

SENATE FINANCE COMMITTEE REPORT

DATE: 5/16/91

FURTHER:

DATE TURNED INTO OFFICE: 5/19/91

The Finance Committee considered SB 300

Tax credits for contributions to certain educational institutions; efd.

and recommended:

[X] replace with CS SB 300 (Finance)
[] or adopt CS

[X] same title
[] new title
[] technical title change (HB only)

[] attached amendment(s)
[] letter of intent adopted

[X] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to

ATTACHES NEW FISCAL NOTE(S):

[] fiscal note(s) Dept/Date:
[] zero fiscal note(s)

APPROVES PREVIOUS:

[X] fiscal note(s) DOR 5/17/91 (Income & Finance Audit)

[X] zero fiscal note(s) DOR 5/17/91 (Trans)

[] appropriation-no fiscal note

SIGNING DO PASS:

Handwritten signatures of committee members under 'SIGNING DO PASS'.

OTHER RECOMMENDATIONS:

Handwritten notes: 'All Adams - DO NOT PASS', 'Lyman Hoffman No Rec'.

1.

Handwritten signature and note: 'Ed ... do not pass'.

2.

Handwritten signature and note: 'K ... do pass'.

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

**STATE OF ALASKA
1991 LEGISLATIVE SESSION**

BILL NO. SB300

Revision Date: _____
 Title: Tax credits for contributions to
certain educational institutions
 Sponsor: Senator Jalmar Kertulla
 Requestor: _____

Department Affected: Department of Revenue
 BRU: Revenue Operations
 Component: Income and Excise Audit

COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	(500.0)	(750.0)	(900.0)	(1000.0)	(1000.0)	(1000.0)

FUNDING: (Thousands of Dollars)

GENERAL FUND	(500.0)	(750.0)	(900.0)	(1000.0)	(1000.0)	(1000.0)
FEDERAL FUNDS						
OTHER						
TOTAL	(500.0)	(750.0)	(900.0)	(1000.0)	(1000.0)	(1000.0)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0.0

ANALYSIS: Attach a separate page for analysis.

SEE ATTACHED

Changes in SSB 300 (FIN) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

5-19-91

date

Comte Aide (initial)

Prepared By: Larry E. Mevers
 Division: Income and Excise Audit Division

Phone: (907) 465-2320

Date: May 17, 1991

Approved by Commissioner: Lee E. Fisher
 Agency: Department of Revenue

Date: May 17, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

May 17, 1991

SB 300
FISCAL NOTE ANALYSIS
DEPARTMENT OF REVENUE

SB 300 increases the maximum amount of education credit taxpayers may take against their tax liabilities from \$100,000 to \$150,000. This bill allows for credits on 50% of the first \$100,000 (\$50,000 maximum) of contributions and 100% of the next \$100,000 (\$100,000 maximum) of contributions. This bill deletes current provisions for limiting credits to the lesser of 10% of tax liabilities or \$100,000.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 300

Revision Date: May 17, 1991
 Title: An Act relating to tax credits for contributions to certain educational institutions; and an effective date.
 Sponsor: Senator Kerttula
 Requestor: _____

Department Affected: Revenue
 BRU: Treasury
 Component: _____

Component Serial No.

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME			
PART-TIME			
TEMPORARY			

Changes in CS58300 (FIN) have no fiscal impact. This fiscal note is appropriate.
5-19-91 date lad Comte Aide (initial)

Estimate of current year impact: _____

ANALYSIS: This bill wouldn't have a fiscal impact on the Treasury's operation in that it doesn't establish a trust fund for investment management by Treasury or mandate an apportionment of General Fund investment earnings.

Prepared by: Brian C. Andrews *BA* Phone: 465-2350
 Division: Treasury Date: May 17, 1991
 Approved by Commissioner: Lee E. Fisher *Lee E. Fisher*
 Agency: Revenue

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CS FOR SENATE BILL NO. 300 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS KERTTULA, Menard

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to tax credits for contributions to certain educational institutions; and
2 providing for an effective date."

