

HB

688

Senate Health, Education and Social Services Committee

Legislation Checklist

Bill number: HB 688

Sponsor: Gruenberg, et. al

Date referred to committee: 5/4/80

Synopsis completed:

Fiscal note:

Further referrals:

CONTACTS:

✓ Gruenberg 3759

✓ Brian Rogers, Wendy Redman

✓ ^{Mary Nordale} Dept Revenue x2301 (Royce)

HB 688

CS HB 688(Fin) An Act allowing tax credits for contributions to educational institutions.

HB 688 would allow a tax credit of up to \$10,000 for contributions made to a qualified college or university in the state. The credit would apply to personal income tax, oil and gas production tax, oil and gas property tax, mining business tax, raw fish tax, and estate tax. The bill specifies that the cash received by the college or university must be spent on direct instruction, spent within a year of receiving it, and not be used for an endowment. Intent language in the bill provides for contributions received by colleges or universities to be offset by a reduction in legislative appropriations.

The bill is intended to provide a new revenue stream for higher education in Alaska during this period of declining revenues.

Offered: 4/25/86
Referred: Rules

ADOPTED
BY SENATE
H.E.S.S.

Original sponsors: Gruenberg, Koponen,
Ringstad, et al

1 IN THE HOUSE

~~BY THE FINANCE COMMITTEE~~

2

SCS CS FOR HOUSE BILL NO. 638 (Finance)(HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act allowing tax credits for contributions to
educational institutions."

7

8

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

9

* Section 1. PURPOSE. It is the purpose of this Act to provide col-

leges and universities with a private source of funding for direct instruc-
tion, ~~and instructional support purposes~~ ^{research, and educational} ~~during~~ ^{, including library + museum acquisitions,} this period of declining
state revenue.

13

~~* Sec. 2. INTENT. It is the intent of the legislature that contri-~~

14

~~butions received by a public college or university under this Act may be~~

15

~~offset by the legislature in appropriations to the public college or uni-~~

16

~~versity in future years.~~

17

* Sec. 3. AS 43.20 is amended by adding a new section to read:

18

Sec. 43.20.014. INCOME TAX EDUCATION CREDIT. (a) A taxpayer is

19

allowed as a credit against the tax due under this chapter 50 percent
of cash contributions accepted for direct instruction, ^{research, and educational} ~~and instruction-~~

20

^{including library and museum acquisitions} ~~at~~ support purposes, by an accredited, nonprofit, public or private,

21

Alaska, two- or four-year, college or university. The credit may not

22

exceed the lesser of 10 percent of the amount of tax due under this

23

chapter or \$10,000. A contribution claimed as a credit under this

24

section may not be claimed as a credit under another provision of this

25

title. A deduction is not allowed under 26 U.S.C. 170, where the

26

credit provided by this section is claimed.

27

~~(b) A public college or university that accepts a contribution~~

28

^{Contributions accepted for endowment purposes are not} ~~eligible for the credit under (a) of this section.~~
~~under this section may only spend the cash received for direct~~

29

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

~~instruction and instructional support purposes, and must spend the amount within one year of receiving it. The cash received may not be put in an endowment.~~

~~(c) By September 30 of each year each public college or university shall report to the Legislative Budget and Audit Committee the contributions received under this section and how the contributions were spent.~~

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

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

* Sec. 5. ~~AS 43.31 is amended by adding a new section to read:~~

~~Sec. 43.31.014. ESTATE EDUCATION CREDIT. (a) The estate of a person who was a resident at the time of death, is allowed as a credit against the tax due under this chapter 50 percent of cash bequests accepted for direct instruction and instructional support purposes by an accredited, nonprofit, public or private, Alaska, two or four-year, college or university. The credit may not exceed the lesser of 10 percent of the amount of tax due under this chapter or \$10,000. A contribution claimed as a credit under this section may not be claimed as a credit under another provision of this title.~~

~~(b) By September 30 of each year each public college or university shall report to the Legislative Budget and Audit Committee the contributions received under this section and how the contributions were spent.~~

* Sec. 6. AS 43.55 is amended by adding a new section to read:

Sec. 43.55.019. OIL OR GAS PRODUCER EDUCATION CREDIT. (a) A producer of oil or gas is allowed as a credit against the tax due under this chapter 50 percent of cash contributions accepted for

research, and educational

including library & museum acquisitions,

1 direct instruction, ~~and instructional~~ support purposes, by an accredit-
 2 ed, nonprofit, public or private, Alaska, two- or four-year, college
 3 or university. The credit may only be applied against the tax liabil-
 4 ity accruing during the month the contribution is made. The credit
 5 may not exceed the lesser of 10 percent of the amount of tax due under
 6 this chapter or \$1,000. A contribution claimed as a credit under this
 7 section may not be claimed as a credit under another provision of this
 8 title.

