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1 IN THE HOUSE

2 HOUSE BILL NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act allowing tax credits for contributions to
7 certain educational institutions; and restricting
8 state tax deductions under 26 U.S.C. 170."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. PURPOSE. It is the purpose of this Act to provide col-
11 leges and universities with a private source of funding for direct instruc-
12 tion, research, and educational support purposes, including library and
13 museum acquisitions, during this period of decreased state revenue.

14 * Sec. 2. AS 43.20 is amended by adding a new section to read:

15 Sec. 43.20.014. INCOME TAX EDUCATION CREDIT. (a) A taxpayer is
16 allowed as a credit against the tax due under this chapter 50 percent
17 of cash contributions accepted for direct instruction, research, and
18 educational support purposes, including library and museum acquisi-
19 tions, by an accredited, nonprofit, public or private, Alaska, two- or
20 four-year, college or university. The credit may not exceed the
21 lesser of 10 percent of the amount of tax due under this chapter or
22 \$10,000. A contribution claimed as a credit under this section may
23 not be claimed as a credit under another provision of this title. A
24 deduction is not allowed under 26 U.S.C. 170, if the credit provided
25 by this section is claimed.

26 (b) Contributions accepted for endowment purposes are not eligi-
27 ble for the credit under (a) of this section.

28 (c) By September 30 of each year, the Department of Revenue
29 shall report to the Legislative Budget and Audit Committee on the

1 credits taken under this section. Each public college and university
2 shall include in its annual operating budget request contributions
3 received and how the contributions were used.

4 * Sec. 3. AS 43.20.036 is amended by adding a new subsection to read:

5 (j) For purposes of calculating the tax payable under this
6 chapter, a deduction under 26 U.S.C. 170 may only be taken if payment
7 is made on or before the last day of the taxable year.

8 * Sec. 4. AS 43.55 is amended by adding a new section to read:

9 Sec. 43.55.019. OIL OR GAS PRODUCER EDUCATION CREDIT. (a) A
10 producer of oil or gas is allowed as a credit against the tax due
11 under this chapter 50 percent of cash contributions accepted for
12 direct instruction, research, and educational support purposes, in-
13 cluding library and museum acquisitions, by an accredited, nonprofit,
14 public or private, Alaska, two- or four-year, college or university.
15 The credit may only be applied against the tax liability accruing
16 during the month the contribution is made. The credit may not exceed
17 the lesser of 10 percent of the amount of tax due under this chapter
18 or \$1,000. A contribution claimed as a credit under this section may
19 not be claimed as a credit under another provision of this title.

20 (b) Contributions accepted for endowment purposes are not eligi-
21 ble for the credit under (a) of this section.

22 (c) By September 30 of each year, the Department of Revenue
23 shall report to the Legislative Budget and Audit Committee on the
24 credits taken under this section. Each public college and university
25 shall include in its annual operating budget request contributions
26 received and how the contributions were used.

27 * Sec. 5. AS 43.56 is amended by adding a new section to read:

28 Sec. 43.56.018. OIL OR GAS PROPERTY EDUCATION CREDIT. (a) The
29 owner of property taxable under this chapter is allowed as a credit

1 against the tax due under this chapter 50 percent of cash contribu-
2 tions accepted for direct instruction, research, and educational
3 support purposes, including library and museum acquisitions, by an
4 accredited, nonprofit, public or private, Alaska, two- or four-year,
5 college or university. The credit may only be applied against the tax
6 liability accruing during the month the contribution is made. The
7 credit may not exceed the lesser of 10 percent of the amount of tax
8 due under this chapter or \$1,000. A contribution claimed as a credit
9 under this section may not be claimed as a credit under another
10 provision of this title.

11 (b) Contributions accepted for endowment purposes are not eligi-
12 ble for the credit under (a) of this section.

13 (c) By September 30 of each year, the Department of Revenue
14 shall report to the Legislative Budget and Audit Committee on the
15 credits taken under this section. Each public college and university
16 shall include in its annual operating budget request contributions
17 received and how the contributions were used.

18 * Sec. 6. AS 43.65 is amended by adding a new section to read:

19 Sec. 43.65.018. MINING BUSINESS EDUCATION CREDIT. (a) A person
20 engaged in the business of mining in the state is allowed as a credit
21 against the tax due under this chapter 50 percent of cash contribu-
22 tions accepted for direct instruction, research, and educational
23 support purposes, including library and museum acquisitions, by an
24 accredited, nonprofit, public or private, Alaska, two- or four-year,
25 college or university. The credit may not exceed the lesser of 10
26 percent of the amount of tax due under this chapter or \$10,000. A
27 contribution claimed as a credit under this section may not be claimed
28 as a credit under another provision of this title.

29 (b) Contributions accepted for endowment purposes are not

1 eligible for the credit under (a) of this section.

2 (c) By September 30 of each year, the Department of Revenue
3 shall report to the Legislative Budget and Audit Committee on the
4 credits taken under this section. Each public college and university
5 shall include in its annual operating budget request contributions
6 received and how the contributions were used.

7 * Sec. 7. AS 43.75 is amended by adding a new section to read:

8 Sec. 43.75.018. FISHERIES BUSINESS EDUCATION CREDIT. (a) A
9 person engaged in a fisheries business is allowed as a credit against
10 the tax due under this chapter 50 percent of cash contributions ac-
11 cepted for direct instruction, research, and educational support
12 purposes, including library and museum acquisitions, by an accredited,
13 nonprofit, public or private, Alaska, two- or four-year, college or
14 university. The credit may not exceed the lesser of 10 percent of the
15 amount of tax due under this chapter or \$10,000. A contribution
16 claimed as a credit under this section may not be claimed as a credit
17 under another provision of this title.

18 (b) Contributions accepted for endowment purposes are not eligi-
19 ble for the credit under (a) of this section.

20 (c) By September 30 of each year, the Department of Revenue
21 shall report to the Legislative Budget and Audit Committee on the
22 credits taken under this section. Each public college and university
23 shall include in its annual operating budget request contributions
24 received and how the contributions were used.

25 * Sec. 8. AS 43.75.130 is amended by adding a new subsection to read:

26 (d) In this section, "tax revenue collected" includes the amount
27 credited against taxes under AS 43.75.018.

28 * Sec. 9. The provisions of this Act apply to contributions made after
29 December 31, 1987.