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

4 * Section 1. The provisions of this Act revise and extend the credits authorized by ch. 58, SLA 1987,
5 under each of the following state taxes for contributions made to instate institutions of postsecondary
6 education:

- 7 (1) Alaska Net Income Tax (AS 43.20);
- 8 (2) Oil and Gas Properties Production Tax (AS 43.55);
- 9 (3) Oil and Gas Exploration, Production, and Pipeline Transportation Property Tax
10 (AS 43.56);
- 11 (4) Mining License Tax (AS 43.65);
- 12 (5) Fisheries Taxes (AS 43.75).

13 * Sec. 2. AS 43.20.014(a) is amended to read:

14 (a) For cash contributions accepted for direct instruction, research, and educational

1 support purposes, including library and museum acquisitions, and contributions to
2 endowment, by a nonprofit, public or private, Alaska two-year or four-year college or
3 university accredited by a regional accreditation association, a [A] taxpayer is allowed as a
4 credit against the tax due under this chapter

5 (1) 50 percent of [CASH] contributions of not more than [ACCEPTED FOR
6 DIRECT INSTRUCTION, RESEARCH, AND EDUCATIONAL SUPPORT PURPOSES,
7 INCLUDING LIBRARY AND MUSEUM ACQUISITIONS, BY AN ACCREDITED,
8 NONPROFIT, PUBLIC OR PRIVATE, ALASKA, TWO- OR FOUR-YEAR, COLLEGE OR
9 UNIVERSITY. THE CREDIT MAY NOT EXCEED THE LESSER OF 10 PERCENT OF THE
10 AMOUNT OF TAX DUE UNDER THIS CHAPTER OR] \$100,000; and

11 (2) 100 percent of the next \$100,000 of contributions [A CONTRIBUTION
12 CLAIMED AS A CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED AS A CREDIT
13 UNDER ANOTHER PROVISION OF THIS TITLE. A DEDUCTION IS NOT ALLOWED
14 UNDER 26 U.S.C. 170, IF THE CREDIT PROVIDED BY THIS SECTION IS CLAIMED].

15 * Sec. 3. AS 43.20.014 is amended by adding a new subsection to read:

16 (d) A contribution claimed as a credit under this section

17 (1) may not be claimed as a credit under another provision of this title;

18 (2) may not also be allowed as a deduction under 26 U.S.C. 170 against the tax
19 imposed by this chapter.

20 * Sec. 4. AS 43.55.019(a) is amended to read:

21 (a) For cash contributions accepted for direct instruction, research, and educational
22 support purposes, including library and museum acquisitions, and contributions to
23 endowment, by a nonprofit, public or private, Alaska two-year or four-year college or
24 university accredited by a regional accreditation association, a [A] producer of oil or gas is
25 allowed as a credit against the tax due under this chapter

26 (1) [AS 43.55.011 - 43.55.150] 50 percent of [CASH] contributions of not more
27 than \$100,000; and

28 (2) 100 percent of the next \$100,000 of contributions [ACCEPTED FOR
29 DIRECT INSTRUCTION, RESEARCH, AND EDUCATIONAL SUPPORT PURPOSES,
30 INCLUDING LIBRARY AND MUSEUM ACQUISITIONS, BY AN ACCREDITED,
31 NONPROFIT, PUBLIC OR PRIVATE, ALASKA, TWO- OR FOUR-YEAR, COLLEGE OR

1 UNIVERSITY. THE CREDIT MAY ONLY BE APPLIED AGAINST THE TAX LIABILITY
2 ACCRUING DURING THE MONTH THE CONTRIBUTION IS MADE. THE CREDIT MAY
3 NOT EXCEED THE LESSER OF 10 PERCENT OF THE AMOUNT OF TAX DUE UNDER
4 AS 43.55.011 - 43.55.150 OR \$10,000. A CONTRIBUTION CLAIMED AS A CREDIT UNDER
5 THIS SECTION MAY NOT BE CLAIMED AS A CREDIT UNDER ANOTHER PROVISION
6 OF THIS TITLE].

7 * Sec. 5. AS 43.55.019 is amended by adding new subsections to read:

8 (d) A contribution claimed as a credit under this section may not be claimed as a credit
9 under another provision of this title.