Same language as
 p. 1,
 lines 28-29

9 ~~(b) A public college or university that accepts a contribution~~
 10 ~~under this section may only spend the cash received for direct in-~~
 11 ~~struction and instructional support purposes, and must spend the~~
 12 ~~amount within one year of receiving it. The cash received may not be~~
 13 ~~put in an endowment.~~

Same language as
 p. 2,
 line 4

14 ~~(c) By September 30 of each year each public college or~~
 15 ~~university shall report to the Legislative Budget and Audit Committee~~
 16 ~~the contributions received under this section and how the~~
 17 ~~contributions were spent.~~

18 * Sec. 7. AS 43.56 is amended by adding a new section to read:

19 Sec. 43.56.018. OIL OR GAS PROPERTY EDUCATION CREDIT. (a) The
 20 owner of property taxable under this chapter 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} ~~and instructional~~ support pur-
 23 poses, ^{including library & museum acquisitions,} by an accredited, nonprofit, public or private, Alaska, two- or
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 26 is made. The credit may not exceed the lesser of 10 percent of the
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same language as p.2, line 4

~~(c) By September 30 of each year each public college or university shall report to the Legislative Budget and Audit Committee the contributions received under this section and how the contributions were spent.~~

* Sec. 8. AS 43.65 is amended by adding a new section to read:

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

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~~(c) By September 30 of each year each public college or university shall report to the Legislative Budget and Audit Committee the contributions received under this section and how the contributions were spent.~~

* Sec. 9. AS 43.75 is amended by adding a new section to read:

1 Sec. 43.75.018. FISHERIES BUSINESS EDUCATION CREDIT. (a) A
2 person engaged in a fisheries business is allowed as a credit against
3 the tax due under this chapter 50 percent of cash contributions ac-
4 cepted for direct instruction^{research and educational} and instructional support purposes^{including library an} by an ^{museu}
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Same
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17 ~~the contributions received and how the contributions were spent.~~

18 * Sec. 10. AS 43.75.130 is amended by adding a new subsection to read:

19 (b) In this section, "tax revenue collected" includes the amount
20 credited against taxes under AS 43.75.018.

21 * Sec. 11. The provisions of this Act apply to contributions made after
22 December 31, 1986.

Offered: 4/25/86
Referred: Rules

Original sponsors: Gruenberg, Koponen,
Ringstad, et al

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12 state revenue.

13 * Sec. 2. INTENT. It is the intent of the legislature that contri-
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23 exceed the lesser of 10 percent of the amount of tax due under this
24 chapter or \$10,000. A contribution claimed as a credit under this
25 section may not be claimed as a credit under another provision of this
26 title. A deduction is not allowed under 26 U.S.C. 170, where the
27 credit provided by this section is claimed.

28 (b) A public college or university that accepts a contribution
29 under this section may only spend the cash received for direct

1 instruction and instructional support purposes, and must spend the
2 amount within one year of receiving it. The cash received may not be
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21 * Sec. 11. The provisions of this Act apply to contributions made after
22 December 31, 1986.

