TAX-08-01-25
 Title: EDUCATION TAX CREDITS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Revenue
 Appropriation: Taxation and Treasury
 Allocation: Tax Division
 OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2026	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2026 Request	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
OPERATING EXPENDITURES	FY 2026	FY 2026					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

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

Estimated SUPPLEMENTAL (FY2025) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2026) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Tax Division	Date:	08/01/2025 09:00 AM
Approved By:	Janelle Earls, Administrative Services Director	Date:	08/01/25
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION**Analysis****Background**

The education tax credit is a credit for qualifying contributions to Alaska universities and accredited nonprofit Alaska two- or four-year colleges for facilities, direct instruction, research and educational support purposes; donations to a school district or a state- or regional-operated technical and training school for vocational education courses, programs and facilities; and donations for Alaska Native cultural or heritage programs for public school staff and students; and a facility in the state that qualifies as a coastal ecosystem learning center under the Coastal American Partnership. The credit was expanded in the 34th Legislature to include donations made to childcare facilities for the children of the taxpayer's employees, or for payments made to an employee of the taxpayer for the purpose of offsetting the employee's childcare costs.

The credit is available to be claimed against insurance premiums tax, title insurance premiums tax, corporate income tax, oil and gas production tax, oil and gas property tax, mining license tax, fisheries business tax, and fishery resource landing tax. The credit for any one taxpayer currently cannot exceed \$3 million annually across all tax types. The credit is currently scheduled to be repealed on January 1, 2028.

This bill would expand the education tax credit to all the currently eligible tax types to allow for contributions to public schools or programs operated by a tribal entity or a tribally empowered Alaska Native organization compact, and to state-funded literacy programs administered by the Department of Education and Early Development (DEED). The bill would also increase the cap for the education tax credit from \$3 million to \$10 million.

Revenue Impact

There will be a negative, indeterminate change in revenue due to increasing the credit limit from \$3 million to \$10 million. The division is unable to estimate the impact as it is unknown how many taxpayers, if any, will approach the new cap.

Implementation Cost

This legislation would require the Department of Revenue to make only minor changes to its system. There would be little to no cost to this change. Any cost would be absorbed by the Tax Division using existing resources.