10 (e) The department may, by regulation, establish procedures by which a taxpayer may
11 allocate a pro rata share of a credit claimed under this section against monthly tax payments
12 made during the tax year.

13 * Sec. 6. AS 43.56.018(a) is amended to read:

14 (a) For cash contributions accepted for direct instruction, research, and educational
15 support purposes, including library and museum acquisitions, and contributions to
16 endowment, by a nonprofit, public or private, Alaska two-year or four-year college or
17 university accredited by a regional accreditation association, the [THE] owner of property
18 taxable under this chapter is allowed as a credit against the tax due under this chapter

19 (1) 50 percent of [CASH] contributions of not more than \$100,000; and

20 (2) 100 percent of the next \$100,000 of contributions [ACCEPTED FOR
21 DIRECT INSTRUCTION, RESEARCH, AND EDUCATIONAL SUPPORT PURPOSES,
22 INCLUDING LIBRARY AND MUSEUM ACQUISITIONS, BY AN ACCREDITED,
23 NONPROFIT, PUBLIC OR PRIVATE, ALASKA, TWO- OR FOUR-YEAR, COLLEGE OR
24 UNIVERSITY. THE CREDIT MAY ONLY BE APPLIED AGAINST THE TAX LIABILITY
25 ACCRUING DURING THE MONTH THE CONTRIBUTION IS MADE. THE CREDIT MAY
26 NOT EXCEED THE LESSER OF 10 PERCENT OF THE AMOUNT OF TAX DUE UNDER
27 THIS CHAPTER OR \$10,000. A CONTRIBUTION CLAIMED AS A CREDIT UNDER THIS
28 SECTION MAY NOT BE CLAIMED AS A CREDIT UNDER ANOTHER PROVISION OF
29 THIS TITLE].

30 * Sec. 7. AS 43.56.018 is amended by adding new subsections to read:

31 (d) A contribution claimed as a credit under this section may not be claimed as a credit

1 under another provision of this title.

2 (e) The department may, by regulation, establish procedures by which a taxpayer may
3 allocate a pro rata share of a credit claimed under this section against monthly tax payments
4 made during the tax year.

5 * Sec. 8. AS 43.65.018(a) is amended to read:

6 (a) For cash contributions accepted for direct instruction, research, and educational
7 support purposes, including library and museum acquisitions, and contributions to
8 endowment, by a nonprofit public or private, Alaska two-year or four-year college or
9 university accredited by a regional accreditation association, a [A] person engaged in the
10 business of mining in the state is allowed as a credit against the tax due under this chapter

11 (1) 50 percent of [CASH] contributions of not more than [ACCEPTED FOR
12 DIRECT INSTRUCTION, RESEARCH, AND EDUCATIONAL SUPPORT PURPOSES,
13 INCLUDING LIBRARY AND MUSEUM ACQUISITIONS, BY AN ACCREDITED,
14 NONPROFIT, PUBLIC OR PRIVATE, ALASKA, TWO- OR FOUR-YEAR, COLLEGE OR
15 UNIVERSITY. THE CREDIT MAY NOT EXCEED THE LESSER OF 10 PERCENT OF THE
16 AMOUNT OF TAX DUE UNDER THIS CHAPTER OR] \$100,000; and

17 (2) 100 percent of the next \$100,000 of contributions. [A CONTRIBUTION
18 CLAIMED AS A CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED AS A CREDIT
19 UNDER ANOTHER PROVISION OF THIS TITLE.]

20 * Sec. 9. AS 43.65.018 is amended by adding a new subsection to read:

21 (d) A contribution claimed as a credit under this section may not be claimed as a credit
22 under another provision of this title.

