

HB

231

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

STATE OFFICE BUILDING

POUCH SA - JUNEAU 99811

March 6, 1979

The Honorable Thelma Buchholdt
Chairman
House Health, Education & Social
Services Committee
Room 112 - Capitol Building
Juneau, Alaska

Dear Representative Buchholdt:

HOUSE BILL NUMBER 231

House Bill Number 231, an Act establishing a tuition credit under the Alaska net income tax, was introduced in the House on February 15, 1979 and was referred to the House Health, Education & Social Services and Judiciary Committees.

For the consideration of the House Health, Education & Social Services Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Gary Jenkins, Director, Audit Division, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: The Honorable Charles Parr
Chairman
House Judiciary Committee

John Messenger
Commissioner
Department of Revenue

Gary Jenkins, Director
Audit Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 231
 Title An Act establishing a tuition credit under the Alaska net income tax
 Requested by H.E.S.S. and Judiciary Committees Date 3/2/79

II. FISCAL DETAIL

Agency Affected _____ Revenue _____
 Program Category Affected _____ Fiscal Services _____
 Budget Request Unit(s) Affected _____ Audit Division _____

EXPENDITURES (Thousands of Dollars) None

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) None

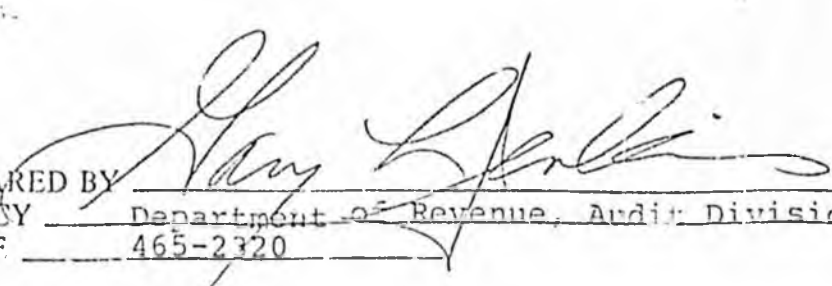
	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS None

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memo dated 3/2/79 to R. D. Stevenson.

IV. DATE March 2, 1979 PREPARED BY 
 AGENCY Department of Revenue, Audit Division
 PHONE 465-2320
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

MEMORANDUM

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: March 2, 1979

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: House Bill No. 231

It is extremely difficult to estimate the actual dollar effect of the tuition credit proposed by HB 231 because of the very limited information available regarding the number of students attending vocational schools and schools of higher education. In discussions with various personnel in the Department of Education, I was advised that last year's enrollment in private elementary and secondary schools in the State was 3,130 and that there is a possible 800 to 900 in other private schools on which they did not have information. The staff working with the higher education loan funds advised me there were approximately 3,000 students going to school on loans and they estimated that number could be as high as 50 percent of the total number of students going to schools of higher education. Last, I have assumed there are at least 1,000 students going to approved vocational schools.

Assuming there are 4,000 students in private elementary and secondary schools, 1,000 in vocational schools, and 6,000 in schools of higher education, the total potential cost of this tuition credit would be \$16,500,000.

I do have some concern that there be some agency responsible for determining what might constitute an eligible educational institution. There would be a potential for abuse of this provision in that under the proposed definition anyone could set up what they call a school whether anything valid was taught or not and apparently payments made to them could be taken as a credit under this bill.

It also should be remembered that should this or a similar bill pass, it will most likely lead to a significant increase in private institutions in the State, which means the cost of the credit could increase at a very significant rate.