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 4/22/86

REQUEST Page 1 of 2
 Bill/Resolution No.: CSHB 688(FIN) #1
 Title: Tax credits for educational institutions
 Sponsor: Gruenberg
 Requestor: House Finance Committee
 Date of Request: 4/22/86

FISCAL DETAIL
 Agency Affected: Revenue
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		0	0	0	0	0
TRAVEL		0	0	0	0	0
CONTRACTUAL		0	0	0	0	0
SUPPLIES		0	0	0	0	0
EQUIPMENT		0	0	0	0	0
LAND & STRUCTURES		0	0	0	0	0
GRANTS, CLAIMS		0	0	0	0	0
MISCELLANEOUS		0	0	0	0	0
TOTAL OPERATING		0	0	0	0	0

CAPITAL		0	0	0	0	0
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REVENUE		(---)	(---)	(---)	(---)	(---)
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FUNDING : (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS		0	0	0	0	0
OTHER		0	0	0	0	0
TOTAL		0	0	0	0	0

POSITIONS :

FULL-TIME		0	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS :

There will be revenue loss from this bill but it is impossible to predict the actual loss since it depends on how many taxpayers use the credit and how much they choose to credit against their tax liabilities. If all current taxpayers took the maximum credit allowed, the annual revenue loss would be about \$7.6 million.

No funds are needed to operate the tax credit program provided for in this bill.

Prepared by: Al Adams, Chair *APA* Phone: 465-3706
 Division: House Finance Committee Date: 4/22/86

Approved by Commissioner: _____ Date: _____
 Agency: _____

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: 4/22/86

REQUEST

Bill/Resolution No.: CSHB 688(FIN) #2
 Title: Tax credits for educational institutions
 Sponsor: Gruenberg
 Requestor: House Finance Committee
 Date of Request: 4/22/86

FISCAL DETAIL

Agency Affected: University
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		---	---	---	---	---
TRAVEL		---	---	---	---	---
CONTRACTUAL		---	---	---	---	---
SUPPLIES		---	---	---	---	---
EQUIPMENT		---	---	---	---	---
LAND & STRUCTURES		---	---	---	---	---
GRANTS, CLAIMS		---	---	---	---	---
MISCELLANEOUS		---	---	---	---	---
TOTAL OPERATING		---	---	---	---	---
CAPITAL		--	---	---	---	---
REVENUE		---	---	---	---	---

FUNDING : (Thousands of Dollars)

GENERAL FUND		---	---	---	---	---
FEDERAL FUNDS		---	---	---	---	---
OTHER		---	---	---	---	---
TOTAL		---	---	---	---	---

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

The University will probably gain funds, which in turn will be used for operating expenses, from passage of this bill. The actual amount of funds earned is impossible to accurately predict. See fiscal note #1.

Prepared by: Al Adams, Chair Phone: 465-3706
 Division: House Finance Committee Date: 4/22/86

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

purpose
Sec 1 & 2 - Intent - offset of

SECTIONAL ANALYSIS FOR HB 688 - RELATING TO TAX CREDITS FOR CONTRIBUTIONS TO EDUCATIONAL INSTITUTIONS

The aim of the bill is to provide a new revenue stream for higher education in Alaska, while providing considerable state and federal tax benefits for individuals making contributions.

SECTION ~~4~~ ^{allows an individual} 3 Provides ~~that a person engaged in trade or business~~ is allowed a credit against their ^{income} tax due for 50% of their contribution to a qualified college or university.

SECTION ~~5~~ 5 Provides that 10% of a bequest to a qualified college or university is allowed as a credit towards estate tax.

SECTION ~~6~~ 6 Provides for a tax credit of 50% of the contribution to a qualified college or university for an oil and gas producer.

SECTION ~~7~~ 7 Provides for a tax credit of 50% of the contribution to a qualified college or university by an owner of taxable oil and gas property.

SECTION ~~8~~ 8 Provides for a tax credit of 50% of the contribution to a qualified college or university towards the mining business tax.

SECTION ~~9~~ 9 Provides for a tax credit of 50% of the contribution to a qualified college or university towards the state share of the raw fish tax.

SECTION ~~10~~ 10 Defines "tax revenue collected" under the raw fish tax.

Sec 11 - conts after 12/31/86 only

*Sec 4/5
not both
state tax
credit &
state tax
deduction*

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

5/4/86

Date 5-9-86

Mr. President

The Committee on HESS considered CSHB 688(Fin)
allowing tax credits for contributions to educational institutions.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt SCS for CSITB 608
- new title
- same title and recommends Do Pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

Arthur Stungala
Edo D. Vies

MEMBERS HAVING
OTHER RECOMMENDATIONS

Patricia Schenkamp
Chairman

Chairman recommendation

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HESS 5-9-86 9:10am