23 * Sec. 10. AS 43.75.018(a) is amended to read:

24 (a) For cash contributions accepted for direct instruction, research, and educational
25 support purposes, including library and museum acquisitions and contributions to
26 endowment, by a nonprofit, public or private, Alaska two-year or four-year college or
27 university accredited by a regional accreditation association, a [A] person engaged in a
28 fisheries business is allowed as a credit against the tax due under this chapter

29 (1) 50 percent of [CASH] contributions of not more than [ACCEPTED FOR
30 DIRECT INSTRUCTION, RESEARCH, AND EDUCATIONAL SUPPORT PURPOSES,
31 INCLUDING LIBRARY AND MUSEUM ACQUISITIONS, BY AN ACCREDITED,

1 NONPROFIT, PUBLIC OR PRIVATE, ALASKA, TWO- OR FOUR-YEAR, COLLEGE OR
2 UNIVERSITY. THE CREDIT MAY NOT EXCEED THE LESSER OF 10 PERCENT OF THE
3 AMOUNT OF TAX DUE UNDER THIS CHAPTER OR] \$100,000; and

4 (2) 100 percent of the next \$100,000 of contributions. [A CONTRIBUTION
5 CLAIMED AS A CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED AS A CREDIT
6 UNDER ANOTHER PROVISION OF THIS TITLE.]

7 * Sec. 11. AS 43.75.018 is amended by adding a new subsection to read:

8 (d) A contribution claimed as a credit under this section may not be claimed as a credit
9 under another provision of this title.

10 * Sec. 12. AS 43.20.014(b), AS 43.55.019(b), AS 43.56.018(b), AS 43.65.018(b), and
11 AS 43.75.018(b) are repealed.

12 * Sec. 13. This Act takes effect January 1, 1992, and applies to tax years beginning after
13 December 31, 1991.

Kerttula

7-LS1391A.1

Chenoweth

05/18/91

5/19/91
ADOPTED

AMENDMENT

OFFERED IN THE SENATE

TO: SB 300

Page 2, line 2:

Delete "an accredited,"

Insert "a"

Page 2, line 3, after "university":

Insert "accredited by a regional accreditation association"

Page 2, line 22:

Delete "an accredited,"

Insert "a"

Page 2, line 23, after "university":

Insert "accredited by a regional accreditation association"

Page 3, line 15:

Delete "an accredited,"

Insert "a"

Page 3, line 16, after "university":

Insert "accredited by a regional accreditation association"

Page 4, line 7:

Delete "an accredited,"

Insert "a"

Page 4, line 8, after "university":

Insert "accredited by a regional accreditation association"

Page 4, line 25:

Delete "an accredited,"

Insert "a"

Page 4, line 26, after "university":

Insert "accredited by a regional accreditation association"



Alaska Court System
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

CHARLES S. CHRISTENSEN III
Staff Counsel

303 K Street
Anchorage, AK 99501
(907) 264-8228

May 15, 1991

The Honorable Pat Pourchot
Co-Chairman, Senate Finance Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Pourchot:

CSHB 129 (JUD) am, establishing a Public Officers Compensation Commission, has been referred to the Finance Committee for consideration. This bill is similar to CSSB 113 (STA), which was heard by the committee earlier this month. Major differences between CSHB 129 (JUD) am and CSSB 113 (STA) are as follows:

1. CSHB 129 (JUD) am: Section 12 provides that commission membership shall include at least one business executive, one person with experience in public administration, one representative of a non-partisan voters organization, one representative of a labor organization, and one lawyer.

CSSB 113 (STA): Section 13 provides that commission membership shall include at least one business executive, one person with experience in public administration, one person with experience in personnel management, one economist, one lawyer, and one former elected public officer of the state.

2. CSHB 129 (JUD) am: Section 14 provides that the commission shall submit reports and orders changing compensation during even-numbered years.

CSSB 113 (STA): Section 15 provides that the commission shall submit reports and orders changing compensation during odd-numbered years.

Adopted

Adopted

3. CSHB 129 (JUD) am: Section 14 provides that the legislature has 60 days in which to disapprove an order changing compensation. *Adopted*

CSSB 113 (STA): Section 15 provides that the legislature has until the effective date of the order changing compensation in which to disapprove it. The effective date of the order is the later of July 1 or the effective date of the appropriation to fund the order.

4. CSHB 129 (JUD) am: Section 14 provides that an order changing the compensation of public officers other than legislators takes effect on the later of July 1 or the effective date of the appropriation to fund the order. An order changing the compensation of legislators takes effect on the later of the first day of the next regular session or the effective date of the appropriation to fund the order. *Adopted*

CSSB 113 (STA): Section 15 provides that an order changing the compensation of any officer takes effect on the later of July 1 or the effective date of the appropriation to fund the order. *Rescinded
Adopted*

5. CSHB 129 (JUD) am: Section 17 provides that "compensation" includes salary and per diem.

CSSB 113 (STA): Section 18 provides that "compensation" includes salary, per diem, and allowances. *Adopted*

The Alaska Court System is supportive of either version of this legislation. Based upon statements made by administrative officials, we believe that CSHB 129 (JUD) am is less likely to be vetoed by the governor because it requires an intervening election before an increase in legislative compensation can take effect.

Please feel free to contact me if you have any questions or comments.

Very truly yours,



C.S. Christensen III
Staff Counsel

State of Alaska

Committees

CO-CHAIR, HOUSE JUDICIARY
VICE-CHAIR, HOUSE LABOR AND COMMERCE
HOUSE HEALTH, EDUCATION
AND SOCIAL SERVICES



P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4712
465-4968 4986
(SESSION)
914 CLAY COURT
ANCHORAGE, ALASKA 99503
(907) 276-6844

Representative Max F. Gruenberg, Jr.
District 11
Spenard, Upper Midtown Anchorage

MEMORANDUM

TO: Members of the Senate Finance Committee
FROM: Representative Max Gruenberg *Max*
DATE: May 17, 1991
RE: SB 300, the University Tax Credit Bill

I would very much appreciate your support of SB 300, the University Tax Credit Bill.

SB 300 makes the following changes to existing law:

1. Increases the cap on the maximum annual tax credit per taxpayer from \$100,000 to 150,000 for corporate, mining, fisheries, and oil and gas taxpayers.
2. Allows the credit to be taken on contributions made for the entire tax year. The current legislation restricts oil and gas companies to \$10,000 contribution on a monthly basis.
3. Allows taxpayers a tax credit of 50% on contributions up to \$100,000 and 100% for contributions above \$100,000 not to exceed a total of \$200,000.
4. Removes the prohibition against contributions given to endowments.
5. Removes the language limiting the tax credit to "...the lesser of 10 percent of the amount of tax due under this chapter or...", allowing all taxpayers the full benefit of getting tax credit for large contributions.

The purpose of SB 300 is to amend the existing statutes to enhance the tax credit status for contributions made in support of higher education.

Under the present statutes, there is little incentive for individuals or companies to give contributions to higher

education institutions because the return is so small after the existing tax formula is taken into consideration. The changes made in SB 300 will greatly enhance our ability to secure large contributions, particularly from oil and gas companies. At the present time, the companies are unwilling to engage in the complications of giving donations with the present statutory restrictions.

The restriction on contributions to endowments has presented another inhibiting factor for in-state institutions. Many contributors prefer to give donations to very specific endowment funds for designated endowed chairs, museum endowments, etc. because they are able to secure higher visibility, and/or assure that their contribution will supporting an endeavor that is consistent with the interests/goals of their industry.

The restriction for oil and gas producers that contributions be applied as a monthly tax credit requires such substantial paperwork that the incentive is lost in overhead costs.

If you have any questions, please call me or Mark Handley, my Legislative Assistant, at ext. 4968.

MEMORANDUM

TO: Representative Max Gruenberg
FROM: Mark Handley *MH*
DATE: May 17, 1991
RE: Sectional Analysis of SB 300, the University Tax Credit Bill

The following is a sectional analysis of SB 300, the university tax credit bill.

Section 1

Temporary law sets out the state taxes effected by this bill.

Section 2

AS 43.20.14 (a) Present law allows a corporate income taxpayer tax credit for the lesser of 50% of up to \$200,000 or 50% of 10% of the taxpayer's state tax liability for contributions to Alaskan universities or colleges. This section makes amendments which allow any taxpayer to receive a 50% tax credit for contributions up to \$100,000 and a 100% credit for the next \$100,000 donated in that tax year.

Section 3

AS 43.55.019 (a) prohibits a taxpayer from claiming any additional tax credits or deductions for a contribution for which a tax credit was received under this section.

Section 4

AS 43.55.019 (a) Present law allows a oil and gas severance taxpayer tax credit for the lesser of 50% of up to \$200,000 or 50% of 10% of the taxpayer's state tax liability for contributions to Alaskan universities or colleges. This section makes amendments which allow any taxpayer to receive a 50% tax credit for contributions up to \$100,000 and a 100% credit for the next \$100,000 donated in that tax year.

Section 5

AS 43.55.019 prohibits a taxpayer from claiming any additional tax credits for a contribution for which tax credit has been claimed under this section and gives the Department of Revenue the authority to promulgate regulations allowing taxpayers, who

pay their taxes on a monthly basis, to spread the allocation of this taxpayer out over the tax year.

Section 6

AS 43.56.018 (a) Present law allows a oil and gas property taxpayer a tax credit for the lesser of 50% of up to \$200,000 or up to 50% of 10% of the taxpayer's state tax liability for contributions to Alaskan universities or colleges. This section makes amendments which allow any taxpayer to receive a 50% tax credit for contributions up to \$100,000 and a 100% credit for the next \$100,000 donated in that tax year.

Section 7

AS 43.56.018 (d) prohibits a taxpayer from claiming any additional tax credits for a contribution for which a tax credit has been claimed under this section.

Section 8

AS 43.65.018 (a) Present law allows a mining licensee taxpayer a tax credit for the lesser of 50% of up to \$200,000 or up to 50% of 10% of the taxpayer's state tax liability for contributions to Alaskan universities or colleges. This section makes amendments which allow any taxpayer to receive a 50% tax credit for contributions up to \$100,000 and a 100% credit for the next \$100,000 donated in that tax year.

Section 9

AS 43.65.018 (d) prohibits a taxpayer from claiming any additional tax credits for a contribution for which a tax credit has been claimed under this section.

Section 10

AS 43.75.018 (a) Present law allows a fisheries taxpayer a tax credit for the lesser of 50% of up to \$200,000 or up to 50% of 10% of the taxpayer's state tax liability for contributions to Alaskan universities or colleges. This section makes amendments which allow any taxpayer to receive a 50% tax credit for contributions up to \$100,000 and a 100% credit for the next \$100,000 donated in that tax year.

Section 11

AS 43.75.018 (d) prohibits a taxpayer from claiming any additional tax credits for a contribution for which a tax credit has been claimed under this section.

Section 12

Repeals the provisions of existing law which prohibit the allowance of a tax credit if the contributions are made for endowment purposes.

Section 13

Provides for an effective date of January 1, 1992, and makes the bill applicable to tax years beginning after December 31, 1991.

SENATE BILL NO. 300

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR KERTTULA

Introduced: 5/16/91
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to tax credits for contributions to certain educational institutions; and
2 providing for an effective date."

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

4 * Section 1. The provisions of this Act revise and extend the credits authorized by ch. 58, SLA 1987,
5 under each of the following state taxes for contributions made to instate institutions of postsecondary
6 education:

7 (1) Alaska Net Income Tax (AS 43.20);

8 (2) Oil and Gas Properties Production Tax (AS 43.55);

9 (3) Oil and Gas Exploration, Production, and Pipeline Transportation Property Tax
10 (AS 43.56);

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12 (5) Fisheries Taxes (AS 43.75).

13 * Sec. 2. AS 43.20.014(a) is amended to read:

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1 support purposes, including library and museum acquisitions, and contributions to
2 endowment, by an accredited, nonprofit, public or private, Alaska two-year or four-year
3 college or university, a [A] taxpayer is allowed as a credit against the tax due under this chapter

4 (1) 50 percent of [CASH] contributions of not more than [ACCEPTED FOR
5 DIRECT INSTRUCTION, RESEARCH, AND EDUCATIONAL SUPPORT PURPOSES,
6 INCLUDING LIBRARY AND MUSEUM ACQUISITIONS, BY AN ACCREDITED,
7 NONPROFIT, PUBLIC OR PRIVATE, ALASKA, TWO- OR FOUR-YEAR, COLLEGE OR
8 UNIVERSITY. THE CREDIT MAY NOT EXCEED THE LESSER OF 10 PERCENT OF THE
9 AMOUNT OF TAX DUE UNDER THIS CHAPTER OR] \$100,000; and

10 (2) 100 percent of the next \$100,000 of contributions [A CONTRIBUTION
11 CLAIMED AS A CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED AS A CREDIT
12 UNDER ANOTHER PROVISION OF THIS TITLE. A DEDUCTION IS NOT ALLOWED
13 UNDER 26 U.S.C. 170, IF THE CREDIT PROVIDED BY THIS SECTION IS CLAIMED].

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16 (1) may not be claimed as a credit under another provision of this title;

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18 imposed by this chapter.

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23 college or university, a [A] producer of oil or gas is allowed as a credit against the tax due
24 under this chapter

25 (1) [AS 43.55.011 - 43.55.150] 50 percent of [CASH] contributions of not more
26 than \$100,000; and

27 (2) 100 percent of the next \$100,000 of contributions [ACCEPTED FOR
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29 INCLUDING LIBRARY AND MUSEUM ACQUISITIONS, BY AN ACCREDITED,
30 NONPROFIT, PUBLIC OR PRIVATE, ALASKA, TWO- OR FOUR-YEAR, COLLEGE OR
31 UNIVERSITY. THE CREDIT MAY ONLY BE APPLIED AGAINST THE TAX LIABILITY

1 ACCRUING DURING THE MONTH THE CONTRIBUTION IS MADE. THE CREDIT MAY
2 NOT EXCEED THE LESSER OF 10 PERCENT OF THE AMOUNT OF TAX DUE UNDER
3 AS 43.55.011 - 43.55.150 OR \$10,000. A CONTRIBUTION CLAIMED AS A CREDIT UNDER
4 THIS SECTION MAY NOT BE CLAIMED AS A CREDIT UNDER ANOTHER PROVISION
5 OF THIS TITLE].

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7 (d) A contribution claimed as a credit under this section may not be claimed as a credit
8 under another provision of this title.

9 (e) The department may, by regulation, establish procedures by which a taxpayer may
10 allocate a pro rata share of a credit claimed under this section against monthly tax payments
11 made during the tax year.

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13 (a) For cash contributions accepted for direct instruction, research, and educational
14 support purposes, including library and museum acquisitions, and contributions to
15 endowment, by an accredited, nonprofit, public or private, Alaska two-year or four-year
16 college or university, the [THE] owner of property taxable under this chapter is allowed as a
17 credit against the tax due under this chapter

18 (1) 50 percent of [CASH] contributions of not more than \$100,000; and

19 (2) 100 percent of the next \$100,000 of contributions [ACCEPTED FOR
20 DIRECT INSTRUCTION, RESEARCH, AND EDUCATIONAL SUPPORT PURPOSES,
21 INCLUDING LIBRARY AND MUSEUM ACQUISITIONS, BY AN ACCREDITED,
22 NONPROFIT, PUBLIC OR PRIVATE, ALASKA, TWO- OR FOUR-YEAR, COLLEGE OR
23 UNIVERSITY. THE CREDIT MAY ONLY BE APPLIED AGAINST THE TAX LIABILITY
24 ACCRUING DURING THE MONTH THE CONTRIBUTION IS MADE. THE CREDIT MAY
25 NOT EXCEED THE LESSER OF 10 PERCENT OF THE AMOUNT OF TAX DUE UNDER
26 THIS CHAPTER OR \$10,000. A CONTRIBUTION CLAIMED AS A CREDIT UNDER THIS
27 SECTION MAY NOT BE CLAIMED AS A CREDIT UNDER ANOTHER PROVISION OF
28 THIS TITLE].

29 * Sec. 7. AS 43.56.018 is amended by adding new subsections to read:

30 (d) A contribution claimed as a credit under this section may not be claimed as a credit
31 under another provision of this title.

1 (c) The department may, by regulation, establish procedures by which a taxpayer may
2 allocate a pro rata share of a credit claimed under this section against monthly tax payments
3 made during the tax year.

4 * Sec. 8. AS 43.65.018(a) is amended to read:

5 (a) For cash contributions accepted for direct instruction, research, and educational
6 support purposes, including library and museum acquisitions, and contributions to
7 endowment, by an accredited, nonprofit public or private, Alaska two-year or four-year
8 college or university, a [A] person engaged in the business of mining in the state is allowed as
9 a credit against the tax due under this chapter

10 (1) 50 percent of [CASH] contributions of not more than [ACCEPTED FOR
11 DIRECT INSTRUCTION, RESEARCH, AND EDUCATIONAL SUPPORT PURPOSES,
12 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] \$100,000; and

16 (2) 100 percent of the next \$100,000 of contributions. [A CONTRIBUTION
17 CLAIMED AS A CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED AS A CREDIT
18 UNDER ANOTHER PROVISION OF THIS TITLE.]

19 * Sec. 9. AS 43.65.018 is amended by adding a new subsection to read:

20 (d) A contribution claimed as a credit under this section may not be claimed as a credit
21 under another provision of this title.

22 * Sec. 10. AS 43.75.018(a) is amended to read:

23 (a) For cash contributions accepted for direct instruction, research, and educational
24 support purposes, including library and museum acquisitions and contributions to
25 endowment, by an accredited, nonprofit, public or private, Alaska two-year or four-year
26 college or university, a [A] person engaged in a fisheries business is allowed as a credit against
27 the tax due under this chapter

28 (1) 50 percent of [CASH] contributions of not more than [ACCEPTED FOR
29 DIRECT INSTRUCTION, RESEARCH, AND EDUCATIONAL SUPPORT PURPOSES,
30 INCLUDING LIBRARY AND MUSEUM ACQUISITIONS, BY AN ACCREDITED,
31 NONPROFIT, PUBLIC OR PRIVATE, ALASKA, TWO- OR FOUR-YEAR, COLLEGE OR

1 UNIVERSITY. THE CREDIT MAY NOT EXCEED THE LESSER OF 10 PERCENT OF THE
2 AMOUNT OF TAX DUE UNDER THIS CHAPTER OR] \$100,000; and

3 (2) 100 percent of the next \$100,000 of contributions. [A CONTRIBUTION
4 CLAIMED AS A CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED AS A CREDIT
5 UNDER ANOTHER PROVISION OF THIS TITLE.]

6 * Sec. 11. AS 43.75.018 is amended by adding a new subsection to read:

7 (d) A contribution claimed as a credit under this section may not be claimed as a credit
8 under another provision of this title.

9 * Sec. 12. AS 43.20.014(b), AS 43.55.019(b), AS 43.56.018(b), AS 43.65.018(b), and
10 AS 43.75.018(b) are repealed.

11 * Sec. 13. This Act takes effect January 1, 1992, and applies to tax years beginning after
12 December 31, 1991.

SENATE FINANCE COMMITTEE REPORT

DATE: 5/16/91

FURTHER:

DATE TURNED INTO OFFICE: 5/19/91

The Finance Committee considered SB 300

Tax credits for contributions to certain educational institutions; efd.

and recommended:

[X] replace with CS SB 300 (Finance)
[] or adopt CS

[X] same title
[] new title
[] technical title change (HB only)

[] attached amendment(s)
[] letter of intent adopted

[X] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to

ATTACHES NEW FISCAL NOTE(S): Dept/Date:
[] fiscal note(s)

APPROVES PREVIOUS: Dept/Date:
[X] fiscal note(s) DOR 5/17/91 (Director of Finance Audit)

[] zero fiscal note(s)

[X] zero fiscal note(s) DOR 5/17/91 (Treasury)

[] appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Handwritten signatures under 'SIGNING DO PASS'.

Handwritten recommendations: 'All Adams - DO NOT PASS', 'Lynn Hoffman No Rec'.

1. [Signature] do not pass
Co-Chairs: Signatures and Recommendations

2. [Signature] do pass